

People's Garment Public Company Limited
Review report and interim financial information
For the three-month period ended 31 March 2023

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 2023, and 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: 8 May 2023

People's Garment Public Company Limited
Statement of financial position
As at 31 March 2023

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2023</u> (Unaudited but reviewed)	<u>31 December 2022</u> (Audited)
Assets			
Current assets			
Cash and cash equivalents		19,358	26,250
Trade and other receivables	3	135,520	120,141
Inventories	4	351,072	365,704
Current portion of other non-current financial assets	6	2,500	1,500
Other current financial assets	5	313,465	306,580
Other current assets		5,264	3,675
Total current assets		<u>827,179</u>	<u>823,850</u>
Non-current assets			
Other non-current financial assets - net of current portion	6	685,734	688,197
Investment property		387	387
Property, plant and equipment		145,352	145,081
Right-of-use assets		14,851	12,029
Intangible assets		2	3
Other non-current assets		1,868	1,741
Total non-current assets		<u>848,194</u>	<u>847,438</u>
Total assets		<u>1,675,373</u>	<u>1,671,288</u>

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

People's Garment Public Company Limited
Statement of financial position (continued)
As at 31 March 2023

(Unit: Thousand Baht)

	<u>Note</u>	<u>31 March 2023</u> (Unaudited but reviewed)	<u>31 December 2022</u> (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	7	70,769	59,706
Current portion of lease liabilities		6,975	6,077
Other current liabilities		13,760	28,366
Total current liabilities		<u>91,504</u>	<u>94,149</u>
Non-current liabilities			
Lease liabilities, net of current portion		8,772	6,861
Provision for long-term employee benefits		59,175	61,629
Deferred tax liabilities		46,805	47,397
Total non-current liabilities		<u>114,752</u>	<u>115,887</u>
Total liabilities		<u>206,256</u>	<u>210,036</u>
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		785,930	776,400
Other components of shareholders' equity		249,887	251,552
Total shareholders' equity		<u>1,469,117</u>	<u>1,461,252</u>
Total liabilities and shareholders' equity		<u>1,675,373</u>	<u>1,671,288</u>

The accompanying notes to interim financial statements 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 2023

(Unit: Thousand Baht)

	Note	2023	2022
Profit or loss:			
Revenues			
Sales income		197,107	220,836
Other income		21,963	11,844
Gains on measurements of fair value of investments		-	604
Total revenues		<u>219,070</u>	<u>233,284</u>
Expenses			
Cost of sales		150,185	175,117
Selling and distribution expenses		2,992	2,988
Administrative expenses		38,891	34,383
Losses on measurement of fair value of investments		9,661	-
Total expenses		<u>201,729</u>	<u>212,488</u>
Profit before finance cost and income tax		<u>17,341</u>	<u>20,796</u>
Finance cost		(224)	(202)
Profit before income tax		<u>17,117</u>	<u>20,594</u>
Income tax	8	175	178
Profit for the period		<u>17,292</u>	<u>20,772</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Loss on investments in equity designated at fair value through other comprehensive income - net of income tax		(9,427)	(9,457)
Other comprehensive income for the period		<u>(9,427)</u>	<u>(9,457)</u>
Total comprehensive income for the period		<u>7,865</u>	<u>11,315</u>
			(Unit: Baht)
Earnings per share			
Basic earnings per share			
Profit for the period		<u>0.18</u>	<u>0.22</u>

The accompanying notes to interim financial statements 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 2023

(Unit: Thousand Baht)

	Other component of shareholders' equity						Total
	Issued and fully paid share capital	Premium on share capital	Appropriated - statutory reserve	Retained earnings - Appropriated - general reserve	Unappropriated	Gain (loss) on investments in equity designated at fair value through other comprehensive income	
Balance as at 1 January 2022	96,000	325,200	9,600	2,500	744,633	221,273	1,405,967
Profit for the period	-	-	-	-	20,772	-	20,772
Other comprehensive income (loss) for the period	-	-	-	-	-	(9,457)	(9,457)
Total comprehensive income for the period	-	-	-	-	20,772	(9,457)	11,315
Transfer gain or loss of investment in equity designed at fair value through other comprehensive income (Note 6)	-	-	-	-	(1,912)	1,912	-
Balance as at 31 March 2022	96,000	325,200	9,600	2,500	763,493	213,728	1,417,282
Balance as at 1 January 2023	96,000	325,200	9,600	2,500	776,400	244,791	1,461,252
Profit for the period	-	-	-	-	17,292	-	17,292
Other comprehensive income (loss) for the period	-	-	-	-	-	(9,427)	(9,427)
Total comprehensive income for the period	-	-	-	-	17,292	(9,427)	7,865
Transfer gain or loss of investment in equity designed at fair value through other comprehensive income (Note 6)	-	-	-	-	(7,762)	7,762	-
Balance as at 31 March 2023	96,000	325,200	9,600	2,500	785,930	243,126	1,469,117

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

(Unaudited but reviewed)

People's Garment Public Company Limited

Cash flows statement

For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	2023	2022
Cash flows from operating activities		
Profit before tax	17,117	20,594
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	4,262	3,805
Expected credit losses	11	13
Reduction of inventories to net realisable value (reversal)	(2,884)	1,638
Unrealised loss (gain) on other current financial assets	9,816	(604)
Gain on sales of other current financial assets	(7,104)	(3,095)
Interest income	(1,018)	(1,402)
Interest expenses	224	202
Dividends income	(7,254)	(2,809)
Gain on sales of equipment	(718)	(261)
Unrealised loss on exchange	311	301
Long-term employee benefits expenses	1,355	1,026
Profit from operating activities before changes in operating assets and liabilities	14,118	19,408
Operating assets (increase) decrease		
Trade and other receivables	(15,529)	(25,320)
Inventories	17,516	11,569
Other current assets	(1,449)	(729)
Other non-current assets	(130)	(521)
Operating liabilities increase (decrease)		
Trade and other payables	11,358	2,601
Other current liabilities	(14,606)	1,974
Cash paid for long-term employee benefits	(3,808)	(1,757)
Cash flows from operating activities	7,470	7,225
Cash paid for income tax	(141)	(124)
Net cash from operating activities	7,329	7,101

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

(Unaudited but reviewed)

People's Garment Public Company Limited
Cash flows statement (continued)
For the three-month period ended 31 March 2023

(Unit: Thousand Baht)

	2023	2022
Cash flows from investing activities		
Cash paid for acquisitions of other current financial assets	(201,379)	(202,184)
Cash received from sales of other current financial assets	192,116	181,957
Cash received from redemptions of held-to-maturity securities	-	10,000
Cash paid for acquisitions of other non-current financial assets	(35,024)	(5,500)
Cash received from sales of other non-current financial assets	26,644	11,418
Dividends income	6,337	1,451
Interest income	1,134	1,737
Cash paid for acquisitions of equipment	(2,856)	(1,349)
Cash received from sales of equipment	718	262
Net cash used in investing activities	(12,310)	(2,208)
Cash flows from financing activities		
Cash paid for lease liabilities	(1,687)	(1,538)
Cash paid for interest on lease liabilities	(224)	(202)
Net cash used in financing activities	(1,911)	(1,740)
Net increase (decrease) in cash and cash equivalents	(6,892)	3,153
Cash and cash equivalents at beginning of period	26,250	35,580
Cash and cash equivalents at end of period	19,358	38,733

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	9,427	9,457
Payables from acquisitions of investments in equity designated at fair value through profit or loss	280	222
Receivables from sale of investments in equity designated at fair value through profit or loss	613	1,100

The accompanying notes to interim financial statements 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 2023

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 2022.

The revised financial reporting standards which are effective for fiscal years beginning on or after 1 January 2023, 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		Pricing policies
	periods ended 31 March		
	2023	2022	
<u>Transactions with related companies</u>			
Sales of goods	88,004	140,931	Cost plus margin
Other income	2,103	2,189	Actual incurred
Rental income	1,622	1,340	Contract price
Service expenses	7,731	7,217	Contract price
Purchase of raw materials	1,550	-	Cost plus margin
Purchase of goods	3,836	3,722	Cost plus margin
Rental expenses	1,931	1,544	Contract price
Royalty fee	1	1	Contract price
Other expenses	1,297	2,669	Actual incurred

The balances of provision for goods returned - related parties, under other current liabilities, as at 31 March 2023 amounting to Baht 8.7 million (31 December 2022: Baht 6.5 million).

Directors and management's benefits

During three-month periods ended 31 March 2023 and 2022, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods	
	ended 31 March	
	2023	2022
Short-term employee benefits	2,963	2,530
Post-employment benefits	19	19
Total	2,982	2,549

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
<u>Trade accounts receivable - unrelated parties</u>		
Not yet due	46,499	34,693
Overdue:		
Not over 3 months	16,167	11,228
Total	62,666	45,921
Less: Allowance for expected credit losses	(26)	(14)
Trade accounts receivable - unrelated parties	62,640	45,907
<u>Trade accounts receivable - related parties</u>		
Not yet due	68,940	71,237
Overdue:		
Not over 3 months	1,503	775
3 - 6 months	156	52
Trade accounts receivable - related parties	70,599	72,064
<u>Other receivables</u>		
Other receivables - unrelated parties	1,753	1,565
Other receivables - related party	528	605
Total other receivables	2,281	2,170
Total trade and other receivables	135,520	120,141

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 2023 were summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2023	28,870
Less: Allowance for diminution in values of inventories during the period	(2,884)
Balance as at 31 March 2023	25,986

(Unaudited but reviewed)

5. Other current financial assets

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
Investments designated at fair value through profit or loss		
Unit trusts	133,602	125,854
Fixed deposits at banks	2	2
Investments in other companies	176,861	175,724
Investments in debt securities	3,000	5,000
Total investments designated at fair value through profit or loss	<u>313,465</u>	<u>306,580</u>
Cash received from sales of investments designated at fair value through profit or loss for the period	<u>192,116</u>	<u>734,299</u>

Total fair value of investments designated at fair value through profit or loss was Baht 308 million as at 3 May 2023.

6. Other non-current financial assets

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
Investments designated at fair value through other comprehensive income		
Unit trusts	7,736	7,513
Investments in related companies	469,011	479,705
Investments in other companies	100,987	91,979
Total investments designated at fair value through other comprehensive income	<u>577,734</u>	<u>579,197</u>
Investment measured at amortised cost		
Investments in debt securities - at cost	110,500	110,500
Less: Mature within 1 year	(2,500)	(1,500)
Total investments in debt securities, net of current portion	<u>108,000</u>	<u>109,000</u>
Total other non-current financial assets, net of current portion	<u>685,734</u>	<u>688,197</u>
Cash received from sales of investments designated at fair value through other comprehensive income for the period	<u>26,644</u>	<u>25,124</u>

Total fair value of investments designated at fair value through other comprehensive income was Baht 581 million as at 3 May 2023.

(Unaudited but reviewed)

During the three-month period ended 31 March 2023, the Company disposed investments designated at fair value through other comprehensive income. The fair value on the date of sale was Baht 26.6 million. Loss on disposals of these investments of Baht 7.8 million was recorded in unappropriated retained earnings in statement of change in shareholders' equity. (2022: Baht 11.4 million and loss on disposals of these investments of Baht 1.9 million, respectively).

7. Trade and other payables

	(Unit: Thousand Baht)	
	31 March 2023	31 December 2022
		(Audited)
Trade accounts payable - related parties	6,008	3,189
Trade accounts payable - unrelated parties	47,956	39,234
Other payables - related parties	729	70
Other payables - unrelated parties	16,076	17,213
Total trade and other payables	70,769	59,706

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 period ended 31 March 2023 and 2022 were made up as follows:

	(Unit: Thousand Baht)	
	For the three-month periods ended 31 March	
	2023	2022
Current income tax:		
Interim income tax charge	-	-
Deferred tax:		
Relating to origination and reversal of temporary differences	(175)	(178)
Tax income reported in the statement of comprehensive income	(175)	(178)

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

During the three-month periods ended 31 March 2023, the revenue from sales of Baht 81.1 million (2022: Baht 136 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 2023	31 December 2022
		(Audited)
Payable in 1 year	552	722

10.2 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:

<u>Bank guarantees for</u>	(Unit: Million Baht)	
	31 March 2023	31 December 2022
		(Audited)
Electricity use	1.8	1.8
Payment due to creditors	-	0.3
Total	<u>1.8</u>	<u>2.1</u>

11. Financial instruments**11.1 Fair value of financial instruments**

Since the majority of the Company's financial instruments carry interest at rates close to market interest rates. 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 2023			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other current financial assets				
Unit trusts	27.8	105.8	-	133.6
Investments in debt securities	-	3.0	-	3.0
Investments in marketable securities	176.9	-	-	176.9
Other non-current financial assets				
Unit trusts	7.7	-	-	7.7
Investments in marketable securities	471.6	1.0	-	472.6
Investments in non-marketable securities	-	-	97.4	97.4

During the current period, there were no change in the method and assumptions used to estimate the fair value of financial instruments and there were no transfers between the levels of the fair value hierarchy.

12. Event after the reporting period

On 25 April 2023, the Annual General Meeting of Shareholders passed a resolution to approve dividend payment of Baht 19.2 million (Baht 0.20 per share). The dividend payment will be made on 24 May 2023.

13. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 8 May 2023.