

People's Garment Public Company Limited
Review report and interim financial information
For the three-month and nine-month periods ended
30 September 2022



EY Office Limited
33rd Floor, Lake Rajada Office Complex
193/136-137 Rajadapisek Road
Klongtoey, Bangkok 10110
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
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 30 September 2022, the related statement of comprehensive income for the three-month and nine-month periods then ended, changes in shareholders' equity, and cash flows for the nine-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: 14 November 2022

People's Garment Public Company Limited

Statement of financial position

As at 30 September 2022

(Unit: Thousand Baht)

	Note	30 September 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Assets			
Current assets			
Cash and cash equivalents		36,637	35,580
Trade and other receivables	3	117,835	137,715
Inventories	4	382,003	328,250
Current portion of other non-current financial assets	6	500	25,000
Other current financial assets	5	306,554	325,359
Other current assets		6,282	5,555
Total current assets		849,811	857,459
Non-current assets			
Other non-current financial assets, net of current portion	6	653,686	610,027
Investment property		387	387
Property, plant and equipment		146,000	144,298
Right-of-use assets		12,870	17,323
Intangible assets		29	188
Other non-current assets		1,616	2,020
Total non-current assets		814,588	774,243
Total assets		1,664,399	1,631,702

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 30 September 2022

(Unit: Thousand Baht)

	Note	30 September 2022 (Unaudited but reviewed)	31 December 2021 (Audited)
Liabilities and shareholders' equity			
Current liabilities			
Trade and other payables	7	77,676	98,109
Current portion of lease liabilities		6,004	5,893
Other current liabilities		8,066	3,939
Total current liabilities		<u>91,746</u>	<u>107,941</u>
Non-current liabilities			
Deferred tax liabilities		44,279	41,377
Lease liabilities, net of current portion		7,807	12,341
Provision for long-term employee benefits		63,526	64,076
Total non-current liabilities		<u>115,612</u>	<u>117,794</u>
Total liabilities		<u>207,358</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 share capital		325,200	325,200
Retained earnings			
Appropriated - statutory reserve		9,600	9,600
Appropriated - general reserve		2,500	2,500
Unappropriated		788,335	744,633
Other components of shareholders' equity		235,406	228,034
Total shareholders' equity		<u>1,457,041</u>	<u>1,405,967</u>
Total liabilities and shareholders' equity		<u>1,664,399</u>	<u>1,631,702</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 30 September 2022

		(Unit: Thousand Baht)	
	Note	2022	2021
Profit or loss:			
Revenues			
Sales income		145,918	114,040
Other income		17,826	11,011
Gains on measurements of fair value of investments		4,836	-
Total revenues		<u>168,580</u>	<u>125,051</u>
Expenses			
Cost of sales		113,946	94,356
Selling and distribution expenses		1,914	1,343
Administrative expenses		35,378	31,185
Losses on measurement of fair value of investments		-	1,147
Total expenses		<u>151,238</u>	<u>128,031</u>
Profit (loss) before finance cost and income tax		17,342	(2,980)
Finance cost		(197)	(275)
Profit (loss) before income tax		17,145	(3,255)
Income tax (expense)	8	(1,130)	219
Profit (loss) for the period		<u>16,015</u>	<u>(3,036)</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Profit on investments in equity designated at fair value through other comprehensive income - net of income tax		15,740	7,643
Other comprehensive income for the period		<u>15,740</u>	<u>7,643</u>
Total comprehensive income for the period		<u>31,755</u>	<u>4,607</u>
			(Unit: Baht)
Earnings per share			
Basic earnings (loss) per share			
Profit (loss) for the period		<u>0.17</u>	<u>(0.03)</u>

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

(Unaudited but reviewed)

People's Garment Public Company Limited
Statement of comprehensive income
For the nine-month period ended 30 September 2022

(Unit: Thousand Baht)

	Note	2022	2021
Profit or loss:			
Revenues			
Sales income		534,112	420,685
Other income		49,797	36,246
Gains on measurements of fair value of investments		4,589	4,667
Total revenues		<u>588,498</u>	<u>461,598</u>
Expenses			
Cost of sales		420,621	343,442
Selling and distribution expenses		7,311	6,703
Administrative expenses		103,902	95,324
Total expenses		<u>531,834</u>	<u>445,469</u>
Profit before finance cost and income tax		<u>56,664</u>	<u>16,129</u>
Finance cost		(584)	(883)
Profit before income tax		<u>56,080</u>	<u>15,246</u>
Tax expense	8	(1,059)	(1,564)
Profit for the period		<u>55,021</u>	<u>13,682</u>
Other comprehensive income:			
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>			
Profit on investments in equity designated at fair value through other comprehensive income - net of income tax		5,653	1,222
Other comprehensive income for the period		<u>5,653</u>	<u>1,222</u>
Total comprehensive income for the period		<u>60,674</u>	<u>14,904</u>

(Unit: Baht)

Earnings per share

Basic earnings per share

Profit for the period	<u>0.57</u>	<u>0.14</u>
-----------------------	-------------	-------------

The accompanying notes to interim financial statements 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 nine-month period ended 30 September 2022

(Unit: Thousand Baht)

	Other component of shareholders' equity										Total
	Issued and fully paid share capital	Premium on share capital	Appropriated - statutory reserve	Appropriated - general 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	Dividends paid	Transfer gain or loss of investment in equity designated at fair value through other comprehensive income (Note 6)	
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	-	-	-	-	13,682	-	-	-	13,682		
Other comprehensive income for the period	-	-	-	-	-	1,222	-	1,222	1,222		
Total comprehensive income for the period	-	-	-	-	13,682	1,222	-	1,222	14,904		
Transfer gain or loss of investment in equity designated at fair value through other comprehensive income (Note 6)	-	-	-	-	954	(954)	-	(954)	-		
Dividends paid (Note 9)	-	-	-	-	(9,600)	-	-	-	(9,600)		
Balance as at 30 September 2021	96,000	325,200	9,600	2,500	741,517	202,263	6,761	209,024	1,383,841		
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	-	-	-	-	55,021	-	-	-	55,021		
Other comprehensive income for the period	-	-	-	-	-	5,653	-	5,653	5,653		
Total comprehensive income for the period	-	-	-	-	55,021	5,653	-	5,653	60,674		
Transfer gain or loss of investment in equity designated at fair value through other comprehensive income (Note 6)	-	-	-	-	(1,719)	1,719	-	1,719	-		
Dividends paid (Note 9)	-	-	-	-	(9,600)	-	-	-	(9,600)		
Balance as at 30 September 2022	96,000	325,200	9,600	2,500	788,335	228,645	6,761	235,406	1,457,041		

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 nine-month period ended 30 September 2022

	(Unit: Thousand Baht)	
	2022	2021
Cash flows from operating activities		
Profit before tax	56,080	15,246
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:		
Depreciation and amortisation	11,625	14,355
Expected credit losses (reversal)	(48)	13
Reduction of inventories to net realisable value (reversal)	(1,795)	862
Unrealised gain on other current financial assets	(4,589)	(4,667)
Gain on sales of other current financial assets	(9,841)	(5,558)
Interest income	(3,786)	(5,008)
Interest expenses	584	883
Dividends income	(21,117)	(11,374)
Gain on sales of equipment	(308)	(392)
Unrealised loss on exchange	839	352
Long-term employee benefits expenses	3,044	3,104
Profit from operating activities before changes in operating assets and liabilities	30,688	7,816
Operating assets (increase) decrease		
Trade and other receivables	21,076	31,661
Inventories	(51,958)	(34,950)
Other current assets	(317)	(2,383)
Other non-current assets	404	(916)
Operating liabilities increase (decrease)		
Trade and other payables	(20,461)	6
Other current liabilities	4,127	(3,281)
Cash paid for long-term employee benefits	(3,594)	(7,290)
Cash flows used in operating activities	(20,035)	(9,337)
Cash paid for income tax	(410)	(342)
Net cash used in operating activities	(20,445)	(9,679)

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 nine-month period ended 30 September 2022

(Unit: Thousand Baht)

	2022	2021
Cash flows from investing activities		
Cash paid for acquisitions of other current financial assets	(539,390)	(421,254)
Cash received from sales of other current financial assets	571,404	389,581
Cash received from redemptions of held-to-maturity securities	25,000	50,000
Cash paid for acquisitions of other non-current financial assets	(58,689)	(39,978)
Cash received from sales of other non-current financial assets	22,025	24,057
Cash received from returns of other non-current financial assets	-	612
Dividends income	21,117	11,345
Interest income	3,519	5,292
Cash paid for acquisitions of equipment	(9,127)	(11,381)
Cash received from sales of equipment	312	904
Net cash from investing activities	36,171	9,178
Cash flows from financing activities		
Cash paid for lease liabilities	(4,485)	(4,341)
Cash paid for interest on lease liabilities	(584)	(883)
Dividends paid	(9,600)	(9,600)
Net cash used in financing activities	(14,669)	(14,824)
Net increase (decrease) in cash and cash equivalents	1,057	(15,325)
Cash and cash equivalents at beginning of period	35,580	31,184
Cash and cash equivalents at end of period	36,637	15,859

Supplemental cash flows information:

Non-cash transactions

Unrealised gain on changes in value of investment in equity
designated at fair value through other comprehensive income
- net of income tax

(5,653) (1,222)

Payables from acquisitions of investments in equity
designated at fair value through profit or loss

1,420 508

Receivables from sale of investments in equity
designated at fair value through profit or loss

1,265 (7)

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 and nine-month periods ended 30 September 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		For the nine-month		Pricing policies
	periods ended		periods ended		
	30 September		30 September		
	2022	2021	2022	2021	
<u>Transactions with related companies</u>					
Sales of goods	92,383	65,942	330,747	227,890	Cost plus margin
Other income	2,253	2,051	7,435	6,842	Actual incurred
Dividends income	1,720	1,680	11,729	8,081	As declared
Rental income	1,340	1,376	4,019	3,798	Contract price
Service expenses	8,156	5,942	25,110	20,669	Contract price
Return of investments in					
non-marketable security	-	-	-	612	Agreed price
Purchase of raw materials	1	612	38	2,598	Cost plus margin
Purchase of goods	3,958	2,205	12,334	4,595	Cost plus margin
Rental expenses	1,667	1,425	4,755	4,276	Contract price
Trademark fee	6	-	10	4	Contract price
Other expenses	978	541	4,639	1,678	Actual incurred

The balances of provision for goods returned - related parties, under other current liabilities, as at 30 September 2022 amounting to Baht 5.3 million (31 December 2021: Baht 2.6 million).

Directors and management's benefits

During three-month and nine-month periods ended 30 September 2022 and 2021, the Company had employee benefit expenses payable to its directors and management as below.

(Unit: Thousand Baht)

	For the three-month		For the nine-month	
	periods ended		periods ended	
	30 September		30 September	
	2022	2021	2022	2021
Short-term employee benefits	3,093	2,618	9,028	6,743
Post - employment benefits	19	18	57	55
Total	3,112	2,636	9,085	6,798

(Unaudited but reviewed)

3. Trade and other receivables

	(Unit: Thousand Baht)	
	30 September 2022	31 December 2021
		(Audited)
<u>Trade accounts receivable - unrelated parties</u>		
Not yet due	31,407	30,627
Overdue:		
Not over 3 months	8,453	4,746
3 - 6 months	-	63
Total	39,860	35,436
Less: Allowance for expected credit losses	(16)	(64)
Trade accounts receivable - unrelated parties	39,844	35,372
<u>Trade accounts receivable - related parties</u>		
Not yet due	74,831	98,695
Overdue:		
Not over 3 months	370	297
Trade accounts receivable - related parties	75,201	98,992
<u>Other receivables</u>		
Other receivables - unrelated parties	2,197	2,802
Other receivables - related party	593	549
Total other receivables	2,790	3,351
Total trade and other receivables	117,835	137,715

4. Inventories

Allowance for diminution in values of inventories

Movements in allowance for diminution in values of inventories account during the nine-month period ended 30 September 2022 were summarised below.

	(Unit: Thousand Baht)
Balance as at 1 January 2022	26,599
Less: Allowance for diminution in values of inventories during the period	(1,795)
Balance as at 30 September 2022	24,804

(Unaudited but reviewed)

5. Other current financial assets

	(Unit: Thousand Baht)	
	30 September 2022	31 December 2021
		(Audited)
Investments designated at fair value through profit or loss		
Unit trusts	101,420	76,714
Fixed deposits at banks	2	3
Investments in other companies	186,373	118,222
Investments in debt securities	18,759	130,403
Total investments designated at fair value through profit or loss	306,554	325,342
Derivative assets	-	17
Total other current financial assets	306,554	325,359
Cash received from sales of investments designated at fair value through profit or loss for the period	571,217	604,025

Total fair value of investments designated at fair value through profit or loss was Baht 305 million as at 11 November 2022.

6. Other non-current financial assets

	(Unit: Thousand Baht)	
	30 September 2022	31 December 2021
		(Audited)
Investments designated at fair value through other comprehensive income		
Unit trusts	2,426	1,906
Investments in related companies	467,198	465,851
Investments in other companies	75,062	50,270
Total investments designated at fair value through other comprehensive income	544,686	518,027
Investment measured at amortised cost		
Investments in debt securities - at cost	109,500	117,000
Less: Mature within 1 year	(500)	(25,000)
Total investments in debt securities, net of current portion	109,000	92,000
Total other non-current financial assets, net of current portion	653,686	610,027
Cash received from sales of investments designated at fair value through other comprehensive income for the period	22,025	42,039

(Unaudited but reviewed)

Total fair value of investments designated at fair value through other comprehensive income was Baht 552 million as at 11 November 2022.

During the nine-month period ended 30 September 2022, the Company disposed investments designated at fair value through other comprehensive income. The fair value on the date of sale was Baht 22.0 million. Loss on disposals of these investments of Baht 1.7 million was recorded in unappropriated retained earnings in statement of change in shareholders' equity. (2021: Baht 22.9 million and gain on disposals of these investments of Baht 1.2 million, respectively).

7. Trade and other payables

	(Unit: Thousand Baht)	
	30 September 2022	31 December 2021
		(Audited)
Trade accounts payable - related parties	4,653	6,813
Trade accounts payable - unrelated parties	56,996	76,465
Other payables - related parties	71	132
Other payables - unrelated parties	15,956	14,699
Total trade and other payables	<u>77,676</u>	<u>98,109</u>

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 and nine-month periods ended 30 September 2022 and 2021 were made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 September		For the nine-month periods ended 30 September	
	2022	2021	2022	2021
Current income tax:				
Interim income tax charge	-	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,130	(219)	1,059	1,564
Tax expense (income) reported in the statement of comprehensive income	<u>1,130</u>	<u>(219)</u>	<u>1,059</u>	<u>1,564</u>

(Unaudited but reviewed)

9. Dividends paid

<u>Dividend</u>	<u>Approved by</u>	<u>Total dividend</u>	<u>Dividend per share</u>
		(Million Baht)	(Baht)
<u>2022</u>			
Dividend announced from retained earnings	Annual General Meeting of the shareholders on 26 April 2022	9.60	0.10
<u>2021</u>			
Dividend announced from retained earnings	Annual General Meeting of the shareholders on 27 April 2021	9.60	0.10

10. 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 and nine-month periods ended 30 September 2022, the revenue from sales of Baht 89 million and Baht 321 million (2021: Baht 62 million and Baht 217 million, respectively) was from a major customer which is a related company.

11. Commitments and contingent liabilities

11.1 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)	
	30 September	31 December
	2022	2021
Payable in 1 year	2,379	913

11.2 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.

11.3 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:

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

12. Financial instruments

12.1 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.

12.2 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 30 September 2022			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Other current financial assets				
Unit trusts	30.3	71.1	-	101.4
Investments in debt securities	-	18.8	-	18.8
Investments in marketable securities	186.4	-	-	186.4
Other non-current financial assets				
Unit trusts	2.4	-	-	2.4
Investments in marketable securities	465.4	1.0	-	466.4
Investments in non-marketable securities	-	-	75.9	75.9

(Unaudited but reviewed)

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.

13. Approval of interim financial information

This interim financial information was authorised for issue by the Company's Board of Directors on 14 November 2022.