



**ANNUAL
REPORT**

ANNUAL REPORT 2019

MC GROUP

1 JULY 2018 - 30 JUNE 2019
MC GROUP PUBLIC COMPANY LIMITED

CONTENT ANNUAL REPORT 2019

- 05 • VISION AND CORE VALUE
- 07 • MESSAGE FROM THE CHAIRMAN OF THE BOARD OF DIRECTORS
- 08 • MESSAGE FROM THE CHIEF EXECUTIVE OFFICER
- 10 • FINANCIAL SUMMARY
- 12 • BOARD OF DIRECTORS
- 18 • BACKGROUND AND KEY DEVELOPMENTS
- 21 • POLICY AND OVERVIEW OF BUSINESS
- 24 • BUSINESS MODEL
- 32 • MARKETS AND COMPETITION
- 33 • RISK FACTORS
- 35 • SECURITIES INFORMATION AND SHAREHOLDERS
- 36 • MANAGEMENT STRUCTURE
- 46 • CORPORATE GOVERNANCE
- 64 • SUSTAINABLE DEVELOPMENT
- 74 • REPORT OF AUDIT COMMITTEE
- 76 • INTERNAL CONTROL AND RISK MANAGEMENT
- 78 • RELATED PARTY TRANSACTIONS
- 80 • MANAGEMENT DISCUSSION AND ANALYSIS
- 85 • DECLARATION OF THE SIRECTOR' RESPONSIBILITY FOR
THE FINANCIAL STATEMENT
- 86 • GENERAL INFORMATION
- 87 • FINANCIAL STATEMENT

VISION AND CORE VALUE

■ VISION

MC Group Public Company Limited ("Company") and its subsidiaries aspire to become a leading organization in apparel and lifestyle business under our strong commitments to offer and manage varieties of products to serve customers with different lifestyle and respond with rapidly changing customer behavior to ensure highest customers' satisfaction through our quality products with reasonable prices, extensive sales network and quality services.

■ CORE VALUE

M : Motivation

Motivated to create best outputs for the customers

C : Commitment

Committed to promises made to the customers and partners under honest business conducts.

W : Willingness

Conduct business in all functions with strong will to deliver the best products and services

A : Appreciation

Appreciate and respect others as well as their works and be kind to each other both in the same department and organization wide.

Y : Yes-minded

Positively handle all kinds of issues and be ready to tackle the problems under any circumstance and believe that there is a solution for every problem.

Mc

McLady

Mc
mini

Bison

MCT

U-P

mc
mc
OUTLET STORE

timedeco

M & C

mcshop





MESSAGE FROM CHAIRMAN

■ To shareholders and stakeholders,

Mc Group Public Company Limited (“Company”) engages in managing the business of apparel and lifestyle product distribution for over 43 years. The Company's brands have long been well-received and admired by customers who value quality products with affordable prices as well as extensive distribution network. The Company aspires to become a leading organization in international retail business.

For the past year, abrupt changes in socio-economic conditions and business landscapes as well as the slowdown in domestic demand led the Company to place higher importance on internal organization management and development in order to strengthen its business which includes streamlining inventory management to enhance operating efficiency. During the previous year, the Company successfully reduced 500 million baht worth of inventories and achieved better cost control and management. In addition, the Company has been in active pursuit of new channel strategies to integrate both offline and online channels to gain an omni channel retailer status that enhances customer convenience through seamless offline and online buying experience. The Company also focuses on becoming a retail business leader in denim centric lifestyle and made certain divestments in non-core business that did not meet long-term growth requirements. Besides, human capital has been put among top priorities as the Company brought in more capable high-level executives and fosters talent development with the objective to further support business to attain sustainable growth in the future.

As the Chairman of the Board of Directors of Mc Group Public Company Limited, I would like to take this opportunity to personally thank all shareholders, business partners and customers who have been supporting us throughout the years including our executives and employees who pool efforts to drive the Company forward following our mission and business plans. As we move ahead, please rest assured that the Company remains deeply committed to undertaking our business under ethical principles and good corporate governance guidelines to advance firmly to the future.



(Mrs. Kaisri Nuengsigkapan)
CHAIRMAN OF THE BOARD OF DIRECTORS



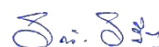
MESSAGE FROM CHIEF EXECUTIVE OFFICER

■ To Shareholders and Stakeholders,

The year 2018 marked 43 years in business for Mc Group and the first year that the change in the Company's fiscal year from starting 1 January and ending 31 December to a new period starting 1 July and ending 30 June came into full effect to enhance work efficiency corresponding to sales seasons. During the past year, the stabilization of the domestic economy led to intensified price competition of apparel and lifestyle product retail business the Company operates in. Despite the unfavorable business environment plagued with high and rising household debt and falling customer confidence index from worrisome political and economic situations, the Company strove to overcome the challenges thanks to its strengths and solid foundation laid throughout the Company's history.

For another step forward to our 44th year in operation, Mc Group will actively reformulate growth strategies to meet our goals to maintain profitability and invest in innovations that create sustainable growth in the long run. Mc Group prioritizes the adjustment of sales channel management both existing and new channels and made progress in adding alternative channels to further extend its coverage and creating new retail experience through its retail business expertise and continuous offering of desirable products. New technologies are also adopted and utilized to better manage its business in order to offer more options to consumers to gain better access to our products via various channels. The Company put forth actions to integrate offline and online channels together (omni channel) to provide new and unified consumer experience to address changing needs of each customer group. Plus, excellent after sales services and attention to details in design and functionality are fostered to cater to every walk of life with our customer-centric approach that promotes comfort in everyday life of consumers. Mc Group is ready to put more money on required infrastructure to maximize performance under our vision to become the leader in apparel and lifestyle product retail business.

On behalf Mc Group Public Company Limited, I would like to extend my sincere gratitude to all stakeholders including shareholders, investors, executives as well as employees, business partners and customers for your trust and continued support that has always been a boost to our morale. Therefore, we pledge to dedicate ourselves both physically and mentally to lay a strong basis for business and deliver results that meet the organization's objectives in accordance with good corporate governance principles and social responsibility. This will definitely enable Mc Group to become a leading company with sustainable growth in the future.



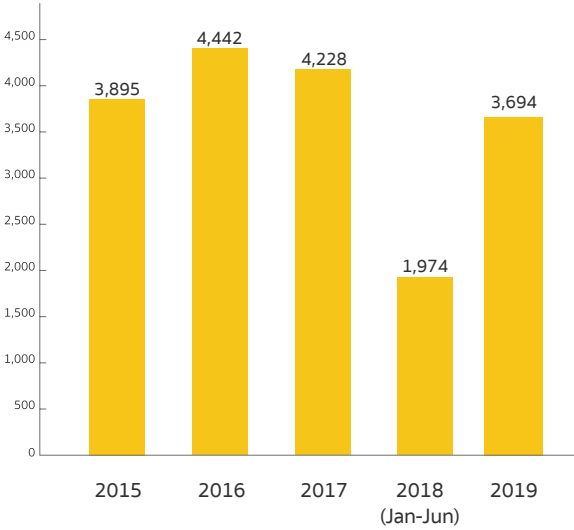
Ms. Sunee Seripanu

Chief Executive Officer

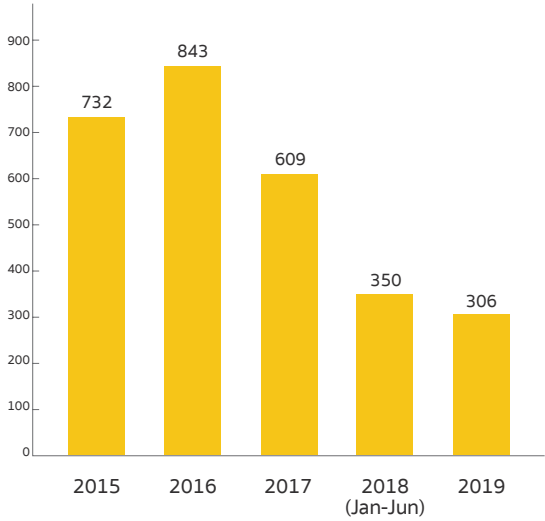
FINANCIAL SUMMARY

Summary of Financial Information (in THB millions)	Consolidated Financial Statements		
	2017 (Jan – Dec 2017)	2018 (Jan – Jun 2018)	2019 (July 2018 – Jun 2019)
Statements of Comprehensive Income			
Revenue from sale of goods	4,228	1,974	3,694
Total income	4,314	2,014	3,737
Earnings before interest net, taxes, depreciation and amortization	848	454	396
Net profit (loss)	609	350	306
Statements of Financial Position			
Total assets	5,082	4,827	4,290
Total liabilities	914	547	529
Total equity	4,168	4,280	3,760
	2017 (Jan – Dec 2017)	2018 (Jan – Jun 2018)	2019 (July 2018 – Jun 2019)
Profitability (%)			
Gross profit margin	52.7	57.2	58.6
EBITDA margin	20.07	22.99	10.71
Net profit margin	14.4	17.7	8.3
Return on total assets	12.0	7.2	7.1
Return on total equity	14.6	8.2	8.1
Debt to Equity Ratios (Times)			
Total debt to equity ratio	0.2	0.1	0.1
Per Share Information (THB)			
Book value per share	5.2	5.3	4.7
Earnings per share	0.76	0.44	0.38
Dividends per share	0.75	0.40	0.81

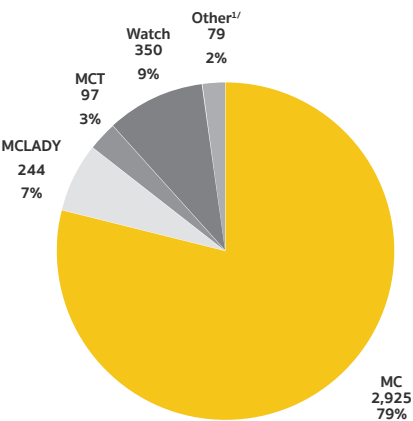
Revenue From Sales of Goods
(in THB millions)



Net Profit
(in THB millions)

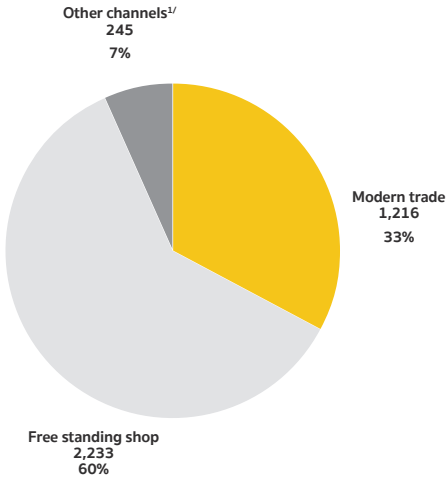


2019 Revenue Structure
- By Brands
(in THB millions)



Remark : ^{1/} Other revenues are Products MC PINK, MC MINI, BLUE BROTHERS, MCMC, Sales of products and services through online/internet channel, and revenues from sales of accessories to outsource manufacturers

2019 Revenue Structure
- By Distribution Channels
(in THB millions)



Remark : ^{1/} Revenue from other channels are revenues generated from sales agents,exhibition booths and retail/wholesale s stores and online channel

BOARD OF DIRECTORS





1

2

3

7

BOARD OF DIRECTORS

MRS. KAISRI NUENGSIGKAPIAN

1

Chairman of the Board of Directors / Chairman of Executive Committee

57 years old

Date of Director

1 January 2016

Shareholding (Ordinary Shares)

- Held personally : 2,534,500 shares (0.32%)
- Held by spouse or minor children : None

Education/Training

- Master of Business Administration, Thammasat University
- Bachelor of Accounting, Thammasat University
- Director Certification Program (DCP), Class 0/2000, Thai Institute of Directors (IOD)
- Capital Market Academy Leadership Program, Class 3, Capital Market Academy
- Certificate, The Role of The Chairman Program, Class 30/2013, Thai Institute of Directors (IOD)
- Certificate, The Role of The Compensation Committee Program, Thai Institute of Directors (IOD)

Current directorship in other companies

- Chairman of the Board of Directors / Chairman of Executive Committee, Mc Group Plc.
- Independent Director / Chairman of Audit Committee, SCG Packaging Plc.
- Independent Director / / Member of Audit Committee, SCG Ceramics Plc.
- Directors, Thai Institute of Directors
- Directors, P.K. Garment (Import-Export) Co., Ltd.
- Director, TOP T 2015 Co., Ltd.
- Director / Treasurer, Rakkaew Foundation
- Member of Corporate Governance Committee, Bank Of Thailand

Experience

- Advisor, Securities and Exchange Commission, Thailand (SEC)
- Chief Executive Officer, KPMG Thailand
- Director, The Stock Exchange of Thailand (SET)

Number of Companies with Current Directorship

- Listed company: 2 company
- Other companies: 5 companies

MS. SUNEE SERIPANU

2

Vice Chairman / Member of Executive Committee / Chief Executive Officer

55 years old

Date of Director

18 March 2013

Shareholding (Ordinary Shares)

- Held personally : 367,744,220 shares (45.97%)
- Held by spouse or minor children : None

Education/Training

- Master of Business Administration, Assumption University
- Bachelor of Accountancy, Chulalongkorn University
- Director Accreditation Program (DAP), Class 98/2012, Thai Institute of Directors (IOD)
- Director Certification Program (DCP), Class 172/2013, Thai Institute of Directors (IOD)
- Capital Market Academy Leadership Program, Class 15/2013, Capital Market Academy

Current directorship in other companies

- Vice Chairman / Chief Executive Officer, Mc Group Plc
- Chairman of Board of Directors, P.K. Garment (Import-Export) Co., Ltd.
- Chairman of Board of Directors, McJeans Manufacturing Co., Ltd.
- Chairman of Board of Directors, Winnerman Co., Ltd.
- Chairman of Board of Directors, Wow me Co., Ltd.
- Chairman of Board of Directors, Look Balance Co., Ltd.
- Chairman of Board of Directors, Time Deco Corporation Co., Ltd.
- Chairman of Board of Directors, MC JEANIOUS Co., Ltd.
- Chairman of Board of Directors, TOP T 2015 Co., Ltd.
- Chairman of Board of Directors, Aromatique Active Co., Ltd.
- President, Mc Group Foundation for Thai Society
- Director, Millennium (1975) Co., Ltd.
- President, Mc Group Foundation for Thai Society

Experience

- Director, SS Challenge Co., Ltd.
- Director, Amata Apparel Co., Ltd.
- Director, Na Yai Am Real Estate Co., Ltd.

Number of Companies with Current Directorship

- Listed company : -None-
- Other companies : 11 companies

Director/ Member of Executive Committee / Member of Nomination and Remuneration Committee/ Member of Sustainable Development Committee / Chief Operation Officer/ Company Secretary

57 years old

Date of Director

18 March 2013

Shareholding (Ordinary Shares)

- Held personally : 15,000,000 shares (1.87%)
- Held by spouse or minor children : None

Education/Training

- Master of Business Administration, Assumption University
- Bachelor of Science in Pharmaceutical Sciences, Chulalongkorn University
- Director Certification Program (DCP), Class 155/2012, Thai Institute of Directors (IOD)

Current directorship in other companies

- Director/ Member of Executive Committee/ Member of Nomination and Remuneration Committee/ Member of Sustainable Development Committee / Chief Production Officer, MC GROUP Plc.
- Director, P.K. Garment (Import-Export) Co., Ltd.
- Director, Mc Jeans Manufacturing Co., Ltd.
- Director, Winnerman Co., Ltd.
- Director, Wowme Co., Ltd.
- Director, Look Balance Co., Ltd.
- Director, MC JEANIOUS Co., Ltd.
- Director, Aromatique Active Co., Ltd.
- Director, Top T 2015 Co., Ltd.
- Director, Time Deco Corporation Co., Ltd.
- Director, McMillion (Thailand) Co., Ltd.

Experience

- Director, P.K. Asset Plus Co., Ltd.
- Director, Amata Apparel, Ltd.

Number of Companies with Current Directorship

- Listed company : - None -
- Other companies : 10 companies

Independent Director / Chairman of Audit Committee / Chairman of the Risk Management Committee

69 years old

Date of Director

18 March 2013

Shareholding (Ordinary Shares)

- Held personally : None
- Held by spouse or minor children : None

Education/Training

- Master of Political Sciences in Public Management, Ramkhamhaeng University
- Bachelor Degree in Accounting, Ramkhamhaeng University
- National Defence Program, Joint Public-Private Sectors, Class 46/2003, the National Defence College.
- Director Certification Program (DCP), Class 74/2006, Thai Institute of Directors (IOD)
- Director Accreditation Program (DAP), Class 14/2004, Thai Institute of Directors (IOD)
- Audit Committee Program (ACP), Class 21/2008, Thai Institute of Directors (IOD)
- Financial Statements for Directors (FSD), Class 17/2012, Thai Institute of Directors (IOD)
- Capital Market Academy Leadership Program, Class 5/2009, Capital Market Academy
- Top Executive Program in Commerce and Trade (TEPCoT), Commerce Academy

Current directorship in other companies

- Independent Director / Chairman of Audit Committee / Chairman of the Risk Management Committee, MC GROUP Plc.
- Independent Director / Chairman of Audit Committee / Chairman of the Nomination and Remuneration Committee, Robinson Department Store Plc.
- Director, P.K. Garment (Import-Export) Co., Ltd.
- Director, McJeans Manufacturing Co., Ltd.
- Director, Winnerman Co., Ltd.
- Director, Wowme Co., Ltd.

Experience

- Independent Director / Chairman of Audit Committee, Ferrum Plc
- Independent Director / Chairman of Audit Committee, Synnex (Thailand) Plc
- Chairman of the Board of Directors Thailand Tobacco Monopoly, Ministry of Finance
- Inspector - General Ministry of Finance
- Member of Federation of Accounting Professions Tax Accounting Committee Federation of Accounting Professions

Number of Companies with Current Directorship

- Listed company : 1 companies
- Other companies : 4 companies

MR. SUPASAK CHIRASAVINUPRAPAND

5

Independent Director/ Member of Audit Committee/ Member of Risk Management Committee/ Member of Nomination and Remuneration Committee

55 years old

Date of Director

18 March 2013

Shareholding (Ordinary Shares)

- Held personally : None
- Held by spouse or minor children : None

Education/Training

- LLM, Arizona State University, Arizona, USA
- LLM, California Western School of Law, California, USA
- Master of Arts in Economics, Northeastern University, Massachusetts, USA
- Thai Barrister at Law
- Bachelor of Laws, Thammasat University
- Director Accreditation Program (DAP), Class 10/2004, Thai Institute of Directors (IOD)

Current directorship in other companies

- Independent Director/ Member of Audit Committee / Member of Risk Management Committee/ Member of Nomination and Remuneration Committee, MC GROUP Plc.
- Director, Look Balance Co., Ltd.
- Director, Sime Darby (Thailand) Co., Ltd.
- Director, S.C. Law Office Co., Ltd.
- Director, Sime Darby Auto Services Co., Ltd.
- Director, Sagawa Express (Thailand) Co., Ltd.
- Director, SG Sagawa (Thailand) Co., Ltd.
- Director, Viking Motors Co., Ltd.
- Director, Sime Darby Vantage (Thailand) Co., Ltd.
- Director, Sime-Morakot Holdings Co., Ltd.
- Director, Tokio Marine South-East Servicing Co., Ltd.
- Director, Sime Darby Mazda (Thailand) Co., Ltd.
- Director, Tokio Marine Insurance (Thailand) Plc.
- Director, Performance Motors (Thailand) Co., Ltd.
- Director, Greenspot Co., Ltd.
- Director, Morakot Industries Plc.
- Director, Ranhill Water Technologies (Thai) Ltd.
- Director, Anurak Water Treatment Facilities.Co.,Ltd

Experience

- Director, S.P.C. Precious Metal Co., Ltd.
- Director, Ranhill Utilities Thai Co., Ltd.

Number of Companies with Current Directorship

- Listed company : 2 companies
- Other companies : 17 companies

MRS.CHANANYARAK PHETCHARAT

6

Independent Director/ Member of Risk Management Committee

56 years old

Date of Director

11 November 2015

Shareholding (Ordinary Shares)

- Held personally : 451,900 shares (0.06%)
- Held by spouse or minor children : None

Education/Training

- M.I.S. - Master degree in Management Information System from University of West Virginia, Graduate Studies in the United States with special management program at Marshall University Ohio USA
- B.S. - Bachelor degree in Business Management major Accounting from Ramkhamhaeng University. Graduate with honor ranking of 5Gs scholarship
- Director Certification Program (DCP) class 49/2004
- IMD Leadership Development Program by Thailand Listed Company Assoc. 2015
- Certified Berkeley Institution Executive Coaching (BEIC) 2014
- Enhancing the Competitiveness of Thai Companies by IMD Switzerland powered by TLCA Thailand Listed Company Association (LDP1)
- LSP1 – Leadership Successor Program for State Enterprises powered by Ministry of Finance
- CMA14 (Capital Market Academy) from The Stock Exchange of Thailand
- EDP6 Executive Development Program, Chairman of Alumni 6 sponsored by TLCA
- Executive Committee of Thai Listed Company Associations (TLCA)
- BRAIN1 Business Revolution and Innovation Network by FTI Federal Trade Industries

Current directorship in other companies

- Independent Director/ Member of Risk Management Committee, Mc Group Plc.
- Independent Director / Chairman of the Corporate Governance Committee, Total Access Communication Public Company Limited
- Director, dtac TriNet Co., Ltd.
- Managing Director, DHL Express International (Thailand) Ltd.

Experience

- Country Manager, Mobile Devices Sector, Motorola (Thailand) Ltd.

Number of Companies with Current Directorship

- Listed company : 1 company
- Other companies : 2 companies

Independent Director / Member of Audit Committee / Chairman of Nomination and Remuneration Committee

67 years old

Date of Director

1 January 2016

Shareholding (Ordinary Shares)

- Held personally : None
- Held by spouse or minor children : None

Education/Training

- Master Degree (MBA) Chulalongkorn University
- Bachelor Degree in Accounting Chulalongkorn University
- Certificate in Management Development Program, The Wharton School of the University of Pennsylvania
- Certificate in Inno-Leadership program, INSEAD University (France)
- Certificate "Executive development Program" Graduate School of business, Columbia University
- Director Accreditation Program (DAP) class SCC/2004
- Director Certification Program (DCP) class 122/2009

Current directorship in other companies

- Independent Director / Audit Committee / Chairman of Nomination and Remuneration Committee, Mc Group Plc.
- Director , Buono Plc.
- Chairman of the Board / Nomination and Remuneration Committee, Origin Property Public Company Limited
- Independent Director / Chairman of Audit Committee, Singer Thailand Public Company Limited
- Director, Singer Capital Thailand Company Limited

Experience

- Independent Director NokScoot Airlines Co., Ltd.
- Advisor to Vice President-Finance and Investment & CFO, The Siam Cement Public Company Limited
- Managing Director, SCG Accounting Company Limited

Number of Companies with Current Directorship

- Listed company : 3 companies
- Other companies : 1 company

Director

41 years old

Date of Director

13 May 2019

Shareholding (Ordinary Shares)

- Held personally : None
- Held by spouse or minor children : None

Education/Training

- Master of Business Administration, Imperial College Business School
- Bachelor Degree in Engineering Chulalongkorn University
- Executive Development Program (EDP) class 13
- Director Certification Program (DCP) class 215

Current directorship in other companies

- Director, Mc Group Plc.
- Managing Director, Private Equity (Thailand) Co., Ltd.
- Director, Cobra Advanced Composites Co., Ltd.
- Director, Express Group Food Co., Ltd.

Experience

- Director, Investment Banking Barclays Bank Singapore

Number of Companies with Current Directorship

- Listed company : - None -
- Other companies : 3 companies

BACKGROUND AND KEY DEVELOPMENTS

Background

1975

- Inaugurated the brand “Mc”

1980

- Founded “P.K. Garment (Import-Export) Co., Ltd.” to manufacture ready-to-wear jeans under the brand “Mc”

2000

- Launched the new brands, “Mc Lady” and “Bison” to offer product varieties to better serve the needs of customers.

2008

- Conducted an active sales network expansion by opening its first free standing shop at Tesco Lotus Salaya.

2012

- Reorganized business structure to support future expansion through establishing “Mc Group Public Company Limited” with 300 million baht registered capital to conduct apparel and lifestyle retail business.
- Incorporated “Winner man Co., Ltd.” to provide services and manage the salesperson.
- Incorporated “Mc Jeans Manufacturing Co., Ltd.” to expand production base for its ready-to-wear apparel.
- Appointed the agents to distribute its products for neighboring markets in Myanmar and Laos.

2013

- Incorporated “Mc Inter Limited”, registered in Hong Kong Special Administrative Region of the People’s Republic of China to support future business operation and investments in foreign countries.
- Incorporated “WoWme Limited” to support the expansion to online business.
- Founded “Look Balance Co., Ltd.” to support its new business ventures in lifestyle products.
- Transformed into public company limited under “MC GROUP PLC” and increased its registered capital to 400 million baht.
- Listed with the Stock Exchange of Thailand and commenced its trading in SET under the name “MC”
- Launched “Mc Pink” brand to reach young female target group with fashion apparels
- Premiered “Mc Mini” brand to target children segment between 6-12 years old.
- Premiered “The Blue Brothers” brand that was aimed to expand into premium segment.
- Launched “mc mc” brand to offer value-for-money products to all types of customers.
- Expanded into lifestyle business (watches) by acquiring 51% shares in Time Deco Corporation Limited through Look Balance Co., Ltd. Time Deco Corporation Limited is one of the leading importer and distributor of fashion watch brands from around the world such as Diesel, DKNY, Emporio Armani.

2014

- Appointed sales agents to distribute MC GROUP’s products in Vietnam
- Officially opened “The Blue Brothers Denim Store”, MC GROUP’s first premium store
- Launched “Mc mini girls” line of products under “Mc mini” brand to extend its customer base from 6-12 years old boys to girls of the same age range.
- Introduced “Mc Plus” under “Mc” brand to the market to reach new target group of plus size customers.

2015

- Relocated the warehouse and distribution center from Factory 1 to a warehouse rented from WHA Corporation PLC on Romkiao Road.
- Launched a new product “Mc travel bag” under “Mc” brand as a lightweight lifestyle product for travellers.
- Opened its new sales channel in PTT gas stations under new brand “mc mc” to cater to local customers and travellers. At the end of 2015, there were 10 mc mc stores in PTT gas stations.
- Set up “Mc Jeanious Co., Ltd.” as a holding company to invest in its joint ventures.
- Mc Jeanious Co., Ltd. signed a 51:49 joint venture agreement with Phet Kasem Holding Co., Ltd. (An expert in textile production) to invest in Top T 2015 Co., Ltd. The new company manages and distributes new products under “Mc T” brand aimed to extend varieties in offerings for shirt market.
- Appointed a sales agent of MC GROUP in Cambodia.
- Changed the name and look of its online channel website from www.WoWme.co.th to www.mcshop.com. The new online site is expected to be officially launched in 2016.

2016

- Launched Mc Jeans Official LINE as another communication channel for customers.
- Ranked among ESG100 for listed companies with outstanding performance in Environment, Social and Governance (ESG) under service industry by Thaipat Institute.
- Launched www.mcshop.com Official LINE to promote special offers, sales campaigns and new products of the online channel.
- Mc Jeans was awarded “Premium Products of Thailand – The Pride of Thais” for the year 2016 in apparel and accessory category in Thailand Industry Expo 2016 organized by Ministry of Industry to recognize local products or services with premium quality that brought a good reputation and international recognition to Thailand. This award is aimed at honoring people who create innovative products and promoting trust in quality of Thai products.

2016

- Redesigned management structure and re-formulated business plan of Time Deco Corporation Limited.
- Premiered “U-P” brand to expand to activewear with a focus on sport functional purposes available in easy-to-wear design and pattern that customers can mix and match with other apparels, perfect for doing everyday activities in their lives under the slogan “Unlimited Performance”.
- Introduced new lifestyle products in “skin care” category under “M&C” brand.

2017

- MC GROUP Public Company Limited signed a joint venture agreement with Mister Wiriya Phungsoonthorn, an expert in skincare with 55% ownership in Aromatic Active Company Limited to operate in skincare and fragrance business under M&C brand as well as act as a distributor of Nature Touch brand to further support its business expansion in lifestyle products.
- Time Deco Corporation Limited moved its office to the headquarter of MC GROUP Public Company Limited to enhance management efficiency.
- Appointed a sales agent to distribute its products in Iran
- Refurbished its website, www.mcshop.com to promote more appealing features including an enticing and well-organized blog to make customer’s online shopping experience more fun and convenient.
- Joined the Private Sector Action Coalition Against Corruption or CAC at Thailand’s 5th National Conference on Collective Action against Corruption. This reflects a success as well as a commitment in undertaking business with transparency as guided by good corporate governance in order to promote sustainable growth.
- Received “Outstanding Company Performance Awards” from SET Awards 2017 event
- Announced to be among the list of securities to be included in the calculation of SET100 and SET HD for the first half of 2017.
- Piloted a new Customer Relationship Management (CRM) to enroll customers to “MC Club” membership program that entitles them to exclusive privileges throughout the year.

KEY CHANGES AND DEVELOPMENTS IN 2019

2018

- Collaborated with Warrix, the exclusive licensee and distributor of apparel for Thai national football team
- Opened new retail channel for Skincare products of “M&C” and “Nature Touch” brands through counter in Hello Beauty zone at Robinson Department Store under name “Aromatique Active”
- Collaborated with The Walt Disney Thailand to launch Sport Fashion apparel with official licensed 11-super hero Marvel collection
- Deployed Customer Relationship Management (CRM) system to enroll customers to “MC Club” membership program that entitles them to exclusive privileges at free standing shops throughout Thailand.
- Restructured shareholders by distribution of ordinary shares of Aromatique Active Company Limited, its subsidiary to Look Balance Company Limited, company's subsidiary as the core business holding shares of new business group for clearer, proper and flexible management and business expansion in future.
- Added more feature as ‘Ship to Shop’ service to be linkage between online and offline channels and more capability for seamless after-sale services at ‘Mc Jeans’ free standing shops.

2019

■ AUGUST

- The Company reached a resolution to approve a share repurchase program and completed the program since February 2019.

■ OCTOBER

- Look Balance Co., Ltd., a subsidiary, acquired ordinary shares of Mcmillion (Thailand) Co., Ltd. from Mr. Thomas Foo Choong How with equivalent to 45% share of total registered capital of McMillion (Thailand) Co., Ltd. Mcmillion provides integrated warehouse management services for online businesses and others.

■ DECEMBER

- The Company premiered “U-P” brand, an activewear apparel line that features sport functional and fashionable clothing with “Fun, Cool, Energetic and Minimal” designs.



POLICY AND OVERVIEW OF BUSINESS

Vision, Objectives, Targets and Strategies

MC Group Public Company Limited (“Company”) and its subsidiaries aspire to become a leading business organization in apparel and lifestyle business under our strong commitment to offer and manage varieties of products to serve customers with different and respond with rapidly changing customer behavior to ensure highest customer satisfaction through our quality products with reasonable prices, extensive sales network and quality services.

The Company formulated its business plan to drive the organization to meet its financial targets in the future by achieving sustainable revenue growth. To enhance its capacity in maximizing profitability, the following strategies will be implemented thoroughly to achieve its objectives and targets.

1. PRODUCT STRATEGY: EXTEND AND STRENGTHEN PRODUCT OFFERINGS, INNOVATIONS AND BRANDS TO MEET DEMANDS OF CUSTOMERS OF ALL GROUPS, AGES AND LIFESTYLES.

The Company emphasizes diverse and modern design and development of its products and regularly introduces new innovations to match demands of different customer groups. To achieve long-term sustainability and competitiveness, the Company never ceases to make investments that create value added and raise brand awareness in broader market for all product lines. Our 3 product lines include denim, non-denim and lifestyle products and the Company formulated and implemented product strategies that are suitable for each product line. To begin with, the Company’s denim line features products under “Mc Jeans” brand through its selvedge denim collection or red-edge denim. This collection offers unique identity as it is made from sanforized denim of narrow and tightly woven fabrics processed under higher quality control compared to general fabrics. The edges of denim are woven with colored yarns that give it a sturdier hand. Selvedge has long been considered a premium feature of denim people seek after. Secondly, the Company further introduced activewear products under non-denim or casual wear product line led by launching a new brand “U-P” (Yoo-Pii) with “Conceal & Reveal” collection under the concept that expresses fun, coolness, energy and minimalism followed by a new collection of “Monochrome and Pastel”. This new collection caters for people with sport casual styles who prefer one-tone looks of monochrome or fresh and comfortable tones of pastel colors. Recently, “Livelihood” collection was made available offering soft, comfortable and breathable wears with graphical prints that tell stories of people’s lifestyles through signs and cool quotes perfect for exercise and casual occasions, easily to mix and match on a daily basis. What’s more, the Company is dedicated to creating new products under fashion accessories and personal care line that fit diverse lifestyles of consumers and appeal to their tastes. For instance, MC GROUP introduced “Mc Sneaker” and Slip-on” that offer modern-shaped and easy-to-wear shoes that represent agile lifestyles as well as Mc Backpack which is a functional bag for new generations with notebook compartment, inside back support and small compartments for gadgets and electronic devices including USB charger that add convenience to everyday use.

2. SALES CHANNEL STRATEGY

2.1) Expand existing sales channels nationwide to cover growing customer base

The Company set its sales footprint target to cover all parts of Thailand by increasing the number of free standing shops, points of sales in modern trade venues and mobile units as well as expanding spaces in high potential outlets. At the end of June 2018, the Company had in total 624 points of sales. The reason is that these channels allow better product management, greater flexibility of new product introduction and more diverse sales promotions to create new and exciting experiences for the customers while fun will be emphasized as before.

This sales network expansion strategy will enable Mc Group to better access target customer groups. Mc Group will prudently review the feasibility by considering locations, potentials of malls, population, target customers and purchasing power at new points of sales.

2.2) Continuously expand internet or online channel

WoWme Company Limited, a subsidiary of MC GROUP refurbished its website and online distribution channel, www.mcshop.com to promote more appealing features including an enticing and well-organized blog to make customer's online shopping experience more fun and convenient. The website offers mostly apparels and lifestyle products under its group of companies. Certain collections or items will be made available exclusively on this channel. This online channel will appeal to both existing and new customers, raise brand awareness as well as provide customers with higher convenience to try its products.

2.3) Continuously integrating offline and online distribution channels

The Company invested in "Mcmillion", a full-range warehouse management and logistics operator for e-commerce business, to support its long-term growth as well as minimize delivery time to customers who place orders via online channels. During the past years, the Company managed to generate higher revenue from key strategic channels invested in earlier including mcmc outlets, mcshop.com, Lazada, Shopee, JD, Looksi, Buzzbees and most recently Zilingo, Shop@24 and K+ Market. This enabled us to better reach customers in a speedy manner everywhere and at anytime.

3. Expand into foreign markets to cover countries under ASEAN Economic Community (AEC) as well as other countries with good potentials.

Mc Group planned to broaden their customer base to foreign markets especially in ASEAN Economic Community (AEC) and others with strong potentials and business opportunities. Our current ASEAN footprint includes appointed sales agents in Myanmar, Lao and Iran. At the end of June 2018, the Company had in total 14 points of sales.

Besides, the Company expected to expand further to other markets under AEC even though distributions in Vietnam and Cambodia were discontinued as the Company took a step back to search for better timing and business partners. Bearing in mind the unique ways of doing business and associated risks in respective countries, the Company will consider the best possible business models to expand into these countries, either in forms of direct operation, joint ventures with business partners or sales agent appointment.

4. Seek M&A opportunities or joint ventures opportunities with business partners.

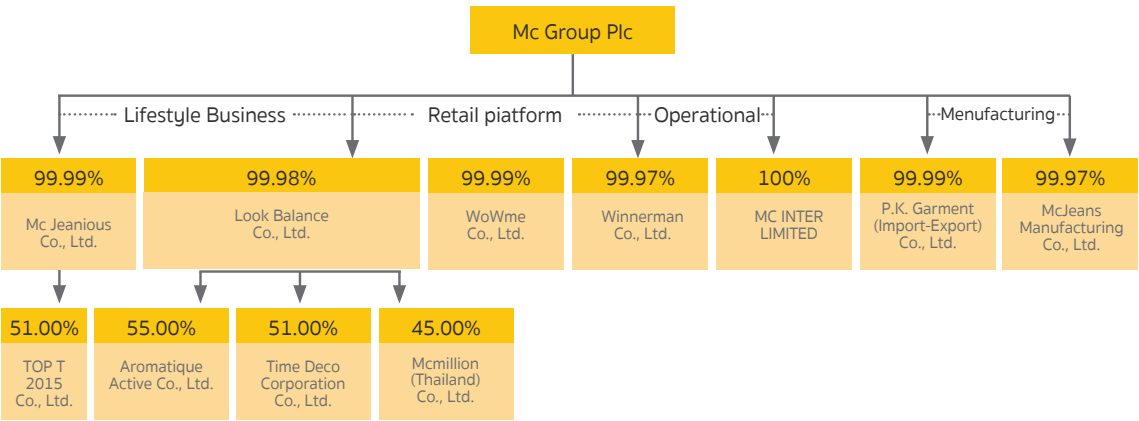
The Company is still active in searching for M&A and joint venture opportunities in related businesses to attain its business expansion goal according to group of companies' strategic plan.

5. Emphasize on efficiency improvement in management

Mc Group put an importance on all of its business units from raw material sourcing, production line management, finished product management, country-wide product distribution to sales channel management. Process improvement and implementation of information technology are also essential to enhance production efficiency and distribution effectiveness, control productions of outsource suppliers as well as reduce time-to-market of the products, manage and distribute products more efficiently.

In addition to stated strategies, the Company realized the importance of human resources development in supporting its business growth. Our human capital strategy covers talent acquisition to competency development to promote career advancement in the organization. Furthermore, fair compensation and benefits management and performance management with clear and measurable criteria are also stressed to engage and incentivize our employees.

SHAREHOLDING STRUCTURE OF THE GROUP OF COMPANIES



Company Profile: Mc Group and Subsidiaries

Company Name	Registered Capital (million baht)	Business	% Shareholding
Mc Group Plc	400,000,000	Manages sales and distribution of ready-to-wear clothing and apparel.	-
P.K. Garment (Import-Export) Co., Ltd.	250,000,000	Manufactures ready-to-wear denim pants	99.99%
Winnerman Co., Ltd.	1,000,000	Provides services and manages PCs and warehouse employees	99.97%
McJeans Manufacturing Co., Ltd.	1,000,000	Manufactures ready-to-wear apparel	99.97%
WoWme Co., Ltd.	19,000,000	Distributes products and services through online/internet channel	99.99%
Look Balance Co., Ltd.	213,000,000	Invests in other businesses	99.98%
Mc Jeanious Co., Ltd.	16,000,000	Invests in other businesses	99.99%
Aromatique Active Co., Ltd.	8,000,000	Sales of skincare and aromatic product.	55.00%
Time Deco Corporation Limited	20,410,000	Imports and distributes leading fashion watches from all over the world	51.00%
TOP T 2015 Co., Ltd.	30,000,000	Trade and Product management	51.00%
Mcmillion (Thailand) Co., Ltd.	25,000,000	Runs as a one-stop warehouse management and management service provider for online businesses and others	45.00%
Mc Inter Limited	1 HK dollar	Not yet in operation. Established to support future business operations and investments in foreign countries	100%

BUSINESS MODEL

The Company operates in apparel and lifestyle product retail business under the group of companies' own brands/trademarks as well as those of other companies. The business scope covers brand management, sales and marketing management, design, product sourcing, warehouse management to product distribution for all kinds of products under the group of companies. Its business model can be summarized as follows:



1) Merchandising Plan and New Product Development

Merchandising plan and new product development are the bedrock in operating our business. Customer demand analysis is conducted to keep abreast of fashions, trending styles, social trends as well as changes in consumer behaviour overtime so that the Company can leverage on the understanding of consumer behaviour to develop and offer products or brands that meet the demands of consumers. Additionally, demand planning together with raw material sourcing/co-producing with other manufacturers are key to quality control, cost management and thus our competitiveness.

2) Supply Chain Management

For apparel and lifestyle product business apart from watch business, The Company has 2 main production sources which are owned production facilities and outsource manufacturers. Our contract manufacturers are trusted sources of products that address our demands in terms of quantity, time and cost. With regard to watch business, the Company acts as an agent and directly makes orders to brand owners. Therefore, THE COMPANY is able to effectively estimate monthly sales and make monthly orders that are aligned with customers' demand.

3) Retail Network Management

Mc Group put an importance on managing its retail network to reach all types of customers. The Company gave priorities to its retail network expansion focusing mainly on its free standing shops. The Company assigned a dedicated team who is directly responsible for network planning. This capable team is tasked to determine measurable screening criteria as well as perform location analysis based on various data points relevant to its revenue generating capability. The team later performs evaluation and analysis of every location. Network planning covers not only domestic market but also foreign markets where The Company currently appointed experienced sales agents to be its representatives. Recently, The Company has its presence in Myanmar, Laos, Vietnam and Cambodia and planned to expand into other destinations in the near future.

Apart from stated traditional sales network, The Company succeeded in setting up sales channels that reach customers directly. Mobile unit, open kiosk and online channel were designed to serve this purpose to become alternative channels to enhance capabilities in penetrating all groups of customers.

2.1 PRODUCTS AND SERVICES

MC GROUP's Brands and Products

The Company offers a variety of brands that are unique in styles and features to respond to different preferences of customers in different markets. Product design and selection, store decoration, sales promotion program development and sales campaign execution must be mainly based on customers' lifestyles. Therefore, a number of new products were launched recently such as bags, belts, activewears and skin care products.

1. Apparels and related wears under "Mc" brand

Mc Jeans brand ranked among the top brands in popularity for Thailand's denim market\ thanks to its 40 years experience in manufacturing of jeans with outstanding pattern making, Mc Jeans never ceases to make distinction in jeans market considering its superb quality and finesse from attention to details paid in all its production processes. Moreover, pricing strategies as well as new product developments also contributed to the successful reach to all types of customers. In FY2018, Mc Jeans stressed on product diversification and developed its new products beyond apparels to fit lifestyles of consumers such as Mc Biker Denim 'Motorcycle Series' inspired by bikers' wear by blending model and detail into denim fabric to enhance comfort and elasticity for daily wear, Mc 'Wear-to-work' collection for workers' lifestyle with smart casual or classic shirts, denim blazer with knit-wear indigo fabric and easy to wear, Mc Sneaker 'Selvedge Walker', travel bags, shoulder bags, caps and scarves. Given its brand's strength and continuous development of new product lines, Mc Jeans is still by far the main revenue contributor of The Company, making up 79.2% of total sales revenue in 2019.



2. Apparels and related wears under “Mc Lady” brand

“Mc Lady” brand represents modern styles suitable for women who enjoy dressing up through a wide selection of products with trendy details and patterns made of mostly denim. Products can be easily mixed and matched to give a variety of style with fitted and comfortable forms. Mc Lady targets women of all ages from teenagers to working-aged or middle-aged ones whose passion is in fashion. Moreover, other lines of products were introduced e.g. hats, scarves and belt. In 2019, Mc Lady contributed 6.7% of the total sales revenue.



3. Apparels and related wears under other brands “The Blue Brothers”

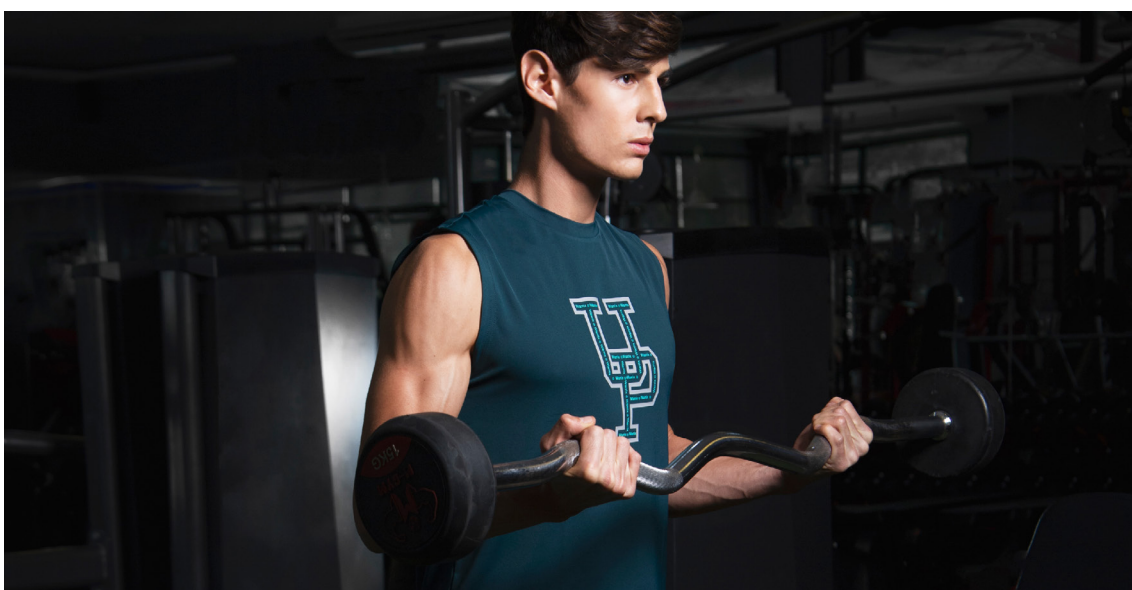
The Blue Brothers offers premium denim wears for jeans lover and collectors. All collections portray individuality and unique lifestyles made available from imported quality raw materials to hand-craft delicacy in all production processes aimed to cater specifically to jeans lovers who seek identity and distinctiveness. Thanks to its quality, proper pricing and unique concept, the Blue Brothers is well-accepted among jeans lovers.

4. Apparels and related wears under other brands “McT”

McT brand is developed under t-shirt line that emphasizes innovation from fabrics to printing techniques with exquisite and unique patterns. Soft Tech technology is used to create a special fabric that offers superior properties compared to common stretch fabrics. These properties are velvet-like softness, wrinkle resistance and quick dry quality made possible by its 100% cotton fabrics, perfect for men and women alike. Furthermore, polo shirts and hoodies are manufactured using Dri-Balance technology with 2 layers of fabrics aimed to instantly absorb sweats from the body as well as promote air ventilation that enhances coolness, dryness and comfortability. The product also perfectly fits shapes of Thai people which resulted in positive feedbacks.

5. Apparels and related wears under other brands “U-P”

U-P brand is among activewear products catering to men and women under the slogan “Unlimited Performance” which offers a combination of easy to wear and glamor with appealing patterns and practical quality. Hydrophilic material with synthetic fiber is carefully selected to enhance comfort and dryness. Moreover, production processes make possible high-quality products that meet international standards. U-P is distinct in its modern styles that make mix&match with other apparels easy and perfect to wear during exercise while customers are running daily routines in line with the concept “Activewear with Fashion Attitude”



6. Apparels and related wears under “Mc Mini” brand

Mc Mini was developed under the idea that aims to pass on styles from a generation to another. The brand targets boys and girls between 6-12 years old by presenting uniqueness and classic Mc Jeans style while adding colour, liveliness and fun to underline youthfulness. This also differentiates the product from other kids wears currently present in the market.

7. Skin Care and Aromatic products under other brands “M&C”

M&C brand is high quality skin care and aromatic products. From the past year, The Company introduce body lotion and shower gel product. The ingredients are carefully selected to ensure highest quality for both products. The body lotion is aromatic and infused with natural extracts like natural oil that evens out and soothes the skin from its hydrating effect. The lotion does not contain petroleum, parabens and silicone. The shower gel mildly cleanses the skin without drying up skin’s natural oil so your skin will be moisturized and glowing with an unmistakable scent. Both products are cruelty-free - no animal testing in product development and manufacturing. MC already distributes M&C skin care products at all Mc Jeans stores as well as through the Company’s online channel www.mcshop.com”



8. Leading watch brands from around the world

The Company offers fashion watch brands such as Diesel, DKNY, Emporio Armani through its acquisition of 51% ownership in Time Deco Corporation Limited. These watches cater to trendy male and female customers who look for fashionable and trendy watches that fit their personalities. Sales revenue from Time Deco Corporation Limited accounted for 9.6% of total sales revenue in 2019.

Revenue Structure

Revenue Structure of MC GROUP and its subsidiaries accounting to financial statement for 2017 – 2019 (1 July 2018 to 30 June 2019) are as follow:

1. Revenue Structure by Product

Consolidated Financial Statements	2017 (1 Jan – 31 Dec 2017)		2018 (1 Jan – 30 Jun 2018)		2019 (1 July 2018 – 30 Jun 2019)	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenue from ready-to-wear clothing, related apparels and other lifestyle products						
1. Mc ^{1/}	3,146	74.4	1,527	77.3	2,925	79.2
2. Mc Lady	461	10.9	179	9.1	244	6.7
3. Mc T	145	3.4	73	3.7	97	2.7
4. mc mc	17	0.4	4	0.2	3	0.1
5. Mc Mini	9	0.2	4	0.2	5	0.1
6. Bison	3	0.1	2	0.1	1	0.0
7. Other Brands	60	1.5	7	0.4	69	1.9
8. Revenue from watch sales	387	9.2	178	9.0	350	9.6
Total Sales Revenue	4,228	100.0	1,974	100.0	3,694	100.0

Remark: ^{1/}Other revenues are mainly from sales of accessories to outsource manufacturers

2. Revenue Structure by Sales Channel

Consolidated Financial Statements	2017 (1 Jan – 31 Dec 2017)		2018 (1 Jan – 30 Jun 2018)		2019 (1 July 2018 – 30 Jun 2019)	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Modern trade	1,375	32.5	647	32.8	1,216	32.9
2. Free standing shop	2,531	59.8	1,212	61.4	2,233	60.4
3. Other channels ^{1/}	322	7.6	115	5.8	245	6.7
Total Sales Revenue	4,228	100.0	1,974	100.0	3,694	100.0

Remark: ^{1/} Revenue from other channels are revenues generated from sales agents, exhibition booths and retail/wholesales stores and online channel

Target Customers

Top ten customers in terms of sales revenue are large-sized modern trade customers whose revenue made up for 22.1%, 22.2% and 20% of total sales revenue in 2017, 2018 and 2019 respectively.

With regard to revenue by geography of end-customers, upcountry customers contributed 59%, 61% and 62% of total sales revenue in 2017, 2018 and 2019 respectively.

Sales Channel

As of 30 June 2019, The Company distributed all its products across 624 points of sales in Thailand and 14 points of sales internationally through appointed sales agents. Details of each channel are outlined below.

1. Free standing shop: Most free standing shops are located in shopping malls and plaza sections in department stores. Our free standing shop comprises

- Free standing shop that distributes products under “Mc”, “Mc Lady”, “Mc mini” and “The Blue Brothers”

- Free standing shop that distributes apparel products for men, women, boys and girls under “mc mc” brand. Fashion.

2. Modern Trade: Points of sales in modern trade channel are sales counters in chained department stores, local department stores or super stores across country such as Central, Robinson, The Mall, Big C Supercenter, Tesco Lotus etc.

3. Mobile Unit: In rural Thailand and neighboring countries where other points of sales are not present, mobile unit is deployed to reach the customers and to test the market before opening new shops.

4. Other domestic channels: These channels include sales booths in exhibitions or other festive events.

5. Appointed sales agents in foreign markets: Mc Group extended its reach outside Thailand by appointing foreign sales agent to execute sales and marketing of its products starting with Myanmar, Malaysia, Laos and Iran

6. Online/Internet channel: Mc Group launched another website www.mcshop.com since December 2015 with the focus on clothing, apparels and apparels under group of companies' brands. Mc Group aimed to use online channel as an alternative channel both current and new customers to purchase products.

7. PTT gas station channel: Mc Group also introduced its sales network through PTT gas station channel to enhance its capability in serving domestic customers by introducing mcmc by Mc shop. This is in line with the current trend of booming consumers' lifestyles and travels as well as retailing business development in gas stations. The mc mc by Mc shop operates under the following strategies

- Multi-brand shop where products under Mc Group are offered such as Mc jeans, Mc lady and mc mc
 - Variety of products offered that fit traveling lifestyle from apparels to accessories including hats, sunglasses, bags and others to meet the need of travelers.
8. Direct Sales: To further reach consumers, The Company added direct selling channel through magazine as a new channel.

**Number of point of sales by company for 2017, 2018 and 2019
(1 July 2018 – 30 June 2019)**

Clothing and apparels under “Mc Group”

By Channel	2017 (1 Jan – 31 Dec 2017)		2018 (1 Jan – 30 Jun 2018)		2019 (1 July 2018 – 30 Jun 2019)	
	PoS	%	PoS	%	PoS	%
Free standing shop	285	36.0	288	36.0	312	48.9
Modern trade	488	61.6	493	61.5	306	48.0
Mobile Unit and Container	6	0.8	6	0.8	6	0.9
Subtotal-domestic points of sales	779	98.4	787	98.3	624	97.8
Point of sales in foreign markets	13	1.6	14	1.7	14	2.2
Total	792	100.0	801	100.0	638	100.0

Watches under “Time Deco”

By Channel	2017 (1 Jan – 31 Dec 2017)		2018 (1 Jan – 30 Jun 2018)		2019 (1 July 2018 – 30 Jun 2019)	
	Pos	%	PoS	%	PoS	%
Free standing shop	15	14.7	14	15.1	19	20.4
Modern trade	87	85.3	79	84.9	74	79.6
Total	102	100.0	93	100.0	93	100.0

**Number of point of sales by geography for 2017, 2018 and 2019
(1 July 2018 – 30 June 2019)**

Clothing and apparels under “Mc Group”

By Geography	2017 (1 Jan – 31 Dec 2017)		2018 (1 Jan – 30 Jun 2018)		2019 (1 July 2018 – 30 Jun 2019)	
	Pos	%	PoS	%	PoS	%
Upcountry	574	71.1	574	71.7	456	71.4
- Free standing shop	222	27.7	222	27.7	244	38.2
- Modern trade	352	44.0	352	44.0	212	33.2
Bangkok and vicinities	207	25.8	207	25.8	162	25.4
- Free standing shop	66	8.2	66	8.2	68	10.7
- Modern trade	141	17.6	141	17.7	94	14.7
Mobile Unit and Container	6	0.8	6	0.8	6	0.9
Subtotal-domestic point of sales	787	98.3	787	98.3	624	97.8
Point of sales in foreign markets	14	1.7	14	1.7	14	2.2
Total	801	100.0	801	100.0	638	100.0

Watches under “Time Deco”

By Geography	2017 (1 Jan – 31 Dec 2017)		2018 (1 Jan – 30 Jun 2018)		2019 (1 July 2018 – 30 Jun 2019)	
	Pos	%	PoS	%	PoS	%
Upcountry	49	52.73	49	52.7	48	51.6
- Free standing shop	6	6.5	6	6.5	8	8.6
- Modern trade	43	46.2	43	46.2	40	43.0
Bangkok and vicinities	44	47.3	44	47.3	45	48.4
- Free standing shop	8	8.6	8	8.6	11	11.8
- Modern trade	36	38.7	36	38.7	34	36.6
Total	93	100.0	93	100.0	93	100.0

Pricing Policy

The Company has put in place pricing policies that determine retail prices of all Mc Group’s products which take into account all related factors ranging from cost of goods sold, type, collection, patterns, minimum gross margin to market demand, competition and purchasing power of target customers. The Company has no penetration/predatory pricing policy to compete with other players in the market. However, some items will be sold at discounted prices under occasional sales promotional campaigns and marketing strategies of the Company and/or modern trade to boost sales and expand client base whenever appropriate

Product Sourcing

Mc Group has set policy guidelines in product sourcing to distribute through 2 main sources which are 1) manufacturing factories of its own subsidiaries and 2) outsource manufacturers. Under the current sourcing policy, all basic jeanswear and fashion products that require new bleaching techniques and innovative fabrics that enhance appearance of the products are manufactured from its own subsidiaries while outsource suppliers will be commissioned to produce other lines of products including t-shirts, polo shirts, and accessories such as travel bags, shoulder bags, shoes and caps. In case of overcapacity, The Company also relies on these contract manufacturers. Currently, The Company is seeking production outsourcing with regard to the sourcing of watch products, The Company acts as the distributor and orders the products directly from foreign brand owners to ensure the match between supply and demand.

MARKETS AND COMPETITION

The National Economic and Social Development Board (NESDB) expected that Thai economy will stabilize and expand between 3.3-3.8% in 2019. The key factors causing growth to decelerate are the overall global economic downturn, higher trade barriers since the latter half of 2018 coupled with uncertainties of trade negotiation results between US and China. Export from most countries in the region dropped while the number of tourists especially those from China adjusted downward at a rate of 11.3% partly due to the news on the serious air pollution situation (PM 2.5). Negative sentiments on the gloomy economic outlook resulted in slower growth below expectation for the first quarter of 2019. This was in line with overall business outlook of the second quarter of 2019 from the Bank of Thailand. Private consumption slackened compared to the same period of the previous year for almost every sector especially durable goods which contracted given the sluggish domestic sales of automobiles. Factors supporting purchasing power and demand also showed signs of slowdown as a result of stalling income of employees outside agricultural sector. Regarding Thai farmers' income, the figure bounced back thanks to higher prices of rubber and pineapple while prices of other major agricultural products moved in tandem with falling consumer confidence index.

Under above economic conditions, apparel and lifestyle product retail businesses became more proactive in formulating new strategies and launching sales promotional campaigns to boost consumer demands in order to capture market shares and sustain growth. In order to succeed, businesses must keep abreast of changing consumer needs in order to be able to design and develop products to cater to different groups of consumers. Additionally, marketing activities should be conducted to enhance brand engagement in the long run while new distribution channels are to be identified and expanded into especially online markets and online partnership that are gaining momentum in the digital era. Besides, higher efficiency can be achieved through cost reductions and expense controls. These drivers are considered crucial to continuous and sustainable long-term business growth.

RISK FACTORS

Risk factors that may significantly impact business operations, business performance, financial conditions and business opportunities including respective risk prevention and mitigation plans are summarized as follow:

1. Industry Risk (related to Apparel and Lifestyle Product Retail Business)

1.1 Risk from intense competition

Major factors affecting the competition in apparel and lifestyle product business are new entries of both domestic and foreign players with new products and/or brands, price competition, sales promotions, advertising and PR, the expansion of sales network as well as the use of media and online channels to better reach consumers.

To maintain its strength in market access to consumers via channel expansion, MC GROUP has plans to expand in all channels including traditional free standing shops and modern trade mobile unit and other alternative channels such as online channel via www.mcshop.com and mobile unit. The channel network expansion will enhance brand awareness to broader audience, seamlessly connect offline and online channels and effectively elevate its competitiveness.

Furthermore, given its long experience in the business both manufacturing and sourcing,

Mc Group has an edge in quality and cost controls thanks to owned production facilities and tight relationships with suppliers and contract manufacturers. Thus, the products are known for quality and affordability.

1.2 Risk from changing customers' preferences in fashion products

Changing customer tastes, preferences, and lifestyles pose a threat on the sales of fashion and lifestyle items offered by the Company. At MC GROUP, we promote close collaboration of marketing, sales and design teams at the Company in order to capture and analyze customer trends and preferences through extensive surveys and close tracking and observation of fashion and trends both locally and internationally. This helps expedite our product development process to be able to introduce new desirable fashion products to meet customer needs at any time.

The Company started a pilot project on its Customer Relationship Management system (CRM) with the purpose to strengthen relationship with customers and manage their privileges. The new CRM also enabled MC GROUP to gain better and faster access to in-depth consumer behavior data.

2. Business Risks

2.1 Risk from MC GROUP's growth strategies

Business plan and growth strategies of MC GROUP comprise product diversification, strong product management, new brand development, channel network expansion, production cost reduction and expansion of production to low-cost locations. These strategies are anchored to offer products to reach all groups of customers throughout Thailand. The success of these strategies is key to the performance of the Company.

Mc Group's Board of Directors and management team emphasized the importance of these business planning and strategies. The Company has taken solid steps in executing business plans and monitoring the progress of each initiative and strategy systematically through searching and acquiring talents with experience, knowledge, and expertise to be responsible for supervising and evaluating the performance. In addition, Enterprise Resource Planning (ERP) is adopted as an integrated system to handle resource management holistically for the organization according to its business plans and strategies.

2.2 Risk of over-reliance on a small number of major customers (buyer concentration risk)

Top ten customers of MC Group are big retailers in modern trade which have provided a business over a long period under stable relationships. However, over-reliance on these big retailers has put the Company at risk given the low negotiation power. Thus, the Company formulated risk mitigation policies aiming to maintain and develop strong ties with those retailers in one front and reduce reliance on them by focusing on owned free standing shop expansion on another front. In June 2019, number of owned free standing shops reached 312 locations from 624 locations.

2.3 Risk of inventory mismanagement

Difficulties in manufacturing and distributing high volume and variety of products as well as unpredictable demand put a threat on our inventory management. The mismatch of demand of supply at any point of time will hinder product development and on-time product delivery.

To solve this issue, MC Group assigned a working team to directly handle and optimize inventory management from product design, raw material sourcing, production, storage to product distribution to points of sales. The team also set the standard time in product development and production so as to minimize the time to market.

2.4 Risk from rental contract renewal

MC Group normally rents retail spaces to build free standing shops with an average rental term of 3 years. The risk arises when there is no guarantee of rental contract extension/renewal after expiration or in case the rental prices and other fees go up after 3 years.

However, most lease agreements grant the Company rights to extend the contracts before other parties when expire and some are stated clearly on a specific clause regarding rental fee adjustments. Moreover, the Company has maintained good relationships with the landlords/property owners by strictly conforming to the rental contracts as well as helping attract more customers to those department stores or other properties. As a result, the Company believes to continue receiving the support from the property owners in contract renewals in the future.

3. Risk from fluctuations in raw material prices

Cotton is the major component of jeans. Generally, market price of jeans has a rather low volatility. However, world market price of cotton can also fluctuate and go up unexpectedly due to production trends. This may affect the prices of jeans which is our major raw material for production.

Nevertheless, as one of the biggest users of jeans, MC Group can exert a better negotiation power on raw material pricing with suppliers. Moreover, the Company operates its procurement process through an efficient system with proper procurement planning and vendor selection resulting in lesser impacts of volatility of raw material prices to profitability.

SECURITIES INFORMATION AND SHAREHOLDERS

Registered Capital and Paid-up Capital

As of 28 June 2019, the Company has shareholding structure as follows

Common share : Registered Capital Paid-up Capital 400,000,000 Baht

: Common Shares 800,000,000 Shares

: Par Value 0.50 Baht/Share

Shareholders'

Majority Shareholders

List of top ten majority shareholders as of 28 June 2019 is summarized below

No	Shareholder	Number of Share	%
1.	Ms. Sunee Seripanu	367,744,220	45.97
2.	MINDO ASIA INVESTMENT LIMITED	70,000,000	8.75
3.	STATE STREET BANK EUROPE LIMITED	24,381,556	3.05
4.	Mrs. Pratana Mongkoglul	22,971,000	2.87
5.	Bualuang Basic Dividend LTF	18,446,700	2.31
6.	Bualuang Long-Term Equity Fund	17,924,500	2.24
7.	Mr. Virach Seripanu	15,000,000	1.88
8.	Bualuang Siriphol Corporate Governance Fund	13,466,300	1.68
9.	Bualuang Siriphol Corporate Governance RMF	10,528,481	1.32
10.	Mrs. Niramom Na songkla	8,000,000	1.00

The majority shareholders that can influence policy setting, management and directions of the Company are Ms. Sunee Seripanu and Mr. Virach Seripanu. This group of majority shareholders together owns 47.85% of the Company.

Foreign Limit

The Company has set foreign limit of shareholding at 49% of paid-up capital. As of 28 June 2019, foreign shareholders of the Company held 13.79% of paid-up capital.

Type of Shareholders	Number of Shares	%
Thai shareholders	689,657,544	86.21
Foreign shareholders	110,342,456	13.79
Total	800,000,000	100.00

Dividend Policy

The Company shall pay dividend not less than 50% of the net profit in consolidated financial statements after deducting all appropriate reserves and investments in accordance to the applicable laws and the Company's regulations. However, the dividend payments shall depend on investment plans, necessity, and other rationales. When the Board of Director agrees on the annual dividend payment, the Board must propose to the shareholders meeting for approval with the exception for interim dividend payment. In that case, the Board of Directors can approve the payment and report to the shareholders meeting at the next meeting.

As for dividend policies of the subsidiaries, the Company has not fixed a dividend payout ratio but the subsidiaries shall consider the dividend payment policy based on the net after tax profit each year. The dividend payments of subsidiaries shall depend on each company's investment plans and other rationales and the subsidiaries may pay the interim dividend to the shareholders occasionally.

MANAGEMENT STRUCTURE

Board of Directors

The Board of Directors is responsible for supervising overall business operations of the Company to be in accordance with the laws, the Company's objectives and rules and resolutions of the shareholders as well as to comply with rules and regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchanges Commission (SEC). The members of the Board of Directors must perform their duties with honesty and prudence as well as act in good faith for the best interests of the Company and all stakeholders under business ethical conducts. In addition, the Board of Directors must ensure that effective and reliable accounting, financial reporting and audit systems are in place. Moreover, the Board of Directors shall monitor 5 subcommittees that handle certain issues i.e. Audit Committee, Risk Management Committee, Nomination and Remuneration Committee, Sustainable Development Committee and Executive Committee.

As of 30 June 2019, the Board of Directors consisted of 8 members- 2 executive directors and 6 non-executive directors as summarized below.

Name	Title/Position	Board Meeting Attendance in 2019
1. Mrs. Kaisri Nuengsigkapan	Chairman of the Board of Directors / Chairman of Executive Committee	6/6
2. Ms. Sunee Seripanu	Vice Chairman/ Member of Executive Committee / Chief Executive Officer	6/6
3. Mr. Virach Seripanu	Director/ Member of Executive Committee/ Member of Nomination and Remuneration Committee/ Member of Sustainable Development Committee / Chief Operation Officer / Company Secretary	6/6
4. Mr. Somchai Apiwattanapron	Independent Director / Chairman of Audit Committee / Chairman of the Risk Management Committee	6/6
5. Mr. Supasak Chirasavinuprapand	Independent Director / Member of Audit Committee/ Member of Risk Management Committee/ Member of Nomination and Remuneration Committee	5/6
6. Mr. Surasak Khaoroptham ^{1/}	Director/ Chairman of Sustainable Development Committee	4/4
7. Mr. Ekaluck Wangchucherdkul ^{2/}	Director	2/2
8. Mrs.Chananyarak Phetcharat	Independent Director/ Member of Risk Management Committee	6/6
9. Mr. Lucksananoi Punkrasamee	Independent Director/ Member of Audit Committee/ Chairman of the Nomination and Remuneration Committee	6/6

Note: 1 Mr. Surasak Khaoroptham resigned from director on 13 May 2019
2 Mr. Ekaluck Wangchucherdkul has been appointed as a director in place of Mr. Surasak Khaoroptham effective on 13 May 2019

The name and number of director(s) who has the authority to sign on behalf of the Company is: Group Gor is Ms. Sunee Seripanu or Mr. Virach Seripanu, Group Kor is Mr. Ekaluck Wangchucherdkul, any two of Group Gor directors sign jointly with affixing the Company's seal or any one of Group Gor directors and any one of Group Kor directors sign jointly with affixing the Company's seal

In any case, the empowerment of authorities, roles and responsibilities of the Board of Directors shall not allow the authorized person to approve transactions that are prone to conflict of interests (as defined in the Securities and Exchange Commission or the Capital Market Supervisory Board's announcements) or related parties have vested interests, any benefits or conflict of interests with the Company and its subsidiaries except the approvals that comply with the policies and regulations that were previously approved at the shareholders' meetings or by the Board of Directors.

Roles and Responsibilities of the Chairman of the Board of Directors

1. Preside over at the Board of Directors' meetings and shareholders' meetings as a chairperson
2. Run effective meetings by allowing directors to make inquiries and express opinions freely
3. Communicate important information to the Board of Directors

4. Encourage the Board of Directors to perform its duties according scope of authority and roles and responsibilities in accordance with laws, rules and regulations or announcements and notifications from related agencies under good corporate governance practices.

Roles and Responsibilities of the Board of Directors

1. Supervise the business so that it is in accordance with the applicable laws, business objectives, company's rules and regulations, resolutions of the Board of Directors and the shareholders meeting with accountability, prudence, and integrity.
2. Review and approve the Company's vision, mission, business strategies, business directions, business policies, goals and targets, business models, business plans and budgets of the Company and its subsidiaries as proposed by the Executive Committee and management team.
3. Oversee administration, management and performance of Executive Committee (Chairperson of the Executive Committee/CEO), management team or any person with the same responsibilities to ensure the compliance with policies and procedures that the Board of Directors has set.
4. Continuously monitor the Company's performance to ensure the alignment with strategies, work plans and budgets taking into account all stakeholders as well as social and environmental responsibility.
5. Encourage innovations that create value added for business and the society and include this as a part of business strategies as well as ensure implementation by management team in formulating development/improvement plans.
6. Oversee the Company's management of information technology and leverage its information technology on enhancing business opportunities and improving work as well as set safety measures for information technology systems.
7. Formulate risk management policies, ensure that risk management systems cover all important kinds of risk the Company may have in accordance with strategies and goals and regular risk management evaluation and monitoring are in place to maintain risks within acceptable levels.
8. Ensure that appropriate and effective accounting systems are in place as well as internal control and internal audit systems for both the Company and its subsidiaries.
9. Ensure the timely submissions of financial statements at the end of accounting year as well as sign off and propose the financial statements to the Annual General Meeting of Shareholders for approval.
10. Review the selection and appointment of auditors and appropriate compensations as proposed by the Audit Committee before presenting to the Annual General Meeting of Shareholders for approval.
11. Ensure that official written corporate governance policies are in place and monitor the successful executions of those policies in order to make sure that the Company is accountable for all stakeholders in an equitable manner.
12. Review and approve the appointment of qualified or non-qualified persons under the Public Limited Company Act BE 2535 (1992) (including its amendments), the Securities and Exchange Act BE 2535 (1992) (and its amendments) and announcements, rules and regulations that are related to the appointment of new directors in the case that the position is vacant due to other causes apart from the official resignation. The Board of Directors is also responsible for approving the compensations and remunerations of the directors as proposed by the Nomination and Remuneration Committee.
13. Appoint other subcommittees such as Audit Committee, Executive Committee, Nomination and Remuneration Committee, Risk Management Committee, or any other subcommittees and specify scopes of authorities and responsibilities of those subcommittees to assist them in successfully performing their designated duties.
14. Determine and revise list of directors authorized to sign off on behalf of the Company
15. Review and appoint executives as defined by the Securities and Exchange Commission or the Capital Market Supervisory Board and the Corporate Secretary as well as determine their remunerations and performance evaluation of Chief Executive Officer and executives with transparency to be consistent with responsibilities and performance results for short-term and long-term motivations.

16. Seek professional opinions from other organizations to make proper decisions when necessary.
17. Control over internal information security and monitor the conflicts of interest that may arise within the Company
18. Encourage directors and management team to participate in seminar curriculum relating to their roles and responsibilities as provided by Thai Institutes of Directors. the Company has appointed the Independent Director which consists of 4 members equal to 50% that has more than the good corporate governance policy request. According to the good corporate governance policies, the Board of Directors shall consist of independent directors at least one third of the number of the directors in the Board of Directors in order to provide a verify and balance of power for each other sufficiency. The Qualifications of Independent Directors that the company require was same as the rules and principles set by the Securities and Exchange Commission and the Stock Exchange as follows:

Qualifications of Independent Directors

1. Holding not more than 1 percent of the Company's shares with voting rights, or that of any subsidiary, affiliated company, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by any related person of such an independent director;
2. Neither being nor having been an executive director, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Company, subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Company unless the foregoing status has ended for more than 2 years except the case that the independent director used to work for or be an advisor to an government agency who is the majority shareholder or the controlling person of the Company;
3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, or child, including the spouse of a child, of other director, any executive, major shareholder, controlling person or person to be nominated as a director, an executive or a controlling person of the Company or subsidiary company;
4. Neither holding nor having held a business relationship with the Company, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment, and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Company, subsidiary, affiliated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years.
5. Neither being nor having been an auditor of the Company, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years;
6. Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding Baht 2 million from the Company, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of the professional adviser, unless the foregoing relationship has ended for more than 2 years;
7. Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholder related to the major shareholder;
8. Not undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, compete with business of the Company or subsidiary company or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1 percent of shares with voting rights of a company undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, compete with business of the Company or subsidiary;
9. Not having any characteristics that prohibit the expression of independent opinion towards the Company's business undertakings.
10. The tenure of an independent director shall not exceed nine years from the date of their first appointment.

Executives

As of 30 June 2019, MC GROUP Plc consists of 6 executives as definition from Securities and Exchange Commission as follow

Name	Title/Position
1. Ms. Sunee Seripanu	Chief Executive Officer
2. Mr. Virach Seripanu	Chief Operation Officer
3. Mr. Bundit Praditsuktavorn ¹	Chief Financial Officer
4. Ms. Somchai Soongswang ²	Chief Commercial Officer
5. Mr. Nopadol Tangdenchai	Chief Information Technology Officer
6. Mr. Sakesan Serksiri	Chief Supply Chain Officer

Note: 1 Mr. Bundit Praditsuktavorn resigned from the company on 1 June 2019, which the company appointed Mr. Aphichai Pholkosol effective on 1 August 2019
2 Ms. Somchai Soongswang resigned from the company on 1 July 2019, which the company appointed Ms. Kittima Wachropas effective on 15 August 2019

Roles and Responsibilities of the Chief Executive Officer (CEO)

1. Supervise, manage, operate business and perform regular duties required to undertake business for the best interest of the Company and in accordance with the Company's policies, vision, goals, business plans and budgets as designated by the Board of Directors meetings and/or as assigned by the Executive Committee.
2. Manage the Company's business so that it is in line with its mission as defined by the Executive Committee and corresponds to business plans, budgets and related business strategies as designated by the Board of Directors and/or the Executive Committee.
3. Supervise overall finance, marketing, human resources and other functions according to policies and plans as designated by Board of Directors and/or the Executive Committee.
4. Entitled to hire, appoint, transfer, remove or terminate employees and approve wages and compensations in case of employees ranking lower than executive level as well as delegate any person to perform specific duties.
5. Approve rewards, salary adjustments, compensation, special bonus apart from salary and annual bonus under the approval of the Executive Committee.
6. Negotiate and enter contracts, agreements or transactions related to the usual business of the Company (eg. investments in shop opening, new machines and other asset purchases according to the budget approved by the Board of Directors including procurements and sales etc.). The authorized amount shall comply with the Board's approved authorized levels but within the limit amount of 30,000,000 (thirty million) baht per transaction.
7. Review and approve borrowings/loans between the Company and its subsidiaries
8. Issue orders, practices, announcements and records of the Company to ensure that the Company is operating in accordance with its policies and its best interest as well as proper code of conducts of the Company.
9. Perform other duties as assigned by the Board of Directors and/or the Executive Committee and entitled to undertake necessary actions related to those duties.

In any case, the designation of the authorities, duties and responsibilities of the CEO must not allow the authorities to approve actions or transactions that the CEO or other related parties have vested interests or conflicts of interests with the Company and/or its subsidiaries. On that matter, the CEO is not authorized and must propose to the Board of Directors' meetings and/or shareholders' meetings (depending on the case) except the approvals of transactions complying with usual business doings and trade conditions.

Directorship of the CEO in external organizations.

Board of Directors stipulated policies related to directorship in or use of time working for external organizations of the CEO as follow;

- 1) The CEO can become a director in a government organization or cooperate with the government for the benefit of the society as a whole, not for ones that are established for the interest of any political party.
- 2) The CEO can become a director in a private organization that is not established for public interest such as the Federation of Thai Industries, Thai Chamber of Commerce and Thailand Management Association.
- 3) The CEO can become a director in a private organization that is not established for the public interest only in case that the private organization does not conduct business with conflict of interest with the Company and time will not be spent in expense of the Company. Note that subsidiaries, affiliates and joint ventures of the Company are not included as the Company has to involve in the management and governance for the interest of the Company.

Corporate Secretary

At the Board of Directors has assigned Mr. Virach Seripanu has been appointed as the Corporate Secretary instead of Miss Anongnard Wannamas to perform the duties of supervising and preparing meetings of the Board of Directors, subcommittees and shareholders as well as safe keeping related documents and facilitating compliance to corporate governance standards including those in the Securities and Exchange Act.

In addition, the Corporate Secretary is assigned to function as a compliance unit to supervise and oversee the operation of the Company, directors and managements to ensure that they been correctly complied with the regulation of the SET, SEC, the Public company Limited Act, and other related laws.

Roles and responsibilities of Corporate secretary

1. Provide basic advices to the directors pertaining to applicable laws governing the Company, The Company's rules and regulations and ensure strict compliance as well as notify the Board of any significant changes in related laws and regulations.
2. Arrange shareholders meetings and the Board of Directors meetings in accordance with the laws, regulations and related practices.
3. Prepare minutes of the shareholders meetings and the Board of Directors meetings, and monitor that follow-up actions are undertaken in compliance with the resolutions of those meetings.
4. Prepare and keep record of registrations of directors, annual reports of the Company, notices calling shareholders meeting, notices calling directors meeting, minutes of the shareholders meetings and the Board of Directors meetings.
5. Keep reports of interest filed by directors and executives and submit the copies to the Chairman of the Board of Directors and the Chairperson of the Audit Committee within 7 working days from the date those reports are received.
6. Ensure that corporate information and reports are disclosed to regulatory agencies in accordance with the laws and regulations.
7. Supervise other activities of the Board of Directors and other related matters in accordance with the laws, the announcements of the Capital Market Supervisory Board or as assigned by the Board of Directors.

Remuneration for Directors and Executives

• Remuneration for Directors

The Company has established a set of well-defined principles and guidelines for equitable and reasonable directors' remuneration policies. The Nomination and Remuneration Committee is responsible for reviewing these policies taking into account appropriateness of remuneration with respect to business performance and scope of responsibilities of directors to ensure that the Company's remuneration is comparable to that of other companies in the same or related industry. Furthermore,

the Company also uses directors' remuneration survey conducted by the Stock Exchange of Thailand and Thai Institute of Directors (IOD) as a benchmark every year in considering proper remunerations for its directors.

In 2019, the Nomination and Remuneration Committee has reviewed directors' remuneration and adjusted the structure of the remuneration. Currently, monetary remuneration for directors comprises 3 types of remuneration which are monthly remuneration, meeting allowance and bonus while there is no non-monetary remuneration. The new structure of remuneration for directors was proposed to the Board of Directors for approval. The 2/2018 Annual General Meeting of Shareholders on 30 October 2018 reached a resolution to approve the following remuneration for directors for the year 2019 as shown below.

Remuneration for the Board and Sub-Committee	2019	
	Monthly Remuneration (Baht/ person/month)	Meeting Allowance (Baht/person/ time)
1. Board of Directors		
Chairman	20,000	80,000
Member	10,000	50,000
Bonus	Maximum at Baht 5,000,000 per year (The Board will allocate bonus in accordance with the achievement of key performance indicators)	
2. Audit Committee		
Chairman	-	40,000
Member	-	30,000
3. Risk Management Committee		
Chairman	-	30,000
Member	-	25,000
4. The Nomination and Remuneration Committee		
Chairman	-	30,000
Member	-	25,000
5. The Sustainable Development Committee		
Chairman	-	30,000
Member	-	25,000

At the end of June 2019, monetary remuneration as actually paid for the Board of Directors totaled 7.12 Million baht. Details of meeting attendance and remuneration for directors are as follow;

Directors' Name		Title/Position	2019 Meeting Attendance					Meeting Allowance						Subtotal Meeting Allowance	Bonus	Total (Baht)
			Board of Directors	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Sustainable Development Committee	Board of Directors	Audit Committee	Risk Management Committee	Nomination and Remuneration Committee	Sustainable Development Committee				
1.Mrs. Kaisri Nuengsigkapian	Chairman of the Board of Directors / Chairman of Executive Committee	6/6	X	X	X	X	X	240,000	480,000	X	X	X	X	480,000	300,000	1,020,000
2.Ms. Sunee Serpanu	Vice Chairman / Member of Executive Committee	6/6	X	X	X	X	X	120,000	300,000	X	X	X	X	300,000	240,000	660,000
3.Mr. Virach Serpanu	Director/ Member of Executive Committee/ Member of Nomination and Remuneration Committee/ Member of Sustainable Development Committee	6/6	X	X	X	6/6	2/2	120,000	300,000	X	X	150,000	50,000	500,000	240,000	860,000
4.Mr. Somchai Apiwatanapron	Independent Director / Chairman of Audit Committee / Chairman of the Risk Management Committee	6/6	7/7	4/4	X	X	X	120,000	300,000	280,000	120,000	X	X	700,000	240,000	1,060,000
5.Mr. Supasak Chirasavinuprapand	Independent Director/ Member of Audit Committee/ Member of Risk Management Committee/ Member of Nomination and Remuneration Committee	5/6	6/7	4/4	5/6	X		120,000	250,000	180,000	100,000	100,000	X	630,000	240,000	990,000
6.Mr. Surasak Khaoroptham	Director/ Chairman of Sustainable Development Committee	4/4	X	X	X	2/2		100,000	200,000	X	X	X	60,000	260,000	240,000	600,000
7.Mr. Etaluck Wangchucherdkul	Director	2/2	X	X	X	X	X	20,000	100,000	X	X	X	X	100,000	-	120,000
8.Mrs.Chananyarak Phetcharat	Independent Director/ Member of Risk Management Committee	6/6	X	4/4	X	X	X	120,000	300,000	X	100,000	X	X	400,000	240,000	760,000
9.Mr.Lucksananai Punkrasamee	Independent Director/ Member of Audit Committee/ Chairman of the Nomination and Remuneration Committee	6/6	7/7	X	6/6	X	X	120,000	300,000	210,000	X	180,000	X	690,000	240,000	1,050,000
Total		X	X	X	X	X		1,080,000	2,530,000	670,000	320,000	430,000	110,000	4,060,000	1,980,000	7,120,000

• **Remuneration for Executives**

The Company considers remuneration of its executives based on fairness, assigned responsibilities and the Company's performance and benchmarks with remunerations of other companies in the same or related industry.

Besides, individual performance of each executive based on set performance targets will be taken into account where it must align with vision, mission, and Company's strategies in order to motivate executives to create stability and growth for the organization in the long run. The Nomination and Remuneration Committee and the Board of Directors evaluate performance of the CEO and other high-level executives on an annual basis. The assessment results will be used in the consideration of remuneration in the format of salary and bonus.

At the end of June 2019, the Company paid a total of 41.37 million baht for in remuneration to its executives as detailed below.

Remuneration for Executives	Total Remuneration (Thousand Baht)	
	2018 (Jan – Jun 2018)	2019 (Jul 2018 – Jun 2019)
Number of Executives	6	7
Financial Remuneration		
- Salary, bonus and other remunerations	22,392	40,434
- Contributions to provident fund and contribution to social security fund	499	940
Non-Financial Remuneration	None	None

• **Remuneration for the Chief Executive Officer**

The Board of Directors stipulated remuneration policies for the CEO to be in accordance with performance. The Board of Directors ensures that remuneration structure and evaluation process are appropriate. Remuneration structure must act as an incentive to perform the duties consistent with objectives and key goals of the organization and the best interest of the Company in the long term. The following topics shall be considered for the performance evaluation of the CEO.

1) Approve evaluation criteria for the CEO that ensure that the CEO perform the duties in accordance with objectives, key goals and strategies and consistent with the interest of business in the long term. Evaluation criteria shall be communicated and informed to the CEO in advance.

2) Conduct the evaluation of the CEO regularly on a yearly basis or may assign the Nomination and Remuneration Committee to be the evaluator while the Chairman or a senior director shall be responsible for communicating results of the evaluation and other areas for development to the CEO.

3) Approve annual remuneration of the CEO and shall take into consideration performance results as well as other related factors.

Employees

• Number of Employees

As of 31 December 2017, 30 June 2018 and 30 June 2019, the Company and its subsidiaries had a total of 2,730, 2,624 and 2,503 employees respectively. This can be shown by departments as follow:

Division	2017	2018	2019
Executives	7	7	6
Operation Workgroup	1,107	556	590
Marketing Workgroup	1,213	1,429	1,302
Accounting, Finance and Business Development Workgroup ¹	65	88	64
Information Technology Workgroup	30	36	33
Human Capital and Development Workgroup	22	21	33
Standard and Business Compliance Workgroup	28	26	22
Other Businesses ²	223	205	198
Warehouse Logistics and Transportation		194	198
Others	35	62	57
Total	2,730	2,624	2,503

• Total Compensation and Benefits of Employees

The Company has put in place policies and management of compensation and benefits that are better than required by laws and to emphasize the appropriateness and consistency with the Company's performance, individual performance of each employee as well as those of other companies in the same or related industry. The compensation and benefits must be competitive, fair and flexible for efficiently managed.

For the year 2017, 2018 and 2019, the Company and its subsidiaries paid a total compensation of 899.2 , 373.6 and 758.7 million baht respectively to its employees including salaries, bonuses, over-time wage and other compensation and benefits.

1. Short-term Compensation and Benefits of Employees

The Company offers various kind of compensation and benefits to its employees including salary, wage, bonus, contributions to social security fund. Moreover, other welfares are provided to all employees such as provident fund, group health insurance, annual health check-up, 5S activity, working environment safety and study scholarships for employees' children.

2. Compensation and Benefits of Employees After Resignation

Provident Fund

The Company has set up its provident fund in accordance with the Provident Fund Act BE 2530 (including revisions). The Company and participating employees contribute 3% of base salary to the provident fund. At the end of June 2019, the Company's contributions to the provident fund amounted to 2.94 million baht.

Severance Pay

The Company is obligated to offer a severance package to its employees according to labor law in case of a discharge. This severance pay is considered as their benefits after the termination of employment.

• **Critical Labour Disputes for 3 years ago**

In 2014, employees under a subsidiary of Mc Group founded Mc Jeans Labour Union, The Company is in the process of negotiated with the group and trying to compromise and settle the disputes. At the end of June 2019, the Company had no a claim from the Labor Union.

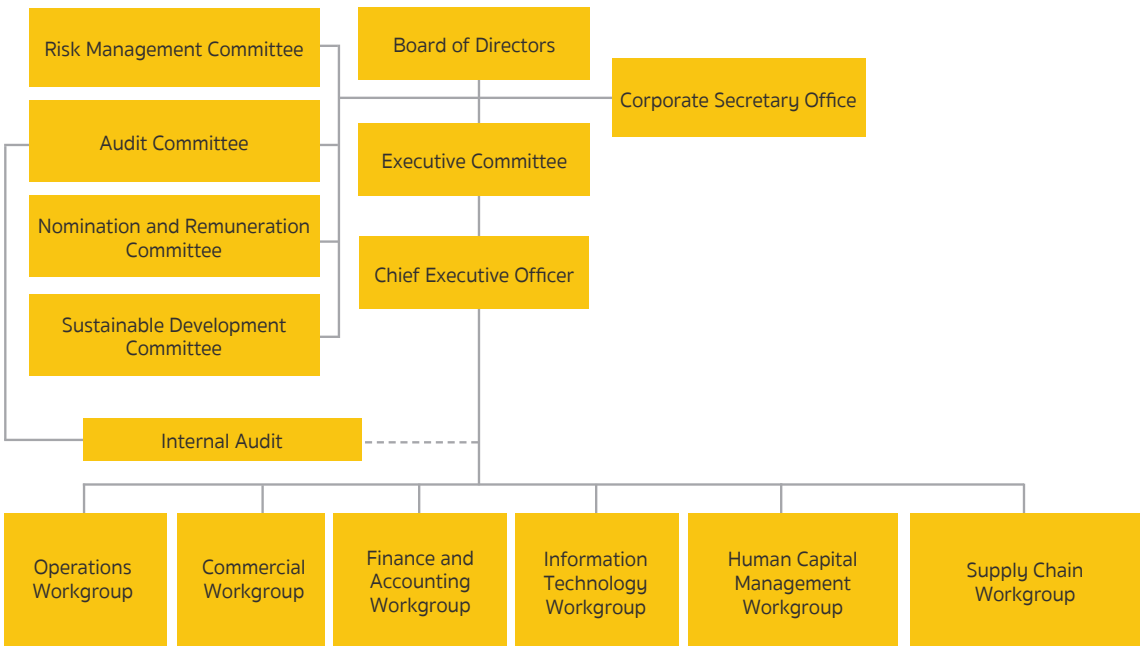
• **Human Resource Development**

MC Group regards human resource development as a key success factor of the organization. Happy employees with self-esteem are the type that are ready to create and offer something good for customers, business partners and communities. The critical challenge in human resource management is to develop and equip the employees with right skills, abilities and good conscience as well as to engage them to bond with and love the organization. Core values of the Company or the so-called “MCWAY” is promoted among employees to fortify its strong organization culture.

Key principles in human resource development are directly synchronized with business plan. Development of skills, knowledge and competencies of all levels of employees together with proper performance evaluations will enable an effective human resource development plan that positively affects how employees work and deliver as targeted. This also assists employees in growing and advancing professionally along their proper career paths together with the Company.

From our principle of business management to offer products and services at reasonable price with good qualities, the Company has developed our employees consistently and emphasized on the standard of production and services by its staff especially PC with many skill developments such as basic sewing skill, product consulting to customers, creation of many communication channels through modern equipment and IT system for in-dept product knowledge including coaching team for on-the-job training together with sale, etc. From its directions and projects related to human resource development the Company and its subsidiaries are pursuing incessantly, it is clear that MC Group has devoted its effort towards developing and growing its human capital alongside with the organization and allows them to lead the Company to a sustainable business excellence.

• **MC Group’s Organization Chart: Updated on 30 June 2019**



CORPORATE GOVERNANCE

The Board of Directors and executives realized the importance of the Company's compliance with corporate governance principles and are determined to continuously improve corporate governance to be the bedrock in conducting business and to be accepted internationally. MC Group also fosters transparency, business ethics, social responsibility as well as accountability to all Company's stake-holders.

The Board of Directors has stipulated good corporate governance policies and business ethics in writing as a guideline for conducting its business for directors, executives and employees. This is to ensure efficient management systems, add values and support sustainable growth of the Company in the future. The Board of Directors shall review and adjust the corporate governance policies and business ethics on an annual basis to be consistent with changes in business operations, environment, situations or related laws.

The Company published its corporate governance policies in its website as a guideline for employees of all levels to conform to and as important information for shareholders, stakeholders, investors and other people who might be interested. To encourage the compliance, the Company requires all employees to sign and acknowledge this code of conduct during new employee orientation. Furthermore, internal control processes are put in place to monitor compliance to this code of conduct.

Results from the Corporate Governance Report of Thai Listed Company 2018 showed that the Company's average score for all 5 sections of corporate governance was at 88 which was at par with the average SET 100 Index (at 87).

Corporate Governance Policy

The Company follows the guideline of Code of Best Practices for Directors of Listed Company set by the Stock Exchange of Thailand as well as the Principles of Good Corporate Governance for Listed Companies (2012) and Corporate Governance Code for Listed Companies 2017 set by the Securities and Exchange Commission, Thailand in establishing and developing good corporate governance policies. The policies are divided into 5 sections. At the end of June 2019, the Company strictly complied with the corporate governance policies as detailed below.

Section 1: Rights of Shareholders

The Company follows the guideline of Code of Best Practices for Directors of Listed Company set by the Stock Exchange of Thailand as well as the Principles of Good Corporate Governance for Listed Companies (2012) and Corporate Governance Code for Listed Companies 2017 set by the Securities and Exchange Commission, Thailand in establishing and developing good corporate governance policies. The policies are divided into 5 sections. At the end of June 2019, the Company strictly complied with the corporate governance policies as detailed below. The Company recognizes the importance of the rights of shareholders and shall not act in a manner that violates or diminishes any right of shareholders but only encourage shareholders to exercise their rights.

At the end of June 2019, the Company has taken the following actions to support and facilitate its shareholders to exercise their rights.

- The structure between the Company, its subsidiaries and associated companies is simple. There is no mutual or overlapping sets of shareholders nor pyramid holding structure. This is to confirm its shareholders of their returns.

- The Company acts in its capacity to best accommodate the exercises of basic rights of all shareholders including majority shareholders, minority shareholders, institutional investors and foreign shareholders equally and refrain from any action that limits their chances to attend the meetings of all types of investors. Those rights include rights to purchase, dispose or transfer shares, right to clear and correct information, right to attend the meetings and cast the vote to approve important agenda items, right to appoint or remove Company's directors, right to determine remunerations of the Board of Directors, right to appoint and remove the auditors and determine audit fees, right to share profits, right to participate in decision-making or acknowledge the Company's decisions related to changes in Company's fundamentals.

- The Company send out notice of shareholders' meeting and other supporting documents 7 days before the scheduled meeting (or any duration specified by law). The notice details meeting agenda items and pertinent documents including comments of the Board of Directors, the proxy form (per Ministry of Commerce's designation) and names of independent directors that shareholders can delegate their representation to for the shareholders' meeting. The notice also includes map and direction to the

meeting's venue and provides list of documents that shareholders are required to present on the meeting day in order to exercise their rights as shareholders in attending and voting at the shareholders' meeting according to shareholders' meeting rules of the Company. Furthermore, shareholders may access to information related to meeting agenda online through the Company's website [www.mcgroupnet.com]

- The Company discloses information and details related to rights of shareholders in the Stock Exchange of Thailand's news system and its own website taking into considerations fairness in receiving news and information, exercising period and convenience. Actions that may limit access to Company's information or hinder communications between shareholders are prohibited.

- In the event that shareholders are not able to attend the shareholders' meeting, the Company allows shareholders to grant their rights to independent directors or any other persons whom the shareholders might wish to appoint as a proxy to cast the votes on their behalf.

- For each shareholders' meeting, the Chairman of the meeting or other assigned persons inform attendees of the rules to be observed in the meeting including voting process as well as allocate sufficient time for the meeting.

- During shareholders' meeting, the Chairman ensures equal rights to each shareholder in asking questions, voicing opinions or making recommendations. Directors and related executives will be present in the meeting in order to respond to any query or accept recommendations that shareholders may have and will consider actions to take forward as appropriate. After the meeting, the Company will prepare an accurate and comprehensive shareholders' meeting report within 14 days after the meeting day and submit the shareholders' meeting report to relevant agencies and make the report available to the public by releasing the report in the company's website so that shareholders and other stakeholders can have access to.

Section 2: Equitable Treatment of Shareholders

The Company acts impartially to all shareholders including shareholders who are or are not executives, majority shareholders, minority shareholders, institutional investors, foreign shareholders. The following principles shall apply

- The Company issued policies and take actions in the disclosure of information in a correct, complete, timely and transparent manner to the shareholders. Disclosure of important information is conducted regularly through various channels so that all shareholders have an equal access to the information. Shareholders can make enquiries on information and other news to Investor Relations department or the Company's website, apart from the information disclosure to the Stock Exchange of Thailand

- The Company has in place relevant policies and practices to prevent its directors or executives from using information that is not disclosed to the public for their personal benefits

The 2/2018 Annual General Meeting of Shareholders

The Company values rights of shareholders and fair treatment to its shareholders and rigorously adopted related practices in conducting every shareholders' meeting from before the meeting, the meeting day to after the meeting. For the 2/2018 Annual General Meeting of Shareholders on 30 October 2018 at 14:00 hrs at Suvarnnabhumi A&B, Novotel Suvarnnabhumi Airport Hotel 999 Moo 1, Nongprue, Bangplee, Samutprakan, various kinds of mass transportation were available for shareholders to use in attending the meeting.

At the 2/2018 Annual General Meeting of Shareholders, 153 shareholders including their proxies attended the meeting. This is equivalent to 71.1% of outstanding shares. All 8 directors participated in the meeting or there was 100% attendance of the directors. The Chairman of the Board of Directors, the Chairman of the Audit Committee, the Chairman of the Risk Management Committee, the Chair-man of the Sustainable Development Committee, the Chief Executive Offer and Managing Director, high-level executives, corporate secretary and the auditor all together participated in the meeting. Details of the meeting execution are outlined below.

Before the Shareholders' Meeting

- The Company prepared the notice to shareholders' meeting in both Thai and English. For the 2/2018 Annual General Meeting of the Shareholders, the Company posted the meeting notice on its website since 27 September 2018, 31 days prior to the meeting date and sent out

the meeting notice to the shareholders 22 days before the meeting date so that the shareholders received all documents in advance and had sufficient time to re-view the information before the meeting.

- Notice to the meeting contains adequate and complete information including facts, reasons, comments from the Board of Directors for shareholders' deliberations. The agenda of the meeting is as follow.

- 1) For agenda related to director's appointment, first name, last name, age, educational background, working experience of each nominated director, number of companies they hold their directorship (listed companies or non-listed companies), nomination criteria and approach, types of nominated directors, attendance information in previous years, date of appointment to directorship were all presented.

- 2) For agenda related to remuneration, provided information included policies, amounts, types of remuneration by position and duty of directors, criteria and approach. Shareholders are required to consider and approve remuneration of the Board of Directors and all subcommittees.

- 3) For agenda related to auditor's appointment, details on names, audit offices, independence of the auditors, appropriateness of audit fees (these fees were shown separately from other service fees) were given.

- 4) For agenda related to dividend payment, the Company provided information related to dividend payment policies as well as pro-posed dividend amount compared to previous years.

- No document containing important information was distributed to shareholders impromptu and no addition on agenda or change in important information made without notification to shareholders.

- The Company accommodated shareholders who could not attend the meeting in person by sending all types of proxy forms as designated by the Ministry of Commerce while shareholders could decide how to cast their votes. Details on how to appoint a proxy were attached with the notice of the meeting as well as posted on the Company's website. Shareholders can also download all proxy forms from the Company's website. Moreover, list of names and biographies of directors whom shareholders can grant their representations to were also published.

During the Shareholders' Meeting

- The Company specified the registration period of 2 hours before the meeting. Computers and barcode system were adopted in registration and vote counting for accuracy, speed and credibility. Institutional shareholders can send proxy forms to register in advance before the meeting to avoid any delay due to a slow registration process.

- One share one vote rule was applied where voting rights de-pend on number of shares a shareholder holds.

- Before the meeting commenced, the Company informed the meeting of voting and vote counting approaches.

- The Company used ballots for shareholders to cast their votes. Ballots were prepared by agenda item to assist shareholders in voting as they find appropriate. For agenda related to di-rector appointment, individual director was nominated and voted and all types of ballots were kept for this (approve, disapprove, or abstain)

- The announcement of voting results for all agenda items was con-ducted according to the order in the agenda.

- The meeting was conducted in order of the agenda as informed in the meeting notice with accuracy and transparency according to the laws and Company's rules. The Company stipulated in its policy that additional agenda item shall not be included without advance notification to the shareholders especially important agenda items that share-holders need time to review before making decisions.

After the Shareholders' Meeting

- The Company submitted resolutions of the meeting to the Stock Exchange of Thailand in the same day of the meeting through SET's news system so that non-attending shareholders could have a prompt access to the information.

- Minutes of the meeting were prepared and their copies were of submitted to the Stock Exchange of Thailand within 14 days after the meeting date as well as posted in both Thai and English on the Company's website.

- In 2018, the Company received a score of 99 for quality of shareholders' meeting assessment under the Evaluation of Quality of AGM of Listed Companies carried out by Thai Investors Association together with the Securities and Exchange Commission, the Stock Exchange of Thailand and Thai Listed Companies Association. Criteria of the quality assessment included all stages in conducting the shareholders' meeting before, during and after the meeting date.

Section 3: Roles of Stakeholders

The Company recognizes the importance of all stakeholders and believes in sustainable mutual interests of all stakeholders. Therefore, the Company clearly stipulated policies and responsibilities to all stakeholders in its "A Code of Conduct to Stakeholders" with the following details;

Shareholders

The Company is determined to conduct its business in the way that delivers performance and efficiency and thus creates stable growth and highest satisfaction of shareholders. The Company stresses on long-term growth of Company's value with proper and consistent returns. The Company also respects rights of shareholders and ensures fair, transparent and credible information disclosure to all shareholders.

Employees

Human resource is the most crucial element for success of the Company. Hence, the Company treats employees of all levels fairly and properly in accordance with international standards on human rights as stipulated by its policies. The Company executes its employment, appointment and transfer on a fair basis and fosters good corporate culture and working environment that promote teamwork, politeness and respects to human rights of its employees in order to optimize its use of human resource for the best interests of the Company.

The Company offers more remuneration and welfare system than required by law and focus on the suitability and consistency with company's performance and employee's performance appraisal with clear, concrete and disclosed policy to all employees. In addition, the Company arranges for a good and safe working environment toward employee's asset and complies with labor law strictly and also offer professional development for more capability and skill to all employee level.

The Company respects human rights and privacy of its employees and refrain from disclosing personal information such as salary, medical record, family background to outside parties or unauthorized persons except that the information must be disclosed to external parties as required by law. Moreover, the Company encourages knowledge sharing and trainings on environment and work safety so that the employees understand and conform to the guidelines.

Customers

The Company has put in place policies that foster value and growth creation alongside its customers under the belief that Company's success relies on its customers' trust. The Company shall treat its customers with respect and politeness and with a strong intention to search for most effective ways to meet customers' needs. The related policies and guidelines are specified in the Code of Conduct. This includes production and delivery of products that passed quality assurance and standards as promised with customers under fair prices, adequate and timely disclosure of accurate information, safe customer data storage and management, confidentiality of customer information (no misuse of customer information for personal benefits or the benefits of related others), adequacy of systems/processes that allows customers to file complaints on quality, quantity and safety of its products and services.

Business Partners and/or Creditors or Debtors

The Company is obliged to treat its business partners, creditors and debtors with equality and fairness for the best interest of the Company. The Company shall avoid any conflict of interest and provide factual information and accurate reports. Moreover, the Company stands firm on its commitments to its creditors and honors its obligations of repayment of principals, interests as well as collaterals.

Any business dealing with business partners must not affect good reputation of the Company and must be in compliance with laws. Mutual interests and fairness must be emphasized in selection of business partners whom must respect with human right, fair labor practices and business operation with environmental, social responsibilities as the Company believes that business partners are a key factor that helps deliver values to the customers and helps the Company's sustainable growth.

Competitors

The Company encourages free markets and fair competition and stipulated policies and guide-lines towards its competitors under applicable laws related to trade competition. The Company is strongly against wrongfully obtaining or using trade secrets of its competitors either it is illegal or unethical.

Society and Environment

As a Thai Company MC Group appreciates being a part of the country and Thai society and feels responsible for the country and the society. Therefore, the Company aims to give back by supporting local activities in communities in which it operates in.

Throughout years in business, the Company rigorously abides by related laws, rules and regulations and put efforts in raising its standards above the levels required by law. Any business undertaking must not harm quality of life, community, society and environment. The Company helps support the society in form of quality of life improvement, educational support, energy saving, efficient resource utilization and environmental conservation. Apart from that, the Company promotes communication and education related to the environment to all stakeholders as well as passes on its knowledge and experience that the Company has to benefit the society such as its recent MC Sewing Training for Occupation Development Project.

The Company also acts against infringement of intellectual property rights and copyrights and issued policies regarding the use of its IT systems that requires regular investigations on software usage of employees to prevent any infringement. Furthermore, the Company ensures that registrations of its trademarks are undertaken correctly to protect its intellectual property rights from any infringement from others.

Additionally, the Company stipulated policies that support manufacturing and delivery of environmentally-responsible products and services and acts according to relevant environmental law. Besides, the Company encourages preservation of nature and conservation of energy and the use of environmentally-friendly products in its business. Details on its related executions can be found under Sustainable Development section.

Moreover, the Company stipulated whistleblower policies that stakeholders can inquire details, file complaints and report any misconduct, illegal behavior, inaccuracy of financial reports, internal control problems or unethical behavior of the Company through the Audit Committee. Details of complaints or whistle-blowing including and information of the complainants/whistleblowers will be protected and kept confidential. The Audit Committee will take actions in finding facts and solutions (if any) and reporting to the Board of Directors for recommendations, solutions or other further actions. Channels in reporting misconducts and filing complaints are listed below:

• Direct Complaint by written notice

- 1) The Chairman of the Audit Committee
- 2) Chief Executive Officer
- 3) Internal Audit Department OR
- 4) Corporate Secretary

MC Group Public Company Limited
2 Soi 5 Sukhaphiban Road 2, Prawet, Prawet, Bangkok 10250
Tel 02-117-9999 Fax 02-117-9998

• Complaint by E-mail

- 1) The Chairman of the Audit Committee : auditcommittee@mcgroupnet.com
- 2) Chief Executive Officer : sunee.s@mcgroupnet.com
- 3) Internal Audit Department : ia@mcgroupnet.com

- 4) Corporate Secretary : corpsecretary@mcgroupnet.com
- 5) Direct supervisor

• **Complaint by letter via post**

- 1) The Chairman of the Audit Committee
- 2) Chief Executive Officer
- 3) Internal Audit Department OR
- 4) Corporate Secretary

MC Group Public Company Limited

2 Soi 5 Sukhaphiban Road 2, Prawet, Bangkok 10250
Tel 02-117-9999 Fax 02-117-9998

Note that information related to complaints is treated as confidential and will be disclosed only as necessary. The Company put in place measures that protect whistleblowers, complainants and related persons. Whistleblowers can opt to be anonymous and whistleblowers or complainants can request the Company to set appropriate protection measures or the Company may enact protection measures without request in case that there is a tendency of damage or unsafety.

Once complaint is received or filed, responsible persons are required to verify facts and consider appointing a committee to investigate further. In case that the wrongdoing is proved to be true, the Company shall consider suitable punishment and report the misconduct and the complaint to the Audit Committee and the Board of Directors.

As of 30 June 2019, there was no complaint or whistleblowing from stakeholders.

Section 4: Information Disclosure and Transparency

The Company encourages the disclosure of accurate information in a complete, transparent and timely manner that meets the standards provided by the Stock Exchange of Thailand or the Securities and Exchange Commission. This includes financial reporting and other information disclosure that can influence the Company's stock price or decisions of investors and other stakeholders. All relevant individuals are treated fairly regarding information dissemination and the Company will release important information through channels provided by the Stock Exchange of Thailand as well as the Company's website at www.mcgroupnet.com

The Board of Directors recognizes its responsibilities in preparing consolidated financial statements including other information presented in the annual reports. The Board of Directors shall make sure that quality of financial reporting is in line with the Generally Accepted Accounting Principles and reviewed by credible and independent auditors. Accounting policies must be properly selected and strictly applied. All financial reports must be accurate and complete and the disclosure of important information must be adequate and credible.

Furthermore, the Board of Directors has appointed the Audit Committee to review and audit financial reports for accuracy, completeness, credibility as well as ensure all information disclosures of correct-ness, clarity, transparency and timeliness as specified by the guidelines for the listed company. In addition, the Audit Committee also perform auditing roles for internal control systems to guarantee effective internal control and compliance with laws and Company's regulations. Related party transactions or transactions with potential conflict of interest must also be reviewed by the Audit Committee for their appropriateness and reasonableness before presenting to the Board of Directors for consideration and approval.

At the end of June 2019, The Company issued Management Discussion and Analysis (MD&A) supplementing its quarterly financial statements to help investors better understand changes in the company's financial position and performance in each quarter, rather than just only numbers in the financial statements.

Moreover, the Company prepares the Board of Directors' accountability to financial statements alongside the auditor's report as well as disclosure of audit and non-audit fees in the Company's annual report.

To comply with the notification of the Capital Market Supervisory Board Re: Rules, Conditions

and Procedures for Disclosure regarding Financial statement and performance of securities issuers, the Company has set up the information disclosure in annual information disclosure (Form 56-1) and the Company will disclose all directors individually including role and responsibilities of Board of Director and sub committees including remuneration of directors and executives in annual report (Form 56-2).

Regarding investor relations function, the Company established investor relations department to be responsible for communications of relevant information to institutional investors, shareholders, securities analysts, media and general public. Investor relations department shall report its performance related to investor relations to the Board meeting on a quarterly basis. To comply with the good corporate governance principles particularly the transparency and fairness of the information disclosure, the Company set a 15 day Quiet Period to refrain from answering any inquiries in regards to the upcoming financial results and guidance prior to the results release. This is to avoid an unfair treatment that could lead to insider information or manipulation of stock prices. The Company announced the quiet period information on the Company's website under IR Calendar. The Company's investor relations activities during July 2018 to June 2019 are summarized as follows:

1. 43 company visits from investors or analysts or through conference
2. 8 investor conferences both locally and in foreign countries.
 - Investor Conference and road show in Thailand 4 times
 - Investor Conference and road show in Foreign Countries 4 times
3. Opportunity Day (Listed companies meet investors) as hosted quarterly by the Stock Exchange of Thailand
4. 1 investor meeting for analysts and investors
5. 1 site visit for investors and analysts

In order to ensure efficient communications between the Company and shareholders/investors, investor relations department can be reached at:

Contact person : Ms. Pitchaya Kohkeaw (Manager -Investor Relations Department)
Address : MC Group Plc, 2 Soi 5 Sukhaphiban Road 2, Prawet, Prawet, Bangkok 10250
Telephone : 02 117-9999 Extension 1210
Fax :02 117-9998
E-mail: ir@mccgroupnet.com

Section 5: Responsibility of Board of Directors

1. Structure of the Board

The Board of Directors comprises individuals with knowledge, expertise and experience in conducting business and is responsible for considerations on matters relating to management of the Company such as policies, vision, strategies, targets, duties, business plans and budgets. The Board of Directors also supervises the management team to effectively and efficiently conduct the business according to its policies under the scope of laws, objectives, rules, resolutions of shareholders meetings, resolutions of the meetings of the Board of Directors with honesty, prudence and ethics in order to maximize the Company's value and achieve highest stability for the best interest of the shareholders.

The Board of Directors consisted of 8 directors and 4 of those were independent directors, equivalent to more than one third of the members of the Board of Directors. These independent directors were qualified according to the announcements of Capital Market Supervisory Board and the Stock Exchange of Thailand to perform their duties efficiently and effectively at their full capacity to serve the Company.

The Board of Directors shall have specified term of service according to the Company's rules and procedures. At each Annual General Meeting of Shareholders, one-third of the directors - or the number nearest to one-third if the number is not a multiple of three - must retire from office.

In order to ensure thorough and adequate governance according to good corporate governance principles and to support the Board of Directors in performing their duties, the Company

established subcommittees to undertake specific matters. The Company also appointed the corporate secretary with stipulated roles and responsibilities as required by the Stock Exchange Act BE 2551. The corporate secretary ensures that the Company and the Board of Directors strictly comply with related laws and regulations and acts as a contact person for internal and external parties. The details of roles and responsibilities of the corporate secretary are included in Management Structure section.

In addition, Company's policies stipulated that directors shall not hold their directorships in more than 5 listed companies. In an event that a director also holds the same position in more than 5 listed companies, the Board of Directors will evaluate the effectiveness of his or her capacity in order to maintain his or her roles for the Company. At present, none of the Company's directors hold director positions in more than 5 listed companies.

2. Roles and Responsibility of Directors

The roles and responsibilities of the Board of Directors are to conduct business as approved by shareholders and according to the laws and resolutions of the shareholders' meetings and the meetings of Board of Directors. Additionally, the Board of Directors must exercise a good judgment in business decision-making and perform their duties with accountability, prudence and honesty for the best interests of the Company.

Corporate Governance Policies

The Company has written policies on its corporate governance in which the Board of Directors reviews and monitors annually. The Company shall uphold the rules and regulations set by the Capital Market Supervisory Board, the Securities and Exchange Commission and the Stock Exchange of Thailand and will publish corporate governance report in its annual report and disclosure report concerning additional information (Form 56-1).

Business Ethics

The Company shall uphold the highest standard of ethics such as protecting of Company's private information, performing assigned duties with honesty and compliance to laws, respecting rights of others, and protecting the assets of the Company and the environment. The Company must ensure strict compliance to business ethics while policy review and evaluation must be conducted annually.

Conflict of Interests

The Board of Directors has set policies to prevent and mitigate any conflict of interest that require all directors and executives prepare reports of conflict of interest and submit to the corporate secretary. In any deliberation, decisions regarding business undertaking must be made for the best interest of the Company and conflict of interest shall be avoided. Related parties or persons who have potential conflict of interest with the transaction under considerations must report the Company of nature of relationship and details on possible conflict of interest and shall not participate in the decision-making nor have authorities in approving that particular transaction.

Any transactions with potential conflict of interests related to trade conditions not conforming to general practices must be presented to the Board of Directors for considerations and approvals. The Audit Committee shall review appropriateness carefully before bringing the matter to be discussed at the Board meeting and/or shareholders' meeting (on case by case basis). The Company must always act according to the rules and regulations set by the Capital Market Supervisory Board, the Securities and Exchanges Commission and/or the Stock Exchange of Thailand (whichever applicable).

Internal Control and Internal Audit

The Board of Directors has established comprehensive internal control systems covering all business aspects to ensure compliance to laws, rules and regulations as well as alignment with its goals. Moreover, an audit mechanism for checks and balances was set up to protect capitals of shareholders and assets of the Company. The Board has also set approving authorities and outlined responsibilities of executives and employees clearly in writing. Internal control department was formed to examine and monitor all business units' operations to comply with rules and regulations. The Audit Committee role is to continuously monitor business dealings to ensure effectiveness of internal control and credible financial reporting systems. Internal control department audits and reviews internal control systems of the Company as well as reports audit results to the Audit Committee.

Report of the Board of Directors

The Audit Committee shall review financial reports and present them to the Board of Directors every quarter. The Board of Directors is accountable for the financial statements of the Company as appeared in its annual reports and must ensure the preparation of the financial re-port is in compliance with the Generally Accepted Accounting Principles (GAAP-Thai) and reviewed by the qualified auditors. The Board of Directors shall also choose appropriate accounting policies and consistently applies them. Adequate disclosure of information in the foot-notes to the financial statements must be carried out.

Independence of the Board of Directors from Management

Policies on independence of the Board of Directors from management are in place that clearly separate roles and responsibilities of the Board of Directors and management team. The Board of Directors is responsible for setting strategies, objectives, policies, work plans and business goals of the Company and making recommendations and overseeing the management team in performing their duties. The Board of Directors must understand scope of authority and responsibilities, clearly define delegation of authority of the management team and ensure that the management team perform their duties as assigned. The management team shall take responsibilities in managing and undertaking business according to strategies, policies and work plans that the Board of Directors approved.

Note that the person who holds the Chairman of the Board of Directors position is clearly disassociated from the CEO. Therefore, the Chairman and the CEO are different persons and have different authorities and responsibilities. Both positions must be selected and appointed by the Board of Directors in order to ensure the most qualified persons are chosen for the positions.

3. Board of Directors Meeting

The Company has set meeting schedules for the Board of Directors and other committees in advance on a yearly basis. The Company stipulated that the Board conduct meetings at least once every quarter by setting up the annual meeting schedule in advance with additional meetings as necessary and send out meeting notice to the Board members to review 7 days prior to the scheduled meeting date except in any urgent matter that prompt actions are required to reserve Company's rights or protect its interests. Each meeting requires a clear agenda with complete supporting documents that must be submitted to the Board of Directors in advance. During the meeting, each director shall be allocated sufficient time for discussion and allowed to freely express their opinions. Related high-level executives shall be invited to attend the meeting to provide pertinent information and to directly address the issues.

The Company shall ensure that the Board of Directors receive adequate information in a timely manner prior to the scheduled meeting. Additionally, the Board of Directors may independently contact the corporate secretary to provide consultation on matters related to compliance or for any additional information.

4. Development Programs for Directors

• The evaluation of Board's Performance

The Company requires directors to conduct self-evaluations at least once a year to assess their efficiency, performance and other issues in performing their duties in accordance with good corporate governance principles. The process is as follows

- 1) The Nomination and Remuneration Committee reviews evaluation forms to ensure accuracy, completeness and compliance to the rules stipulated by the regulatory authorities.
- 2) The secretary to the Board summarizes the results of the performance evaluation of the Board
- 3) The secretary to the Board reports the results to the Board to take actions in improving efficiency.

The objective of the evaluation of Board's Performance is to emphasize on assessments that can reflect operating efficiency according to good corporate governance principles in total of 5 topics in the evaluation are structure and qualifications of Board member, roles and responsibilities of the Board, Board's meeting, Board's function, and responsibilities to stakeholders.

At the end of June 2019, overall evaluation score in 5 sections was at 96.46%. Most directors agreed that number of directors was suitable for the size of business and number of independent director complied with standards specified by regulatory authorities, subcommittees were formed according to good corporate governance guidelines in order to assist the Board in studying and

screening specific issues. There was a sufficient number of committees to take care of important matters to ensure prudent business operations. Moreover, directors performed their duties with responsibilities, prudence and honesty in compliance with laws, objectives and rules and regulations of the Company as well as resolutions of the shareholders' meetings. Additionally, directors stated their opinions and made suggestions based on best practices that are beneficial to the Company. Directors also attended the Board of Directors' meetings and subcommittees' meetings regularly.

• **The evaluation of Subcommittee’s Performance**

The Company arranged evaluations for subcommittee including Risk Management Committee, Audit Committee, Nomination and Remuneration Committee, Sustainable Development Committee in compliance with evaluation guidelines for Thai listed companies of Thai Institute of Directors (IOD). The assessment must be conducted once a year in form of individual evaluation (self-evaluation) to assess efficiency of all subcommittees based on the following process.

1) Subcommittees prepare evaluation forms in compliance with good corporate governance principles and guidelines for subcommittees.

2) Secretaries of subcommittees summarize and report the results of the performance evaluation of subcommittees to take actions in improving efficiency of the performance.

3) The secretary to the Board of Directors reports the results of the evaluation of subcommittees to the Board of Directors.

The results of subcommittees' evaluation at the end of June 2019 are summarized below

Unit: Percentage	
Subcommittee	Self-evaluation Score
Audit Committee	98.33
Risk Management Committee	97.41
Nomination and Remuneration Committee	94.00
Sustainable Development Committee	95.15

The Company summarized and informed the results of the evaluations of the Board of Director and subcommittees to all directors to be used as a framework in considering and reviewing their duties as well as issues and problems. The results were also analyzed and recommendations were applied further improvements and developments.

• **Director’s Training**

The Company promotes and facilitates trainings and other informative sessions on good corporate governance for applicable persons such as directors, the Audit Committee and executives to equip them with adequate knowledge and understandings regarding corporate governance principles, rules and regulations as well as roles and responsibilities of directors. The purpose is to guarantee efficient and ethical management of the Company. The Company enrolled its directors in related seminars/programs organized by Thai Institute of Directors (IOD) and other institutions.

. Recently, there were a number of directors attending training programs related to roles and responsibilities of directors.5 directors enrolled in Director Accreditation Program (DAP) and 7 directors participated in Director Certification Program (DCP) from a total of 8 directors When there are relevant documents informing about the programs related to the Board of Directors, the Company will notify the directors and send them information for their reviews to support their learning.

• **New Director Orientation**

Once there is any change in directors, the corporate secretary shall arrange an induction session as well as prepare documents that will be useful to the new directors including provisions of an overview of the business, products and services, stock information and shareholders, organization structures and related laws and regulations in order to effectively perform duties as a director of a listed company.Preliminarily, the Company distributed the following key documents:

- 1) Scope of responsibilities of the Board of Directors
- 2) Code of Conduct Manual
- 3) Organization Structure and Lists of Executives
- 4) Shareholding Structure of the Group of Companies
- 5) Stock Information and shareholders, certificates and rules and regulations
- 6) Business Plan
- 7) Overall Risk Management
- 8) D&O (Directors & Officers Liability Insurance)

Apart from the above documents, the Chief Executive Officer and the corporate secretary also presented the following information

- 1) Overview of business including company profile and company strategies
- 2) Applicable laws related to director of a listed company
- 3) Structure of the Board of Directors and scope of responsibilities of members.

Subcommittees

The Company shall, from time to time, set up additional subcommittees as deemed appropriate with specific objectives to assess certain aspects of business more effectively. This will be approved by the Board of Directors. The subcommittee will report the progress and achievements to the Board of Directors in the specified period. Additionally, the Board of Directors will appoint Corporate Secretary as required by the Securities and Exchange Act.

Currently, the structure of directors consists of the Board of Directors who supervises the business and 5 subcommittees responsible of specific matters which are Audit Committee, Executive Committee, Risk Management Committee, Nomination and Remuneration Committee and Sustainable Development Committee. More information regarding each committee is outlined as follows.

Audit Committee

Currently, the structure of directors consists of the Board of Directors who supervises the business and 5 subcommittees responsible of specific matters which are Audit Committee, Executive Committee, Risk Management Committee, Nomination and Remuneration Committee and Sustainable Development Committee. More information regarding each committee is outlined as follows. The Company has appointed the Audit Committee which consists of 3 independent directors. Each member is fully qualified according to the requirements stipulated by the Securities and Exchange Commission and the Capital Market Supervisory Board. As of 30 June, 2019, there are 3 independent directors as follows:

Name	Title/Position
1. Mr. Somchai Apiwattanapron	Chairman of the Audit Committee
2. Mr. Supasask Chirasavinuprapand	Audit Committee Member
3. Mr. Lucksananoi Punkrasamee	Audit Committee Member

Mr.Somchai Apiwattanapron, the Chairman and Mr. Lucksananoi Punkrasamee, has adequate knowledge and experience in accounting to audit the credibility of the financial statements.

Roles and Responsibilities of the Audit Committee

1. Review and audit financial statements on a regular basis in compliance with accounting standards, laws and standards.
2. Review and ensure the effectiveness and appropriateness of the internal control system and internal audit system and review the independence of internal audit function and concur in the appointment, transfer and dismissal of the Internal Audit head or other functions responsible for internal audit.
3. Review the Company's operations so they are in compliance with the laws related to securities and

exchange, the Stock Exchange of Thailand regulations and other applicable laws governing the Company's business undertakings.

4. Review, select and nominate independent person to be the Company's auditors and propose their compensations as well as participate in meetings with auditors without the presence of management team at least once a year.

5. Evaluate related party transactions, or transactions with possible conflict of interest in relation to compliance with the laws and regulatory requirements of the Stock Exchange in order to ensure reasonableness of those transactions and the best interests of the Company.

6. Review the effectiveness and appropriateness of risk management processes.

7. Review and propose any amendments to scopes of authority, roles and responsibilities of the Audit Committee according to changing circumstances.

8. Inspect and propose appropriate actions to related parties under the roles and responsibilities of the Audit Committee and may hire experts on specific fields to assist in auditing activities and other related functions.

9. Prepare the annual Audit Committee Report and disclose in the Company's annual report signed by the Chairman of the Audit Committee. The report must consist of the following information:

- 1) Opinions regarding accuracy, completeness and credibility of the financial statements.
 - 2) Opinions regarding adequacy of internal control system of the Company.
 - 3) Opinions regarding compliance to laws and regulations pertaining securities and exchange or other applicable laws governing the Company's business.
 - 4) Opinions regarding eligibility of the auditor.
 - 5) Opinions regarding transactions with possibility of conflict of interests.
 - 6) Number of meetings conducted by the Audit Committee and the attendance of each director.
 - 7) Opinions or overall observations regarding the Audit Committee's duties as specified in the Audit Committee's Charter.
 - 8) Other information that shareholders or investors should be informed of under the Audit Committee's duties as assigned by the Board of Directors
10. Report the Board of Directors of any suspicion on the following transactions or actions that may significantly impact financial position and performance of the Company to ensure timely responses as advised by the Audit Committee:
- 1) Transactions with potential conflict of interests
 - 2) Corruption, abnormality or any significant flaw of the internal control system
 - 3) Violation of laws pertaining securities and exchanges, Stock Exchange's principles or applicable laws governing the Company's business.

In case that the Board of Directors or executives fails to take appropriate actions in timely manner, one of the members of the Audit Committee may report that transaction or action with potential conflict of interests to the Office of Securities and Exchange Commission or the Stock Exchange.

11. Perform any duties as assigned by the Board of Directors and agreed by the Audit Committee.

Term of Office

The Audit Committee shall report directly to the Board of Directors and the member shall hold office for a term of 3 years from the appointed date. The retiring member of the Audit Committee may be re-appointed but not more than 3 terms consecutively.

Risk Management Committee

As of 30 June 2019, Risk Management Committee comprises 3 members as follows

Name	Title/Position
1. Mr. Somchai Apiwattanapron	Chairman of the Risk Management Committee
2. Mr. Supasask Chirasavinuprapand	Risk Management Committee Member
3. Mrs.Chananyarak Phetcharat	Risk Management Committee Member

Roles and Responsibilities of the Risk Management Committee

- 1. Formulate policies related to risk management covering all different kinds of risks in undertaking and managing business of the Company.
- 2. Review and approve risk management plans.
- 3. Ensure that necessary risk management team is in place and support risk management team on its manpower, budget and other resources necessary to undertake their duties within their scope of responsibilities.
- 4. Monitor and follow up all risk management activities from risk identification and evaluation, risk analysis, to evaluation of risk management and ensure systematic risk management monitoring and reporting.
- 5. Encourage and support the Company to have proper risk management processes in all business units including continuously assess risk management activities.
- 6. Report the Board of Directors of significant risks and risk management activities on a regular basis.

Term of Office

The Risk Management Committee shall report directly to the Board of Directors and the member of the Risk Management Committee shall hold office for a term of 3 years from the appointment date. The retiring member can also be re-appointed.

Nomination and Remuneration Committee

As of 30 June 2019, Nomination and Remuneration Committee consists of 3 members as appointed by the Board of Directors, namely:

Name	Title/Position
1. Mr. Lucksananoi Punkrasamee	Chairman of the Nomination and Remuneration Committee
2. Mr. Supasak Jirasavinuprapand	Nomination and Remuneration Committee Member
3. Mr. Virach Seripanu	Nomination and Remuneration Committee Member

Roles and Responsibilities of the Nomination and Remuneration Committee

- 1. Review and select qualified candidates to be appointed as directors of the Company.
- 2. Verify backgrounds and other information of selected persons with the considerations of their knowledge, skills, experience and expertise from various professions and ensure that all the qualifications must be in line with applicable laws and the Company's rules or principles.
- 3. Set procedures, guidelines of selection and provide opinions or suggestions related to selection process.
- 4. Nominate suitable candidates to be appointed as directors of the Company.
- 5. Recommend proper adjustments and improvements to Nomination Committee Charter and propose to the Board of Directors for approval.
- 6. Propose policies and principles related to remunerations of directors and top management.
- 7. Evaluate the performance of the Company's directors annually
- 8. Review and determine remunerations of the Company's directors (with respect to the Company's performance and industry benchmark), other compensations as approved at shareholders meetings and expenditure related to these remunerations in the previous year and propose to the Board and the shareholders for approval respectively.
- 9. Review and allocate remunerations to the members of the Board of Directors and other subcommittee members individually with respect to their roles and responsibilities within the amounts approved by shareholders.
- 10. Undertake duties as assigned by the Board of Directors.

Term of Office

The Nomination and Remuneration Committee shall report directly to the Board of Directors and the member of the Nomination and Remuneration Committee shall hold office for a term of 3 years starting from the appointment date. The retiring member can also be re-appointed.

Sustainable Development Committee

As of 30 June 2019, The Board of Directors appointed 2 members for the Sustainable Development Committee, namely:

Name	Title/Position
1. Mr. Surasak Jirasavinuprapand	Chairman of the Sustainable Development Committee
2. Mr. Virach Seripanu	Sustainable Development Committee Member

remark : Mr. Supasak Jirasavinuprapand as a Chairman of the Sustainable Development committee on 29 August 2019

Roles and Responsibilities of the Sustainable Development Committee

- 1. Set directions and formulate policies related to sustainable development work.
- 2. Encourage and support all kinds of initiatives related to sustainable development including giving guidelines and monitoring related activities.
- 3. Consider and evaluate results of sustainable development initiatives/projects and provide suggestions and report to the Board of Directors
- 4. Approve of Sustainable Development report in order to disclose to the public.
- 5. Appoint working team for sustainable development purpose as appropriate

Term of Office

The Sustainable Development Committee shall report directly to the Board of Directors and the member shall hold office for a term of 3 years from the appointed date. The retiring member of the Audit Committee may be re-appointed.

Executive Committee

The Board of Directors shall appoint a number of Directors as deemed appropriate to become members of the Executive Committee supervising the Company's business as assigned by the Board of Directors. Out of these members, one shall be appointed Chairman of the Executive Committee. As of 30 June 2019, the Executive Committee comprises of 3 members, namely:

Name	Title/Position
1. Mrs. Kaisri Nuengsigkapan ^{1/}	Chairman of Executive Committee Member
2. Ms. Sunee Seripanu	Executive Committee Member
3. Mr. Virach Seripanu	Executive Committee Member

Roles and Responsibilities of the Executive Committee

- 1. Formulate overall policies, strategies and management structures in order to undertake the Company's business properly under economic environment and competition facing the business and propose to the Board of Directors for approval.
- 2. Approve business plans, budgets and scopes and levels of authorities of the Company and propose to the Board of Directors for approval.
- 3. Examine and monitor performance of the Company so it is in accordance with the approved polices and business plans and undertaken with efficiency and effectiveness.
- 4. Review and approve any contract and transaction entering related to usual business operations (ie. trading, investments, joint ventures in order to carry normal business transactions and to achieve the business' objectives) within the limit of 50,000,000 (fifty million) baht or equivalent per transaction.
- 5. Review and approve borrowings, credit/loan applications from financial institutions including lending, pledge, mortgage or being a guarantor by the Company or its subsidiaries under the limit of 50,000,000 (fifty million) baht or equivalent per transaction.
- 6. Review and approve the Company's projects and initiatives and report to the Board of Directors of projects' progress.
- 7. Manage overall risk of the Company, evaluate risks and design risk management structure of the Company.
- 8. Authorize a person or a group of persons to undertake specific duties under the monitoring of

the Executive Committee or delegate person or group of persons with authorities as deemed appropriate and within the time period agreed by the Executive Committee. The Executive Committee shall cancel, revoke, change or withdraw that authorized person or that authorization as deemed appropriate.

9. Review and approve contacts, affairs and register with government agencies on behalf of the Company to achieve business' objectives of the Company.

10. Review and approve salary adjustments, annual bonus and other compensations and benefits for the employees (except Executive Committee members).

11. Undertake any duties or tasks assigned by the Board of Directors.

Nomination of Directors and Highest-Ranked Executive

Directors

According to the Company's rules, at each Annual General Meeting of Shareholders, one-third of the directors - or the number nearest to one-third if the number is not a multiple of three – must retire from office. The directors who have been in office the longest shall retire first. Retiring directors may be re-appointed.

The Board of Directors established the Nomination and Remuneration Committee to select and review qualified candidates nominated to the position of director conforming to regulatory statutes of the Company and agreed by the Board of Directors before proposing to the Shareholders' Meetings for approval.

Nomination of directors must be in line with the following rules:

- A Director may or may not be a shareholder.
- The Company shall appoint not less than 5 directors; not fewer than half of all directors shall reside in the Kingdom of Thailand.

The Company also specified the structure of the Board of Director in conformity with good corporate governance policies ie. the Board of Directors shall consist of independent directors at least one third of the number of the directors in the Board of Directors.

• The Board of Directors

The Nomination and Remuneration Committee is responsible for searching and nominating suitable persons to hold director position. The Nomination and Remuneration Committee must review the qualifications of the candidates with respect to the Company's strategies and in conformity with structure and component of the Board as specified by the Board of Directors. The candidate must be qualified in terms of knowledge and skills, experience, expertise, devotion and must have other qualifications complying with Public Limited Company Act 1992 (and its amendments), Securities and Exchange Act 1992 (and its amendments), related announcements from the Securities and Exchange Commission and the Capital Market Supervisory Board. In any case, appointment of the directors must be approved Board of Directors meetings and/or shareholders meetings (depending on the case).

• Independent Directors

For the selection and nomination of the Independent Directors member, the suitable candidate have good qualifications in conformity with the definition of Independent Directors according to the rules and principles set by the Securities and Exchange Commission and the Stock Exchange.

Qualifications of Independent Directors

Number of independent directors must be at least one third of the total number of directors of the Company and not less than three and must have qualifications conforming to these requirements:

1. Holding not more than 1 percent of the Company's shares with voting rights, or that of any subsidiary, affiliated company, major shareholder or controlling person of the Company, which shall be inclusive of the shares held by any related person of such an independent director;
2. Neither being nor having been an executive director, an employee, a staff member, an adviser who receives a regular salary, or a controlling person of the Company, subsidiary company, associated company, subsidiary company at the same level, major shareholder or controlling person of the Company unless the foregoing status has ended for more than 2 years except the case that the independent director used to work for or be an advisor to an government agency who is the majority shareholder or the controlling person of the Company;
3. Not being a person related by blood or registration under law, such as father, mother, spouse, sibling, or

child, including the spouse of a child, of other director, any executive, major shareholder, controlling person or person to be nominated as a director, an executive or a controlling person of the Company or subsidiary company;

4. Neither holding nor having held a business relationship with the Company, subsidiary company, associated company, major shareholder or controlling person in a manner which may interfere with his/her independent judgment, and neither being nor having been a substantial shareholder or a controlling person of any person having a business relationship with the Company, subsidiary, affiliated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years.

5. Neither being nor having been an auditor of the Company, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, subsidiary company, associated company, major shareholder or controlling person unless the foregoing relationship has ended for more than 2 years;

6. Neither being nor having been any professional adviser including legal adviser or financial adviser who receives an annual service fee exceeding Baht 2 million from the Company, subsidiary company, associated company, major shareholder or controlling person, and not being a substantial shareholder, controlling person, or partner of the professional adviser, unless the foregoing relationship has ended for more than 2 years;

7. Not being a director who has been appointed as a representative of the Company's director, major shareholder, or shareholder related to the major shareholder;

8. Not undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, compete with business of the Company or subsidiary company or not being a substantial partner in the partnership, a director who is involved in management, an employee, a staff member, an adviser who receives a regular salary, or a shareholder holding more than 1 percent of shares with voting rights of a company undertaking any business the nature of which is the same as that of the Company or subsidiary company and which, in any material respect, compete with business of the Company or subsidiary;

9. Not having any characteristics that prohibit the expression of independent opinion towards the Company's business undertakings.

10. The tenure of an independent director shall not exceed nine years from the date of their first appointment.

Highest-Ranked Executive

To seek and nominate highest-ranked executive or Chief Executive Officer, the Executive Committee will be responsible for preliminary assessment to find a qualified person with relevant knowledge, skills and experience and thorough understanding of the business sufficient to manage the business to attain its objectives and targets as envisioned and set by the Board of Directors. Then, the Executive Committee will nominate the person to the Nomination and Remuneration Committee and the Board of Directors for their approvals.

Corporate Governance of Subsidiaries

With regard to corporate governance of its subsidiaries, the Company appoints a representative to be a director/executive in the subsidiaries and associated companies based on the shareholding structure of each company. The appointed person shall be nominated and approved by the Board of Directors and shall possess suitable qualifications and experience to manage that respective subsidiary and associated company.

Moreover, the appointed person shall have adequate qualifications and experience to ensure that the business doing of the subsidiary/associated company is in line with the Company's policies and in accordance with related laws, objectives, rules and consensus from shareholder meetings. The appointed person shall supervise the subsidiary/associated company with honesty and prudence as well as keep shareholders' interests at heart. Besides, the representative shall ensure the completeness and accuracy of the disclosure

of financial information and business performance regarding transactions with related parties, acquisition and disposal of assets or any important transaction.

The appointed representative shall monitor the business doing of the subsidiary/associated company closely and present business performance as well as recommendations on business policies to the Board of Directors of the Company and/or the subsidiary/affiliated company in order to achieve highest benefits and sustainable growth of the business.

Control of Internal Information

Internal Information supervision and control are considered a part of good corporate governance that the Company gives full attention to. Policies related to preventing the misuse of internal information that have or may have an impact on the Company's securities prices are imposed as a guideline and a measure to prevent internal information or important confidential information not disclosed to the public for personal benefits or benefits or others. This is in accordance with rules and regulations stipulated by the Stock Exchange of Thailand, the Securities and Exchange Commission and other related rules and regulations. Policies are summarized below.

1. The Office of Company Secretary is responsible for educating directors and executives about the duty to report their securities holding and the holding of their spouse and minor children to SEC pursuant to Section 59 and penalty provisions under section 275 of the Securities and Exchange Act B.E.2535 (include the amendment) and to report the acquisition or disposition of the holding of their spouse and minor children to SEC under Section 246 and the penalty provisions under Section 298 of the Securities and Exchange Act B.E.2535 (include the amendment).

2. Directors and executives of the Company including their spouses and minor children must prepare and disclose reports related to the holding of securities and the changes in the Company's securities holdings to SEC pursuant to Section 59 and Section 246 which must inform corporate secretary who has duty assigned by Board of director to be acknowledged at least 1 day in advance before transaction incurred and send copies of this report of changes in securities holding in the Company to the Company the same day that the reports are submitted to SEC.

3. Directors, consultants, employees, persons working for the Company, related parties as well as other persons receiving internal information such as auditors, financial advisors and legal advisors must be careful when trading securities of the Company in the last month before the financial statements or internal information is disclosed to the public. And during 24 hours after the information of the Company has disclosed to the public those related to inside information must not disclose it to anyone unless they have indicated that data to the Stock Exchange of Thailand.

4. Directors, consultants, employees, persons working for the Company, related parties as well as other persons receiving internal information such as auditors, financial advisors and legal advisors are prohibited from using the information that hasn't been disclosed of the Company that affects stock prices of the Company, which they have learned by their positions or statuses to purchase, sell, offer to buy or sell, persuade others to buy or sell, offer to buy or sell shares or other securities of the Company (if any), whether directly or indirectly, in a manner that is likely to cause damage to the Company whether directly or indirectly. And whether such action would benefit themselves or others or would not benefit themselves or others.

5. Directors, consultants, employees, persons working for the Company, related parties as well as other persons receiving internal information such as auditors, financial advisors and legal advisors are prohibited from disclosing confidential business information of the Company to external parties especially competitors even after the termination of their positions and referring to external parties for their personal benefits and/or benefits of related parties. Disclosure of information must conform to information disclosure policies. Employees in general have no duty related to information disclosure. In case of inquiry of information beyond their duties, employees shall suggest the inquirer to ask responsible persons directly for the purpose of information accuracy and alignment.

The Company has procedures to control and manage internal information or confidential information that affects stock prices as follow

- 1. Establish internal control systems to prevent internal information leakage

2. Safe keep the list of internal persons involved in the transaction that affects stock prices and not disclosed to the stock market (“Confidential Transaction”)
3. Ensure that directors, executives and employees involved in confidential transaction are fully aware of their duties in treating internal information.
4. Provide confidentiality agreement for consultants and other vendors (combined as “consultant”) and have them confirm that policies and systems are in place to comply with the agreement before granting access to the confidential information.
5. In case that a market sounding is required for the confidential transaction such as a capital increase or a tender offer, the Company shall have a full understanding of processes and plans as well as ensure an adequate information disclosure and prevent the misuse of confidential information.

Information on Changes in Securities Holding of Directors and Management of the Company in 2019^{1/}

Director/Management	Previously held	Acquisition	Disposal	Unit: Percentage
				Number of Shares as of 28 June 2019
1. Mrs. Kaisri Nuengsigkapan	2,534,500	0	0	2,534,500
2. Ms. Sunee Seripanu	366,202,020	1,542,200	0	367,744,220
3. Mr. Virach Seripanu	14,800,000	200,000	0	15,000,000
4. Mr. Somchai Apiwattanapron	0	0	0	0
5. Mr. Supasak Chirasavinuprapand	0	0	0	0
6. Mr. Surasak Khaoroptham ^{2/}	0	0	0	0
7. Mrs. Chananyarak Phetcharat	10,000	441,900	0	451,900
8. Mr. Lucksananoi Punkrasamee	0	0	0	0
9. Mr. Ekaluck Wangchucherkul ^{3/}	0	0	0	0
10. Mr. Bundit Praditsuktavorn ^{4/}	0	0	0	0
11. Ms. Piangkwan Seesutipo ^{5/}	3,000	0	0	3,000
12. Mr. Nopadol Tangdenchai	10,000	5,000	0	15,000
13. Mr. Sakesan Serksiri	0	0	0	0
14. Mr. Somchai Soongswang ^{6/}	0	0	0	0

Note: ^{1/} Number of common shares held by directors and management in the table already includes number of shares held by their spouses and minor children
^{2/} Ms. Mr. Surasak Khaoroptham resigned from the Company on 13 May 2019
^{3/} Mr. Mr. Ekaluck Wangchucherkul has been appointed as Director on 13 May 2019
^{4/} Mr. Bundit Praditsuktavorn resigned from the Company on 1 June 2019, The company appointed Mr.Aphichai Pholkosol replace of Mr. Bundit Praditsuktavorn, effective on 30 August 2019
^{5/} Ms. Piangkwan Seesutipo resigned from the Company on 1 August 2018
^{6/} Mr. Somchai Soongswang resigned from the Company on 1 July 2019, The company appointed Ms.Wittima Wacharopas replace of Mr. Somchai Soongswang, effective on 15 August 2019

Compensation to Auditors

The annual General Shareholder Meeting of 2/2018 appointed E Y Office Company Limited with Ms. Runnapa Lertsuwankul Reg. No 3516, and/or Ms. Pimjai Manitkajohnkit Reg. No 4521, and/or Ms. Rosaporn Decharkom Reg. No 5659, and/or Ms. Sumana Punpongsanon Reg. No 5872 and/or Ms. Orawan Techawattanasirikul Reg. No. 4807 as auditor of the Company for 2019. Audit fees that the Company paid E Y Office Company Limited This can be divided into 1.49 million baht fee for the Company, 1.951 million baht for subsidiaries and 0.261 million baht for Joint Venture Company. Apart from the stated fees, one of subsidiaries also paid non-audit fees to E Y Office Company Limited.for the audit of compliance to promotion certificate conditions for the year ending 30 June 2019 with the amount of 0.16 million baht.

Other Good Corporate Governance Practices

For the past year, the Company has committed to strictly comply with good corporate governance practices for listed companies as guided by the Stock Exchange of Thailand as well as continuously pursue its corporate social responsibility endeavors.

SUSTAINABLE DEVELOPMENT

The Company adheres to good corporate governance principles in managing its business by paying attention to the society and the environment and ensuring that all stakeholders are treated fairly. Compliance with the law is strictly observed in conducting business in order to attain stable and sustainable business growth.

Sustainable Development Committee formulated policies related to sustainable development as a guideline for handling sustainability management of the Company in the same direction so that directors, executives and employees at all levels can conform to in performing their duties to achieve a work culture that realizes the balance of economy, society and environment. Essential details of the policies are summarized below.

1. Sustainability strategy formulation and risk management to maintain stability and sustainability of the Company.
2. Fair business conduct and commitment to moral principles, ethics, laws, good corporate governance principles and the code of conduct.
3. Anti-corruption for all forms of corruption, honesty and righteousness in undertaking business without any fraud and bribery.
4. Respect for human rights, equal and equitable treatment of all stakeholders and no involvement in any action violating human rights.
5. Fair treatment of workers, workplace safety, proper compensation and benefits, knowledge and skill development, transparent and fair performance evaluation and no child labour and illegal worker.
6. Responsibility for consumers in conducting business by creating quality products under good standards to meet the needs of consumers.
7. Environment conservation, environmental-friendly sourcing of raw materials and product design, efficient resource utilization, environment quality management and development and improvement of environment management systems.
8. Community and society development through the Company's activities and collaboration with government agencies, associations, business partners, civil society sector and other stakeholders in developing and supporting communities and the society.
9. Business and social innovation development to create value added and growth for the Company in the long term.

Important Issues in Sustainable Development

The Company emphasizes on stipulating and prioritizing sustainable development issues by considering all issues crucial to its business conduct including other issues related to both internal and external stakeholders of the Company.

Steps in Assessing Important Issues in Sustainable Development

1. Analysis of issues that are essential to the Company

Consider and select sustainability issues that are important to its business conduct including its supply chain and consistent with the Company's business context and covering all sustainability issues related to economy, society and environment.

2. Assessment of important issues from impacts to stakeholders.

Evaluate and prioritize importance of issues that affect stakeholders and expectations of stakeholders that the Company concerns through various activities such as opinion and complaint acceptance and satisfaction survey.

3. Assessment of level of importance.

Prioritize sustainability issues in each aspect by considering 2 factors which are probability and impact to the organization and attention level and impact to stakeholders. Approval from Sustainable Development Committee on this must be obtained.

Important Issues in Sustainable Development			
Impacts to stakeholders	HIGH		<ul style="list-style-type: none"> • Innovation and Dissemination • Fair business conduct • Responsibilities to Consumers
	MEDIUM	<ul style="list-style-type: none"> • Respect for Human Rights • Anti-Corruption • Equitable Treatment of Employees • Environmental Conservation 	
	LOW	<ul style="list-style-type: none"> • Community and Social 	
		LOW	<div>MEDIUM</div> <div>HIGH</div>
Issues that are essential to the Company			

Sustainable Development Initiatives

MC GROUP realized the importance of disclosure of information and rigorously comply with sustainable development guidelines and practices. The disclose of information will be beneficial to all stakeholders as they are fully informed of MC GROUP’s activities regarding social responsibility and sustainable development.

For the past year, the Company still put an emphasis on the importance of all stakeholders’ roles from shareholders, employees, customers, partners, competitors, creditors, debtors to society and environment and acted upon the policies and the procedures of sustainable development as follow:

1) Fair business conduct

The Company has policies to treat stakeholders ethically, transparently and under fair competition according to international rules and other relevant laws relating to trade competition regulations. These standards aim to prevent market monopoly, unfair market manipulation, bribery, market mechanism distortion and illegal access to competitors’ information. The Company also commits not to discredit and/ or damage its competitors in any unethical ways, such as paying bribes to its competitor’s employees or accusing its competitors illegitimately.

The Company has conducted its business with ethics, transparency and credibility with a focus on building the business to attain sustainable stability in order to maximise its share values and be able to distribute dividends regularly. The Company has always intended to build good relationships with business partners, to have fair sourcing and procurement with no barrier of trades or limit to competition and also act according to the frame of fair business competition, contracts, code of conduct and promises given to customers with the concern of mutual benefits. The Company has a policy to deliver quality products within acceptable timeframes. Additionally, the Company is against any infringement of intellectual property rights and has put in place regular inspections for copyrighted products such as computer software or trademarks of others.

2) Anti-Corruption

The Company places great importance on the prevention of all kinds of corruption and aims to build organisation cultures based on honesty and righteousness. Right conscience and attitude are encouraged among its executives and employees in performing their duties under rules and regulations with honesty.

The Company has announced anti-corruption policy and guidelines for giving or accepting financial assistance, gifts, receptions or donations for charity or public interests including no gift policy during festive season to prohibit executives or employees from activities or actions with potential conflict of interest either directly or indirectly. The employees must refrain from offering or accepting gifts or benefits from any party relating to business that leads to actions or inactions harmful to the Company. The Company ensures strict compliance to prevent corruptions. To affirm the Company’s anti-corruption intention, the Company signed a joint declaration with the “Thai Private Sector’s Collective Action Coalition for Anti-Corruptions” and issued publications promoting anti-corruption policies to educate and inform its employees and business partners to conform to the policies.

In addition, the Company included Code of Conduct and Anti-Corruption in its new employees’ orientation every month as well as published articles relating to good corporate governance and anti-corruption in MC Society, the Company’s magazine issued every 3 months. This is to ensure the strict compliance to the

stated policies of the employees.

Moreover, the Board of Directors has reviewed and amended the Company's Code of Conduct in 2015 to be consistent with current business operations. Several topics were added in order to cover more related matters. The new Code of Conducts was announced on 12 July 2015 where penal provisions for the violation of the Code of Conduct were supplemented. In addition, the Company included Business Ethics and Anti-Corruption in its new employees' orientation every month as well as published articles relating to good corporate governance and anti-corruption in MC Society, the Company's magazine issued every 2 months. This is to ensure the strict compliance to the stated policies of the employees.

The Company announces and reviews its anti-corruption policy on a yearly basis including policies related to whistleblowing and complaint so that all stakeholders can inquire details, file complaints and report any misconduct, illegal behaviors, inaccuracy of financial reports, internal control problems or unethical behavior according to Corporate Governance Section 3 on roles of stakeholders. Details of complaints or whistleblowing and information of the complainants/whistleblowers will be protected and kept confidential to ensure that there will be no negative impact or damage to the whistleblower or the person giving information directly or indirectly

Thanks to its commitment to anti-corruption, the Company was certified as a member of Thailand's Private Sector Collective Action Coalition against Corruption since 18 August 2017.

3) Respect for Human Rights

The Company strictly conforms to laws and principles relating to human rights by setting a code of conduct to ensure that its employees work and treat one another equally and fairly with respect to personal rights and without discrimination by race, religion, gender and social or political status, to be in compliance with standard practices relating to human rights. The Company has determined not to support or promote any businesses that violate human rights. The Company also respects individual privacy of their employees and personal information such as salary, medical history or family data are kept strictly confidential not to disclose to outside or unrelated parties with the exception of that information disclosure is required by law.

The Company has acted equally to all stakeholders and carefully monitored the business to ensure it is not involved in any violation of human rights and support partners to operate business with non-violated of human rights as well. Moreover, there are channels for complaints for those who are treated unfairly as well as protection measures for whistleblowers. These channels are in harmony with corporate governance principles Section 3 on the corporate governance in Section 3 on Roles of stakeholders. From the past year, there was no record of any violation of human rights.

4) Equitable Treatment of Employees

The Company truly believes that its employees are the key stakeholders and are the most valuable assets that will help bring success to the Company. Thus, the Company is determined to ensure that every employee is fairly treated in terms of employment, compensation and benefits, skill development, quality of life and work safety. The Company established an Environment, Health and Safety working unit as a central unit dedicated to monitor all units of the group of companies of any matter relating to safety, environment and health as well as suggest solutions to issues or problems; for example, chemicals management in production process and integrated waste management.

Employment

The Company has employment policy for non-discrimination and equality opportunities for female, disabled persons or other underprivileged people to be suitable in each duty and position and non-employment for child and illegal labors.

To compliance with Promotion and development of life quality of Disabled persons, the Company provides opportunities for disable persons to become employees with the company in many positions and Indirectly support employment and careers for the disable persons including supporting Wheelchairs for disable persons athletes from the Wheelchair Basketball Association including disable persons who are other athletes, such as badminton, tennis, archery, swimming, etc.

In addition, the Company has gender equality in term of employment and career path's growth. MC group has hired female gender in equal proportion to male gender. There are many female gender who are senior executives as well. Which can be considered as creating an opportunity for female gender to have the

same advancement as male gender.

Compensation and Benefits

The Company treats employees equally and fairly by providing fair and reasonable remunerations and benefits that match their knowledge, capability, responsibility and individual performances. Compensations and benefits offered are greater than as required by law. Provident funds, group health insurance, annual health check-up, 5S activity, safe working environment, educational scholarships for employees' children are provided to employees. The Company also participated in a pilot organization development project on preterm labor prevention for pregnant employees. These compensations and benefits are rewarded based on the Company's performance and performance of individual employee as well as competitiveness with others related industries. Additionally, the Company pays variable bonuses to employees when profit targets are met.

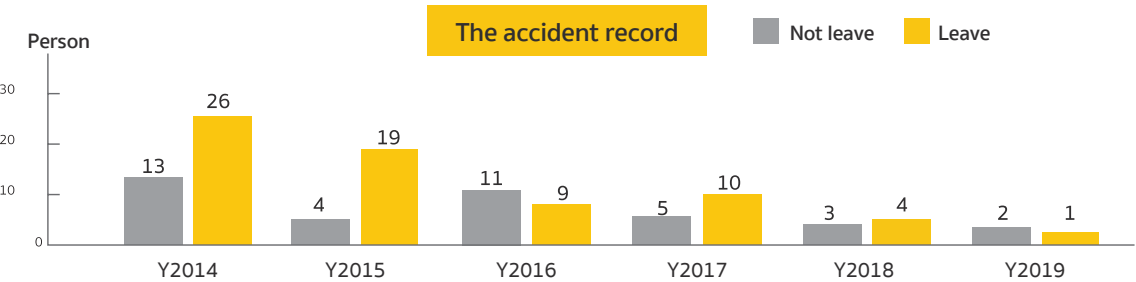
In addition, the Company takes care of employees' children through scholarship programs for eligible students who passed the selection process at different levels from kindergarten to higher education to lessen financial burdens of its employees, create educational opportunities and motivates students to further their studies to become the mainspring for the nation in the future.

Work Safety

With regard to work safety, the Company stipulated policies and other related welfare management to all employees in compliance with the laws and human rights relating to safety, hygiene and working conditions. The Company also urged its staff to set standards for operational excellence. Risks are identified, analyzed and mitigated in all processes and proper protections were put in place so each factory can easily implement these safety procedures. Furthermore, Occupational Safety, Health and Environment Committee by organizing monthly board meetings, Safety Officer in Professional Level including Safety Officer in Management Level and Safety Officer in Supervising Level were set up to regularly train the employees on work safety. Safety, hygiene and work condition procedures were strictly implemented in accordance with standards.

The Company cares about general safety of employees for both their health and their properties as evidenced from its safety alarms in the buildings, fireman team for each factory and purchase of structural fire gear including its safety training such as an annual fire drill with proper plans and formats. These procedures are in accordance with concrete and safety and environmental standards and other related regulations under new laws. Safety trainings are regularly conducted not only internally such as courses on Safety Health and Environment course for employees, basic safety course for employee, basic Firefighting and Fire Drill but also externally through collaboration with other agencies such as Safety, Occupational Health and Working Environment Law Course, Safety Thailand to Safety Work Seminar, Workplace Fire Prevention, Ergonomic Risk Assessment for Occupational Injury, ISO 45001 and Indoor Air Quality Problems That affects the health of workers.

Moreover, other safety and hygiene measures were implemented such as Inspect the working environment regarding light, heat, noise, dust, and the quality of waste water out of the factory to comply with legal regulations, water quality test, Factory 1 emergency light replacement in order Including a work permit form, which inspects external contractors before entering the factory that all employees are safe and healthy according to standards.



Quality of life

The Company ensures that its employees are healthy physically, mentally and socially. The Company provides full-time nurses on site to safeguard employees' physical and mental health in compliance with the laws. Health check-up for all employees is also organized annually. The Company makes sure that employees work in good and safe working conditions without threats from sickness, injuries or any disease, causing them to work efficiently and live happily.

To ensure that employees have good quality of life outside work, the Company organised a training on basic medical care rights for its employees under collaboration with Social Security Office with the objective to raise awareness for its employees on their rights they are entitled to. Furthermore, the Company realised the importance of financial wellness of its employees as a critical factor affecting quality of life. Therefore, the Company worked together with the Government Savings Bank to offer low-interest loans to the employees. This is an option for employees to manage and restructure their debts and replace high-interest shark loans with low-interest loans. Better financial health will improve mental health and finally enhance quality of life of the employees.

Human Resource Development

The Company is determined to continuously develop its human capital through capability and skill enhancement that promotes work efficiency and effectiveness. Mc Academy was established to provide internal training for employees in addition to external training courses that the Company offers with the purpose to equip employees with knowledge, competencies and skills necessary to perform their duties to help the Company attain its defined business goals and objectives.

Mc Group earnestly stresses on talent development to enhance the capabilities of employees. As of the end of June 2019, the Company enrolled employees in 126 curriculum with accumulative hours of 7,968 hours or equivalent to 12 hours of training per employee.

In order to set and raise work standards to improve work efficiency and effectiveness, the Company added a number of PC trainers and PC supervisors to help educate and train new PCs to sufficiently address the training demand of PCs nationwide. This is in alignment with business growth and requirements which will enhance business competitiveness of the Company at present and in the future. Additionally, the Company organized trainings for online sales for PCs to prepare for the expansion of e-commerce market which shows unwavering growth in the past years. This will allow the Company to achieve higher growth while sales channels are fortified to cash in on the expansionary trends.

Apart from e-commerce training, Mc Group realized the importance of social media and initiated a program to upskill PCs on social media under the topic "Facebook Fan Page" so that PCs are able to create and manage their own media as alternative channels to communicate with customers and promote our products directly. Last but not least, the Company collaborated with various companies that provide external learning and development programs and requested their training curriculum and subjects as useful information for interested employees who look for training courses to develop themselves and gain knowledge and skills needed to assist the Company to attain its goals.

5) Responsibilities to Consumers

The Company considers responsibility to customers as its priority and aims to create values and grow with its customers. Gaining customers' trust is crucial to the Company's success. Thus, customers must be treated with sincerity and politeness as well as an intention to serve them more efficiently. The Company has the following policies for treating its customers:

1. Manufacture, design and deliver quality products that pass quality assurance and meet standards as promised to customers at reasonable prices.
2. Provides correct, sufficient, and timely information to its customers regarding the Company's products.
3. Strictly conform to conditions/agreements made to customers. In case that a condition cannot be fulfilled, customers must be notified promptly to seek mutual solutions.
4. Treat customers politely and be reliable for the customers.

5. Ensure safe customer information management system including sufficient confidentiality measures. Do not disclose customer information without their consent and do not use customer information to wrongfully seek personal benefits or the benefits of related others.

6. Warranty products under appropriate time condition and comply with Consumer Protection Act.

7. Establish systems/processes for customers to send complaints regarding quality, quantity and safety of products and services and ensure speed in complaint management in order to resolve the issues for the customers.

8. Initiate and promote activities relating to social responsibility for customers.

9. Promote environmentally-friendly product development, packaging and logistics.

10. Provide channels to disseminate information regarding products and product development for customers on a regular basis.

At the end of June 2018, the Company added more varieties of lifestyle products while stressed on quality, use of fabrics with special properties, modern designs and functional features perfect for everyday life and different lifestyles. “Mc Biker Denim ‘Motorcycle Series’” was inspired by car-racing outfit properties that offer the ease of wearing from combining denim made from safety-enhanced Kevlar with Spandex and T400 that promote flexibility and elasticity of the fabric. “Innerwear” was premiered as 100% cotton t-shirts designed for minimalists. “Mc Selvedge Walker” sneakers apply uniqueness of red selvedge denim to footwear by decorating with tapes. Moreover, in collaboration with the Walt Disney Thailand, the Company launched copyrighted Marvel Sport Fashion Collection with modern patterns and designs. Last but not least, Perfect Hoodie was introduced to the market as sport jackets using the reflective technique for front logos and the emboss technique for the back that allow wearers to freely mix&match with other apparels perfectly.

At the end of June 2019, the Company had a total of 624 locations that enable the Company to manage its products without difficulties. The Company can also introduce a variety of new products and organize sales promotion campaigns to better offer new experiences and fun to consumers leveraging on this extensive network. In order to enhance convenience for consumers in purchasing its products, the Company brushed up its online channel through mcshop.com website by improving its format and promoting new interesting features which are attractive and well-structured so that consumers can enjoy user-friendly and convenient online shopping experience.

The Company implemented a customer relationship management (CRM) system to register our customers for exclusive membership under the name “MC CLUB” with the following objectives.

1. To offer new experience and fun for customers in purchasing its products.

2. To better understand customers so that the Company can benefit from customer information in product development or other direct marketing campaigns.

3. To provide privileges to customers such as MC Point, a points system that members can collect points for rewards, and special prices.

All customers can apply for MC CLUB membership free of charge through 2 channels either with any Mc Jeans branch or through the website <http://mcclub.mcshop.com>

Besides, in order to link offline and online channels together to create seamless shopping experience, the Company recently provides a delivery service “Ship to Shop” to accommodate customers who purchase products through its website mcshop.com where customers can pick up products they order online at Mc Jeans shops near them. Customers can check the products they purchase at the spot after delivery and can receive after-sales services such as size change or length adjustment instantly at respective Mc Jeans shops.

6) Environmental Conservation

The Company and its subsidiaries are committed to conserving the environment. Policies and measures are in place to solve any production problems that may harm the environment and assist environmental management. Continuous efforts were put to mitigate environmental impacts. The Company has put emphasis on its care for the environment in every step of its activities starting from procuring environmentally-friendly raw materials, reducing and managing wastes from its manufacturing, cutting energy consumption, managing wastes to recycling and reusing of used materials/residues. The social and environmental responsibilities are considered as an important mission in conducting business and included in its good corporate governance policies.

Furthermore, the Company does not just only consider monetary interests of its new projects but also concerns safety and environment issues. EHS working unit participates since the inceptions of those projects to give advices and voice concerns relating to environmental preservation and safety.

Subsidiaries such as P.K. Garment (Import-Export) Co., Ltd and MC Jeans Manufacturing Co., Ltd also paid careful attention to conserving the environment through ongoing examinations of environmental risks incurred from production such as quality of wastewater disposal from factory and total suspended particulate. These are procedures and processes that the Company strictly follows and to control and manage environmental impacts of its business activities :

1. Environmental Management

1.1 Protection and monitoring

1.1.1 Air quality and working environment The Company has measures on environmental quality monitoring before releasing outside of factories as well as workplace environment monitoring such as air quality in the workplace (including total suspended particulate and dust particles less than 10 micron), noise pollution, brightness and temperatures in workplace. All need to pass the standard regulations according to the laws.

1.1.2 Water quality

The Company has wastewater treatment system and monitor for drinking water to meet the standards as regulated by the law.

1.2 Efficient resources management

For Industrial waste management, a sorting waste procedure is in place to separate industrial waste to its category and systematically store before distribution to authorized waste disposal agents from the Department of Industrial Works to proceed with the required landfill or treatment.

2. Employee education

The Company never overlooks the importance of sharing knowledge on environment to its employees regularly. Employees are sent to attend trainings held by different agencies such as Environmental Manager Training, Chemical Use Safety, Employee Development Program on the Assessment of Internal Energy Management, Guidelines to Water Management for Industrial Sector and How to Deal With Drug Abuse Problems at Workplace.

Since the commencement of its operations, all factories run by the Company's subsidiaries have not had any disputes or lawsuits relating to the environment. They have also not received any complaints from government departments regarding their compliance with environment-related regulations such as the Factory Act B.E. 2535 and the Enhancement and Conservation of National

The Company introduced light jacket hoodies to the market. This product is made from recycled plastic bottles using innovative technique to make it light as well as wind and vapor proof that enhances comfort and agility suitable for wearing. The use of fabrics from recycled plastic to make the jackets can reduce environmental impacts in a sustainable way.

Last but not least, the Company continues its initiatives in taking care of workplace environment as usual including the replacement of traditional lightbulbs with LED bulbs to save energy, reused paper project, green space for workplace project and electricity savings at lunch break project.

7) Participation in Community and Social Development

With well-defined vision and mission, the Company is committed to successfully undertaking its business alongside with maximizing satisfaction of all stakeholder. Therefore, the Company strictly adheres to policies related to corporate social responsibility as one of the core values and the Company continuously takes concrete actions to foster this value.

As of 30 June 2019, the Company conducted a number of major projects that help promote the development of community, the society and the nation as summarized below.

Royal Volunteer Project Under Royal Initiatives “We Do Good Deeds with Heart”

The Company supported the government policy by encouraging its executive and employees to join the Royal Volunteer Project Under Royal Initiatives “We Do Good Deeds with Heart” in August 2018.

This is to foster socially-responsible mindset of its employees to perform acts of kindness and engage in public services for the society and the nation.



Personal Debt Management Collaboration Project with A Bank

Realizing the impacts of volatile economic conditions on employees’ lives, the Company initiated a project with a bank to assist employees in handling their personal debts. Qualified speakers from the Government Savings Bank headquarter and Bang Phlat branch were assigned to educate and advise interested employees especially operational levels on savings according to the sufficient economy philosophy as well as sustainable financial and debt management during 12-14 December 2018.



Uniting to Help Build the Society Project

The Company supported various projects and activities organized by external parties on a regular basis especially those run by Prawet District Office, Bangkok including activities held on National Children’s Day as well as World Environment Day on 5th June of every year. These activities not only helped build rapport with public and private agencies through social and community development but also uplift communities in the neighborhood of the Copmany to be stronger and more pleasant.



“Deekanna” Project 8th Year, Faculty of Commerce and Accountancy, Chulalongkorn University

The Company sponsored “Deekanna” Project for its 8th year as organized by students of the Faculty of Commerce and Accountancy, Chulalongkorn University during November 2018 and January 2019. This project received the Company’s continued support as the project fosters altruism in students to do good deeds for public interest and the society.



Youth Educational Support Program

The Company offered internships for interested educational institutions and students especially those universities with business administration, textile industry and fashion design courses that are related to the Company’s business. The objective of the program is to promote learning through real experience for students. The Faculty of Home Economics Technology, Rajamangala University of Technology Phra Nakhon have actively participated by sending both students and faculty members to visit the Company’s business and attend the internship program every year.

Moreover, the Company regularly supported learning activities of university students such as the thesis project of senior students of the Faculty of Fine Arts, Srinakharinwirot University which the Company was honored to be the official main sponsor for the past years.

MC GROUP for Sports and Youth Development Project (Youth Gifted In Sports)

The Company is an official sponsor of sport attire, equipment and scholarship for Miss Wanraya Wannapong or Nong Milk, a grade 6 student of Suwit Seree Anusorn School, Prawet District, Bangkok. Nong Milk is a national drone athlete who won the King’s Cup from King Rama the 9th and a number of international championships including FAI Drone Racing Championship 2018 held in Shenzhen, China during 1-4 November 2018. Nong Milk was the youngest drone racing world champion in the world.



Furthermore, various projects that support youth development were initiated and executed starting with sport activity development for schools in the Company's vicinity with the intention to develop youth through sports to become quality citizens of the society and the nation both physically and mentally. For instance, the Company sponsored woodball of Suwit Seree Anusorn School, Prawet District, Bangkok and international tug of war of Mathayom Suwit Seree Anusorn School, Prawet District, Bangkok. Both schools continuously develop their sport activities which resulted in a number of victories at provincial and national levels. Some students were selected to be among Thailand's national team to participate in international tug of war events including the tug of war team of Mathayom Suwit Seree Anusorn School.

8) Innovations and Dissemination of Innovations from Activities with Responsibility for Society, Environment, and Stakeholders

The Company upholds its commitment to developing good corporate governance and innovations to create an organization that adds value to society with the right balance between operational/financial results and its responsibility to its stakeholders including society, community, and the environment. The Company shall conform to any related laws and regulations to ensure that the rights of stakeholders are fairly reserved and protected and to encourage stakeholders to participate in creating wealth, stability, and sustainability of the Company in the long run.

Note that the Company has innovated apparels and wears to address the needs of consumers of all genders, ages and lifestyles including

Antibacterial Innovation

McJeans has designed its denim collections that include denim jackets and oxford shirts from fabrics laced with antibacterial finish or silver nano which has a quality to resist growth and reproduction of bacteria reacting to human sweat. This will help eliminate undesirable or smelly orders while the substance is safe for the body. The fresh and clean sensation will boost confidence of wearers for their busy working days.



Water-Repellent Innovation

Mc Jeans has also manufactured denim wears including light jackets and oxford shirts from fabrics coated with water-repellent technology. The substance has a hydrophobic quality that water will not be absorbed by the fabrics. Wearers can enjoy going outdoor without getting wet suitable for both weekday and weekend looks.



REPORT OF AUDIT COMMITTEE

To: The shareholders of MC GROUP Public Company Limited

The Audit Committee of Robinson Department Store Public Company Limited is composed of 3 independent qualified members: Mr. Somchai Apiwattanaporn, chairman of Audit Committee and Mr. Lucksananoi Punkrasamee, member of Audit Committee who has adequate expertise and experience to review creditability of the financial reports. In 2019 there were 7 meetings. All audit committee members attended every meeting, details of which are as follows:

Name	Position	Meeting Attendance
1. Mr. Somchai Apiwattanaporn	Chairman of the Audit Committee	7/7
2. Mr. Lucksananoi Punkrasamee	Member of Audit Committee	7/7
3. Mr. Supasask Chirasavinuprapand	Member of Audit Committee	6/7

In each meeting, there is a consultation between executives, certified auditors and internal auditors as deemed appropriate. Opinions and recommendations are freely given. The Audit Committee was meeting with certified auditors, where executives were not allowed to attend and reported its operation to the board of directors. Details of its operation and opinions can be summarized in every quarter as follows:

Correctness, completeness and accountability of financial statement

The Audit Committee reviewed the quarter financial statements and annual financial statement of the year 2019 plus jointly inspected the audit report with executives and certified auditors. Completeness and accountability of the disclosure of financial statements; any possible risk factors; related account standards; changes in account standards; internal control system concerning finance and accountancy; and information technology system are taken into consideration.

The Audit Committee agrees with the auditor that the quarter financial statements and annual financial statement are materially correct, complete and accountable in accordance with generally recognized account standards. Important information is publicized as well as account policy is reasonably chosen.

Sufficiency of internal control system and internal audit

The Audit Committee monitored internal control system to be in line with both Thai and international professional internal audit standard. Risk-Based Audit Method and internal control system under the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Standard are applied. Moreover, computer program is used to enhance its audit work. The Audit Committee considered the annual audit plan, prepared under the risk-based audit plan, as well as a result of internal audit and recommendation thereof. It regularly followed up any action taken by the management pursuant to such recommendation proposed by the internal audit.

Hence, the Audit Committee opines that the Company's internal control system is sufficient and proper. Its internal audit is independent and in accordance with the professional standard.

(Compliance with securities and stock exchange laws, regulations of Stock Exchange of Thailand and law relating to the Company's business)

The Audit Committee made sure that the Company was constantly in compliance with the law concerning securities and stock exchange, regulations of the Stock Exchange of Thailand and other laws relating to the Company's business including the Company's terms and undertaking which the Company agreed with other third parties.

The Audit Committee is of an opinion that the Company is correctly and completely in compliance with the law concerning securities and stock exchange, regulations of the Stock Exchange of Thailand and other laws relating to the Company's business.

Connected transactions and disclosure

Since the Company deals with many companies, the Audit Committee pays high attention on transactions which may be conflict of interest. Connected transactions or transactions which may be conflict of interest are quarterly considered under the laws and regulations of the Stock Exchange of Thailand. The Committee inquired the auditor and the internal auditor on the accuracy and transparency of any transaction as well as reasonableness and optimal benefit of the Company. The transaction has to be correctly and completely disclosed in a report to the financial statement.

The Audit Committee opines that reviewed connected transactions are reasonable, fair and optimal benefit to the Company.

Risk management

The Audit Committee reviewed policy and guideline on risk management as well as risk management plan for this year. Report concerning progress of an operation under such plan from the Risk Management Working Team is regularly acknowledged. The risk indicator index was revised and new risk management measures were added. In addition the operation plan is adjusted in order to match with the situation.

The Audit Committee is of an opinion that the Company has proper and adequate risk management system.

Good corporate governance

The Audit Committee continuously supports good corporate governance. It's regularly to be in accordance with the Corporate Governance Code for Listed Companies 2017. This is in line with the ASEAN CG Scorecard. Moreover, the Company was assessed in the "Very Good" level from the Corporate Governance Survey of Thai Listed Companies in 2017.

Consideration, selection and nomination of the auditor

The Audit Committee has assessed performance of the auditor for the year 2019, E Y Office Company Limited and viewed that this auditor is independent and its overall performance is satisfying.

Regarding the selection and nomination of the auditor, the Audit Committee, considering audit fee together with readiness to comply with audit standard and audit report presentation.

Overall opinion and remark on performing duties under the charter

The Audit Committee self-assessed its operation for the year 2019 divided into 6 categories: role and duties of the Audit Committee, composition of the Audit Committee, training and resources, meeting, activities of the Audit Committee and relationship with head of internal audit, auditor and executives. The result was that its performance was 98.33%. Its performance is completely complied with the Handbook of the Audit Committee, the Securities and Exchange Commission and the Charter of the Audit Committee.

In sum, the Audit Committee completely performed its task as specified in the charter. The Audit Committee, under an approval from the Board of Directors, opines that the Company has a correct, proper and accountable process concerning preparation and disclosure of financial statements. Its internal control, internal audit and risk management is suitable and efficient. They are complied with laws, regulations and any undertakings. The Company seriously considers before entering into any connected transactions. Its performance is in line with good corporate governance in a proper, transparent and accountable manner. Furthermore, the Company has constantly developed and improved its performance to cope with business environment.



Mr. Somchai Apiwattanaporn
Chairman of the Audit Committee
26 August 2019

INTERNAL CONTROL AND RISK MANAGEMENT

Internal Control

Our board of directors of MC Group Public Company Limited (“the Company”) realize the importance of appropriate internal control by reviewing the adequacy and the efficiency of internal control and audit system in every year to be consistent and compliance with COSO (The Committee of Sponsoring Organizations of the Treadway Commission), consisting of 5 main categories and 17 principles to ensure our business for goal achievements by conclusions regarding the Company' internal control systems as mentioned below.

1. Control Environment

The Company's organizational environment and structure favor implementation of the internal control system. MC Group has improved to the policies, procedure, organizational structure and management team. Also, consistently values business integrity and ethics. Therefore, the reviewed of Good Corporate Governance and Business ethics every year. To the appropriate with the change and growth of the business. MC Group continued its emphasis on the No-Gift Policy in an effort to step up corporate governance and lay down a solid foundation for fair treatment, equitable and corruption of all. In prior year, MC Group has entitled CAC recertification (CAC- Thailand's Private Sector Collective Action Coalition against Corruption) already on August,18 .2017

The Company has set up and instituted measures for whistle-blowing and complaint-filing against violations of the law and the code of conduct, or behavior potentially classified as frauds or malfeasance of those inside the Company or of stakeholders, including inaccurate financial reports or deficient internal controls. The Board has also instituted protective measures for whistle-blowers for stakeholder's greater stewardship of Company.

2. Risk Management

The Company has appointed the Enterprise-wide Risk Management Committee to define policies, strategies and enterprise-wide risk management goals include monitor risk management of the organization of the efficiency and appointed the Risk Management team. It consists of Top Management from every department. Acting in Risk Indicators, Risk assessment, Risk management Comprehensive every level risk management of the organization based on the work flow. Follow up the results and improvement a risk management system under the policy of the Risk Management Committee.

3. Control Activity

The Company places importance on the internal control of the entire organization by stipulating policies and practices in writing that cover various work processes including criteria on approval authority on different matters within the organization. The approval authority was determined based on suitability of authority, duties and responsibilities of the Board of Directors, executives and employees. Besides, information technology policies are put in place as guidelines and frameworks for the organization to comply with in performing relevant tasks. This includes preventive measures to safeguard the Company's assets from damage or security threats. Note that the Company clearly defined its internal information protection policies and information disclosure policies and required related parties to sign confidentiality agreements to prevent internal information from being improperly used or prematurely disclosed.

4. Information and Communication

MC Group has developed information and data systems to be ready for undertaking its business that meet standards including information safety according to IT security policies. The Company implemented SAP Enterprise Resource Planning (ERP) accounting system to the organization with the objective to record, store and use information for analytical purposes to enhance work efficiency. The key systems include budget control system, inventory management system as well as further applications of information stored in the accounting systems that help promote work efficiency.

The Company put efforts on IT infrastructure development and other projects to keep work systems up to date and consistent with current situations. In addition, MC GROUP arranged channels for both internal and external communication including channels for whistleblowers to report dubious activities or misconduct so that all stakeholders can expose information in a safe manner. The Company also set up investor relations function to be the center of important information of the Company with responsibilities to communicate information related to the Company through different channels and organize activities to present information on the Company's business performance to investors, share-holders and other related parties on a regular basis.

5. Monitoring Activities

The Company commands a performance tracking system by having a committee regularly compare performance results against goals, so that factors potentially impacting performance can lead to strategic plan adjustment and goal achievement. An internal audit department reviewed the internal control in the operation and reporting to the Audit Committee.

Opinion of the Audit Committee on the internal control system.

The Audit Committee reviewed the internal control system of the Company and commented that the Company has adequate, appropriate internal control system according to the policies, procedure, compliance and Good Corporate Governance. Therefore, EY Office Ltd. as the Company's external auditor. Evaluate the effectiveness of the Company's internal control system and found no significant issues or weak points relating to the Company's internal control systems.

Head of Internal Audit

The Company has a policy to ensure that internal audit will meet international standards. The Audit Committee appointed Ms.Somporn U-In as the head of internal audit to be responsible for risk evaluation and annual internal audit plan preparation as well as conducting the examination, monitoring of system improvements and reporting directly to the Audit Committee at least quarterly. In the past, the internal audit examined the Company's processes and made observations and recommendations to improve operating efficiency. The management did not neglect and took actions according to the recommendations. The Audit Committee deemed that the head of internal audit suitable for undertaking the required duties efficiently.

Appointment, removal or transfer of the head of internal audit must be approved by the Audit Committee.

The profile of head of Internal Audit

Name	Ms. Somporn U-In
Age	36 years
Education	MBA Accounting, Ramkhamhaeng University
Position	Internal Audit Manager
Number of year in the position	11 months (started 27 August 2018)
Training	<div>- Audit Manager Tools and Techniques Program, the Institute of Internal Auditors of Thailand</div> <div>- (Fraud Audit Program, the Institute of Internal Auditors of Thailand</div> <div>- Creative Problem Solving Techniques for Auditors Program, the Institute of Internal Auditors of Thailand</div> <div>- COSO 2013 Program, Federation of Accounting Professions under the Royal Patronage of His Majesty The King</div> <div>- Standard of Internal Control Program, the Institute of Internal Auditors of Thailand</div>
Experience	
2018 - Current	Internal Audit Manager, MC Group Public Company Limited
2015 - 2016	Head of Internal Audit , PTG Energy Public Company Limited

RELATED PARTY TRANSACTION

The Company and its subsidiaries agreed to enter transactions with related parties. Those transactions are usual business undertakings of the Company and its subsidiaries under general trade conditions confirming to rules and principles set by Securities and Exchange Act BE 2551 (Vol.4) Section 89/12 (1). The Board of Directors approved in principle on 28 February 2013 to empower management team to execute related party transactions under general trade conditions. The management team can enter into those transactions under the conditions that they have the same terms and conditions as general contract parties will do in same circumstances and without exercising power as a director, management or related person to influence the negotiation.

For the accounting year ending 30 June 2019, the Company has disclosed its related party transactions under announcements of Stock Exchange of Thailand regarding rules, principles, conditions and methods on disclosure of related party transaction of public companies. The details are summarized below

Related Party	Type of Transactions	Value as of 2019 (Million Baht)	Rationale
1. SS Challenge Co., Ltd. Relationships: Ms. Sunee Seripanu as a shareholder	MC GROUP Plc. rented lands, Design Center building and Mc Studio building.	12.46	The office lease agreements of lands and design center were usual business undertakings. Rents were based on prices performed by independent valuers and the Audit Committee reviewed the transaction and deemed that the transaction was fair and reasonable for the best interests of the Company
	Look Balance Co., Ltd., a subsidiary rented building and service from Blurista	0.15	
2. Data Hunter Co., Ltd. Relationships: Mr. Viwat Seripanu as a shareholder together with the company (the Majority shareholder of Data Hunter Co., Ltd. is a brother of Majority shareholders and the Directors)	Data Hunter Co., Ltd. provided the information technology services to MC GROUP Plc.	1.20	Data Hunter Co., Ltd. provided the services of information technology to MC GROUP Plc as a usual business. The services fee and the conditions of services shall be in line with the services contract therefore, it was reasonable to compare with the general conditions of common business partner.
	Purchase of intangible assets	8.37	
3. Nature Touch International Co., Ltd. Relationships: Mr. Wiriya Phungsoonthorn as a shareholder and a director.	MC GROUP Plc bought the other materials from Nature Touch International Co., Ltd.	0.03	Nature Touch Co., Ltd. sold the instant products including various skin care products and aromatherapy products which were the usual business and the reasonable price was fair according to the contract.
	Aromatique Active Co., Ltd., a subsidiary bought instant products and other materials	11.54	
4. Aromatique Active Co., Ltd. Relationships: Mr.Wiriya Phungsoonthorn as shareholders and directors.	Aromatique Active Co., Ltd. hired Mr. Wiriya Phungsoonthorn in a products development consultant position.	0.86	Mr.Wiriya Phungsoonthorn provided the services as a products development consultant. The services fee of the consultant contract is the reasonable rate.
5. Time Deco Services Co., Ltd. Relationships: Mr. Panu Narongchaikul and Mr. Vararit Plengvanit as shareholders and directors.	Time Deco Corporation Limited, a subsidiary used the after-sales service provided by Time Deco Services Co., Ltd.	1.28	Time Deco Services Co., Ltd. provided professional after-sales service to Time Deco Corporation Limited and Time Deco Corporation sold spare parts for watches to Time Deco Services Co., Ltd. Spare parts sales and after-sales service are normal trading transactions. Market prices were charged and the Audit Committee reviewed that all transactions were fair, reasonable and for the best interests of the Company.
	Time Deco Corporation Limited, a subsidiary sold spare parts for watches to Time Deco Services Co., Ltd.	0.79	
6. Tyche Co., Ltd. Relationships: as shareholders with Joint venture and directors.	Mcmillion (Thailand) Co., Ltd., a subsidiary provided maintenance services and computer program system development	0.43	Tyche Co., Ltd provided the services of maintenance and computer program system development to MC GROUP Plc as a usual business. The services fee and the conditions of services shall be in line with the services contract therefore, it was reasonable to compare with the general conditions of common business partner.

Necessity and Reasonableness of Transactions

Related party transactions undertaken between the Company, its subsidiaries and affiliated companies are transactions that support the Company's usual business operations and were approved by the Board of Directors or the Executive Committee under proper approval process and in complete accordance with the rules and procedures of the Company.

Policies and Trend of Related Party Transactions in the Future

Related party transactions of the Company in the future shall be the same transactions that support usual business operations. None of the transactions shall relocate interests between the Company, its subsidiaries and related persons. Besides, the transfer pricing between the Company, its subsidiaries and related persons shall be in line with the normal pricing given to unrelated companies or persons. All prices for products and raw materials sold and purchased by related parties shall be as agreed in the contracts or based on market prices of those products and raw materials. The Audit Committee, the auditor or the independent expert shall review, audit and provide opinions on the appropriateness of the prices and the reasonableness of the transactions and disclose types and values of respective transactions including rationales behind those transaction in the annual report and present the results at the shareholders meeting.

In addition, the Board of Directors must conform to the laws on Securities and Exchange and any rules, announcement, orders or principles set by the Stock Exchange of Thailand including the disclosure of related party transactions and the acquisitions or sales of important assets of the Company or its subsidiaries under accounting standard set by the Federation of Accounting Professions of Thailand.

In any case, if the related party transaction is involved with related persons or subject to possible conflict of interests in the future, the Audit Committee shall provide opinions regarding the necessity and reasonableness of that transaction. In case that the Audit Committee does not have the expertise to review the transaction, the Company shall ask the opinions from independent experts or the auditor of the Company on the matter. The Company shall disclose related party transactions in the audited footnotes to the financial statements.

Management Discussion and Analysis

Economic outlook and retail industry

Thailand's overall economy expanded at a slower pace than expected in Quarter 2 Year 2019 due to external demand impacted by the escalated trade tension between the U.S. and China. Private consumption was restrained by lower non-farm household income and lower consumer confidence among low-income households due to high household debt level. Bank of Thailand has revised down its growth forecast for Thailand's GDP this year to 3.3 percent from 3.8 percent.

Trade sector slowed down due to intense competition both online and offline channels and declined purchasing power as well as lower consumer confidence. Revenue of retail sector, in particular related to consumer products, declined in the upcountry area. This was reflected by decreasing consumer spending and frequency of purchase, causing various retailers to continuously launch promotional campaigns to stimulate sales. In addition, consumer confidence index as of June 2019 edged down to its lowest point in 21 months since October 2017.

(Source: Business Outlook Report 2Q2019 Bank of Thailand, Consumer confidence index survey by economic and business forecast center-the University of the Thai Chamber of Commerce (UTCC))

Overall Business Performance

MC Group Public Company Limited and its subsidiaries ("MC" or "the Company") changed the accounting period, for the period of 1st January to 31st December to the period of 1st July to 30th June, from the period ended 30th June 2018 onward. During the period, the Federation of Accounting Professions announced a new standard on international financial reporting 15: Revenue from contracts with customers (IFRS 15) which is effective for annual reporting periods beginning on or after 1 January 2019, with earlier application permitted. The Company and its subsidiaries agreed to adopt the new IFRS 15 Revenue prior to the effective date, resulting in the adjustment of financial statement in earlier period for comparison and impact toward result in adoption of such new standard financial reporting.

The reviewed financial statements of the Company reported the comparative information in the consolidated and separate statements of income and comprehensive income for the year 2019 presented for the period from 1st July 2018 to 30th June 2019 and 1st January 2018 to 30th June 2018. Balance sheet, consolidated and separate statements of changes in equity and cash flows reported for the year ended 30th June 2019 and compared with the period ended 30th June 2018, which was in accordance with the required standard of the financial statements.

Income Statement:

In addition, the Company summarized Management Discussion and Analysis for the accounting period from 1st July 2018 to 30th June 2019 and the accounting period from 1st July 2017 to 30th June 2018 for comparison purpose to demonstrate increasing or decreasing trend of financial results between the two periods.

The Company would like to report operating results for year ended 2019 (1st July 2018 to 30th June 2019) of the Company and its subsidiaries with the main reasons as follows:

(THB millions)	Yearly (Jul18-Jun19)	Half Year (Jan18-Jun18)	% chg
Sales revenue	3,694	2,082	77.4%
Total revenue	3,737	2,098	78.2%
COGS	1,529	853	79.4%
Selling expenses	1,203	635	89.6%
Administrative expenses	596	240	148.3%
Impairment loss on goodwill	108	0	(100.0%)
Impairment loss on equipment and other assets	21	0	(100.0%)
Earnings before share of profit (loss) from JV	279	370	(24.5%)
Share of profit (loss) from JV	(4)	8	(148.1%)
EBIT	276	378	(27.0%)
Finance cost	0.1	0.5	(78.6%)
EBT	276	377	(26.9%)
Income tax expenses	(38)	(24)	60.0%
Net income	238	354	(32.7%)
Non-controlling interest	68	(7)	(1016.0%)
Net income to the firm	306	346	(11.7%)
Gross profit margin	58.6%	59.1%	
Net profit margin	8.2%	16.5%	

Revenue

The Company reported its total sales revenue for the year 2019 (from 1st July 2018 to 30th June 2019) of THB 3,694 mn., increased by 77.4% or equivalent to THB 1,612 mn. compared with the period from 1st January to 30th June 2018. A significant increase was mainly due to different accounting period of the financial statements as stated earlier at the beginning of the report.

However, if compared with the same period last year (from 1st July 2017 to 30th June 2018), total sales revenue dropped by THB 472 mn. or by 11.3% from THB 4,166 mn. to THB 3,694 mn., resulting in total system sales fell by 11.2% from the same period last year. The decrease was mainly due to contracted sales revenue from Free-standing shop by 17.3 %, Superstore by 78.9%. Nonetheless, sales revenue from Department Store improved by 5.8% and E-commerce sales revenue increased significantly by 146.9%.

Gross Profit

The Company recorded overall gross profit for year 2019 (from 1st July 2018 to 30th June 2019) of THB 2,165 mn. fell by 76.0% or equivalent to THB 935 mn. with lower gross profit margin at 58.6% from 59.1% when compared with the period from 1st January 2018 to 30th June 2018.

Compared with the same period last year, the Company reported overall gross profit of THB 2,165 mn. slipped by 7.9% or equivalent to THB 186 mn. due to lower sales revenue. However, gross profit margin was improved from 56.4% to 58.6% over the same period last year, mainly due to efficient cost management.

Selling, general and administrative (SG&A) expenses

Selling, general and administrative (SG&A) expenses for year 2019 (from 1st July 2018 to 30th June 2019) were at THB 1,928 mn. an increase of 120.4% or THB 1,053 mn. compared with the period from 1st January to 30th June 2018. The significant increase was mainly due to one-off provisions, amounted to THB 258 mn, under its subsidiary and an increase of marketing expenses related to marketing activities which focus on brand value creation.

Compared with the same period last year, (SG&A) expenses increased by 12.5% or THB 214 mn. from 1,715 mn. to 1,928 mn. mainly due to those one-off items as stated earlier. SG&A expenses to total sales revenue rose from 41.2% to 52.4% .

However, (SG&A) expenses excluding one-off items were at 1,670 mn., a decrease of THB 45 mn. or 2.6%, mainly due to efficient cost management.

Earnings before interest, taxes, depreciation and amortization (EBITDA)

The Company's EBITDA for year 2019 (from 1st July 2018 to 30th June 2019) was at THB 396 mn., a decrease of 12.8% or equivalent to THB 58 mn. Therefore, EBITDA margin reduced from 21.8% to 10.7%, compared with the period from 1st January to 30th June 2018.

Compared with the same period last year, the Company's EBITDA for year 2019 was at THB 396 mn., a decrease of 53.2% or equivalent to THB 450 mn. resulting in lower EBITDA margin, 10.6% compared with 20.1% of the same period last year.

However, the Company's EBITDA for year 2019, excluding one-off items, were at 654 mn., a decrease of 22.7% from the same period last year.

Effective Tax Rate

The effective tax rate for year ended 2019 was at 13.7% due to the tax privileges under Investment Promotion Act granted to the Company's subsidiary. These tax privileges will be expired within 2019.

Net Profit

The Company registered a net profit for year 2019 of THB 306 mn., a decrease of 11.7% or equivalent to THB 41mn. from THB 346 mn., compared with the period from 1st January 2018 to 30th June 2018.

Nevertheless, the Company reported a net profit for year 2019 of THB 306 mn., a decrease of 51.4% or equivalent to THB 324 mn., mainly due to contracted total sales revenue and increased SG&A expenses including one-off items, resulting in lower net profit margin from 15.0% to 8.2%.

However, a net profit for year 2019 excluding one-off items were at THB 564 mn., a decrease of 10.5% or equivalent to THB 66 mn. from the same period last year. Net profit margin excluding one-off items were at 15.3% of sales revenue compared with 15.1% of the same period last year.

As of 30th June 2019, the Company had a total of 731 outlets as follows:

By distribution channel	Apparel and lifestyle Products under “MC Group”		Watch Products under “Time Deco”	
	Number of POS	Increase (+) / Decrease (-)	Number of POS	Increase (+) / Decrease (-)
Free standing shop	312	+3	19	+1
Modern Trade	306	-5	74	-2
Mobile Unit	6	-	-	-
Total POS (Domestic)	624	-2	93	-1
International markets	14	-	-	-
Total	638	-2	93	-1

*During April to June 2019, Mc Group has 3 new points of sales.

Financial Position Analysis
Balance Sheet:

(THB millions)	30-Jun-19	30-Jun-18	% chg
Cash and short term investments	1,344	1,011	32.9%
Account receivables	303	414	(26.9%)
Inventory	1,604	2,179	(26.4%)
Other assets	1,039	1,266	(17.9%)
Total assets	4,289	4,870	(11.9%)
Account payables	179	263	(31.9%)
Interest-bearing liabilities	0	16	(100.0%)
Other liabilities	350	393	(10.8%)
Total liabilities	529	671	(21.2%)
Equity attributable to the firm	3,685	4,053	(10.0%)
Non-controlling interest	75	146	(48.3%)
Shareholders' equity	3,760	4,199	(10.5%)

Assets

As of 30th June 2019, the Company recorded total assets of THB 4,289 mn. compared to THB 4,870 mn. as of 30th June 2018. A decrease of THB 581 mn. in total assets was mainly resulted from

- 1) A decrease in inventory of THB 576 mn. from better efficiency of inventory program management in accordance with distribution plan
- 2) An increase in cash and short-term investments of THB 332 mn.
- 3) A decrease in account receivables of THB 111 mn.

Liabilities

As of 30th June 2019, the Company had THB 529 mn. in total liabilities, a decrease THB 142 mn. from THB 671 mn. as of 30th June 2018. This was mainly due to lower account payables by THB 84 mn.

Shareholders' Equity

As of 30th June 2019, shareholders' equity of the Company amounted to THB 3,760 mn., a decrease of THB 439 mn. from THB 4,199 mn. as of 30th June 2018, was as a result of net dividend payment of THB 597 mn. and reserve for stock repurchase of THB 87 mn. Total comprehensive income for year 2019 was at THB 248 mn.

Liquidity

As of 30th June 2019, cash and cash equivalents of the Company amounted to THB 673 mn. net increase of THB 323 mn. from 30th June 2018 mainly caused by:

- 1) An Increase in Cash flow from operations of THB 1,090 mn. driven mainly by the Company's cash profit of THB 671 mn. and a fall in inventories of THB 449 mn.
- 2) A Decrease in Cash flow from investment activities of THB 64 mn. due to the net purchase of property, plant and equipment for business expansion of THB 54 mn., and purchase of intangible asset of THB 13 mn.
- 3) A Decrease in Cash flow from financing activities of THB 703 mn. of which came from the payment of dividend at THB 597 mn., and stock repurchase of THB 87 mn.

Key Financial Ratios

Financial Ratios			
Liquidity Ratios		30-Jun-19	30-Jun-18
Current Ratio	times	7.1	6.1
		2019 (Jul18-Jun19)	2018 (Jul17-Jun18)
Average Days Receivable	days	35	31
Average Days in Finished Goods Inventory	days	440	371
Average Days Payable	days	52	44
Cash cycle	days	423	358
Profitability Ratios		2019 (Jul18-Jun19)	2018 (Jul17-Jun18)
Gross Profit Margin	%	58.6	56.4
Net Profit Margin	%	8.2	15.0
EBITDA Margin	%	10.6	20.1
Return on Equity	%	7.9	16.3
Efficiency Ratios		2019 (Jul18-Jun19)	2018 (Jul17-Jun18)
Return on Assets	%	6.7	13.8
Leverage Ratios		30-Jun-19	30-Jun-18
Interest Bearing Debt to Equity	times	0	0
Debt to Equity Ratio	times	0.14	0.16

Outlook

The Company has continued to focus on growth of sales revenue and profit by emphasizing on the development of quality products, brand awareness building, distribution channels optimization and effective costs and SG&A management. Furthermore, the Company has moved forward to expand business and investment for sustainable growth as well as to restructure organization’s strategy and IT infrastructure to become a leading “Denim Centric Lifestyle” retailer to serve the changing customer behavior in conjunction with developing mcshop.com and Omni Channel to create seamless shopping experience between offline and online channels and to grow both existing and new point of sales. Along with Customer Relationship Management under “Mc Club” membership program that facilitates more convenient offers to customers and act as one of crucial part of modern marketing communications which help creates compelling strategies to fit with each target customer group. As of 30th June 2019, the Company had more than 800,000 existing members under the membership program.

The Company has focused to increase value creation and brand awareness building using many influencers in different lifestyles to communicate products that are in line with social trends and new generation of consumers. For instance, the Company has introduced new presenter of “MC Jeans”, Pakin Kamvilaisak (Tono), for its new exclusive “Mc Biker Collection” for jeans and jackets products representing functional fashion lifestyle that fit not only to bikers but for every day wear basis. In addition, for the ongoing project “Mc X” of the year, the Company has launched “MC X MOO” collection in collaboration with the famous Thai designer, Polpat Asavaprapha (Moo) from “MOO” brand, by introducing a special collection that features a contemporary twist between American Vintage and Workwear Lifestyle that combines functionality with classic vintage design.

DECLARATION OF THE DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

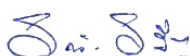
The Board of Directors of MC GROUP Plc has prepared the Company's financial statements to show its financial status and performance for 2019 under the Public Company Limited Act of 1992, the Accounting Act of 2000, the Securities and Exchange Act of 1992, and the announcement of the Capital Market Supervisory Board concerning the criteria, conditions, and reporting method for the disclosure of information on financial status and performance of companies that issue securities.

The Board recognizes its duties and responsibility for directing a listed company, particularly the responsibility for financial statements of the Company and its subsidiaries – including financial information that appears in the annual report of 2019. Such statements have been prepared under generally accepted accounting standards, which regularly complies with a suitable accounting policies and due and reasonable discretion exercised in the preparation of financial statements. Adequate significant information has been disclosed in the notes to these financial statements for transparent use by shareholders and investors at large.

The Board has instituted and maintained effective risk management and internal control systems to become reasonably confident of accurate, complete, and adequate accounting information to retain Company assets and prevent frauds or significant anomalies in operation.

The Audit Committee, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system, and its opinions duly appear in its own report found in this publication.

It is our view that the Company's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of the Company and its subsidiaries ended June 30, 2019 are reliable under generally accepted accounting standards, legally sound, and acceptable to relevant regulations.



(Mr.Sunee Seripanu)

Director



(Mr.Virach Seripanu)

Director

GENERAL INFORMATION

Company Name	: MC GROUP Public Company Limited
Address	: Head Office 448,450 On Nut Road, Prawet, Prawet, Bangkok 10250 Telephone : 02-329-1050-6
	: MC Design Center 2 Sukhaphiban 2 Road Soi 5, Prawet, Prawet, Bangkok 10250 Telephone : 02-117-9999
	: MC STUDIO 4 Sukhaphiban 2 Road Soi 7, Prawet, Prawet, Bangkok 10250 Telephone : 02-117-9999
Website	: www.mcgroupnet.com
Registration No.	: 0107556000230
Type of Business	: Managing sales and distributions of apparel & lifestyle under its own brands and other brands as well as invest in other companies.
Registered Capital	: 400,000,000 Baht
Paid-up Capital	: 400,000,000 Baht (made up of 800,000,000 common shares)
Par Value	: 0.50 Baht
Share Registrar	: Thailand Securities Depository Co., Ltd. 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400 : Telephone : 02-009-9000 : Fax. : 02-009-9001
Auditor	: E Y Office Company Limited 33rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Road Klongtoey, Bangkok 10110 : Telephone : 0-2264-0777 : Fax. : 0-2264-0789 -90 : By Ms. Rungrapa Lertsuwankul and/or Ms. Pimjai Manitkajohnkit and/or Ms. Rosaporn Decharkom and/or Ms. Sumana Punpongsanon and/or Ms. Ms. Orawan Techawatanasirikul, Certified Public Accountant No. 3516, 4521, 5659, 5872 and 4807 respectively.

MC GROUP

**MC GROUP PUBLIC COMPANY LIMITED AND ITS
SUBSIDIARIES REPORT AND CONSOLIDATED
FINANCIAL STATEMENTS 30 June 2019**

Independent Auditor's Report

To the Shareholders of MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries

Opinion

I have audited the accompanying consolidated financial statements of MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 30 June 2019, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year ended 30 June 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of MC GROUP PUBLIC COMPANY LIMITED for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries and of MC GROUP PUBLIC COMPANY LIMITED as at 30 June 2019, their financial performance and cash flows for the year ended 30 June 2019 in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of Matter

I draw attention to the following notes to the financial statements.

1. As mentioned in Note 4 to the financial statements in relation to the restatement of prior year's financial statements, the Company restated the statement of financial position as at 30 June 2018 and the statements of comprehensive income, cash flows and changes in shareholders' equity for the period as from 1 January 2018 to 30 June 2018 presented as comparative figures. The restatement reflects the adjustments and the adoption of new accounting policies regarding revenue.
2. As mentioned in Note 13 to financial statements, on 11 March 2019, Look Balance Co., Ltd. a subsidiary, received the Letter of Intent from other two shareholders of Time Deco Corporation Limited, a subsidiary, dated on 1 March 2019, notifying of their intention to sell their shares totaling 49%, which presented as non-controlling interests of the subsidiary. However, Look Balance Co., Ltd. is considering the terms and intention of the shareholders' agreement within the period of time as agreed by both parties. In addition, in May 2019, Time Deco Corporation Limited was requested by an overseas watch supplier to discontinue as a distributor of its watches after since 31 December 2019. Time Deco Corporation Limited has a distribution agreement with such supplier with the sales of products under this agreement being approximately 70 percent of the total sales of Time Deco Corporation Limited. As a result, the Company set aside a provision for the impairment of investment in Look Balance Co., Ltd. amounting to Baht 200 million in the separate financial statements and the Company set up a provision for impairment of goodwill amounting to Baht 108 million, including related assets in the consolidated financial statements.

My opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond to each matter are described below.

Major source of revenue

The Group's revenue mainly consists of revenue from sales of clothes and accessories through different distribution channels to various customers, including a large number of retail shops, under a variety of sales conditions and promotions. The revenue from sales of clothes and accessories is significant to the financial statements of the Group, and during year 2019, accounted for approximately 92 percent of total revenue of the Group. Therefore, I focused my audit on the measurement and the occurrence of the revenue from sales of clothes and accessories.

I performed audit procedures including assessing and applying a sampling method to test the internal controls of the Company with respect to the revenue cycle of the sale of clothes and accessories. I also read the sales agreements, gained understanding of the nature and sales conditions of each channel to evaluate the appropriateness of the accounting policy, and on a sampling basis, examined supporting documents for sales transactions occurring during the year 2019 and near the end of the accounting period. Moreover, I reviewed credit notes that the Company issued after the period-end and performed comparative analysis on disaggregated data to detect possible irregularities in sales transactions throughout the period.

Impairment of goodwill and investment in a subsidiary

As discussed in Note 13 and Note 16 to the financial statements, regarding goodwill and investment in subsidiary, the Company performed impairment testing and set aside provision for impairment of goodwill and investment in a subsidiary. I focused on the examination of the estimates of the recoverable value of the cash generating units that related to the goodwill and investment in subsidiary because in making these estimates management needed to exercise a high degree of judgement in estimating the cash inflows expected to be generated from that group of assets in the future and setting an appropriate discount rate and long-term growth rate.

I assessed the identified cash generating units and the selected financial model as well as gained an understanding of the business situation and tested the key assumptions applied by the management in preparing the estimates of cash flows expected to be generated from the group of assets including an applied discount rate and growth rate, by making enquiry of responsible executives, conducting analysis the correlation of key assumption and business strategies selected of management, and testing calculation.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Sumana Punpongsanon

Certified Public Accountant (Thailand) No. 5872

EY Office Limited

Bangkok: 29 August 2019

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries
Statement of financial position
As at 30 June 2019

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
	Note	30 June 2019	30 June 2018	1 January 2018	30 June 2019	30 June 2018	1 January 2018
		(Restated)			(Restated)		
Assets							
Current assets							
Cash and cash equivalents	8	672,889,622	350,343,204	553,503,625	604,597,760	262,540,334	474,729,809
Current investments	9	670,634,215	660,795,707	417,910,910	670,634,215	660,795,707	417,910,910
Trade and other receivables	7, 10	302,679,352	413,964,550	557,896,609	629,861,376	733,048,369	832,552,247
Short-term loans to related parties	7	-	-	-	35,606,368	5,944,912	-
Inventories	11	1,603,790,100	2,179,311,146	2,258,872,192	1,870,441,152	2,649,740,279	2,703,773,301
Other current assets	7, 12	87,407,508	111,242,487	135,510,031	38,516,627	46,158,612	64,197,326
Total current assets		3,337,400,797	3,715,657,094	3,923,693,367	3,849,657,498	4,358,228,213	4,493,163,593
Non-current assets							
Investments in subsidiaries	13	-	-	-	299,953,305	499,953,304	504,353,204
Investments in joint ventrue	14	47,153,459	64,373,040	47,577,094	-	-	-
Property, plant and equipment	15	417,087,960	470,076,588	491,605,572	366,588,180	404,715,295	433,674,718
Goodwill	16	-	107,783,356	107,783,356	-	-	-
Intangible assets	17	162,588,266	178,261,975	185,914,087	160,186,293	173,911,083	181,035,097
Deferred tax assets	25	185,711,769	194,241,458	191,380,027	125,945,656	108,184,795	110,423,203
Rental deposits		111,957,796	111,414,196	111,166,569	104,244,332	103,882,365	101,624,784
Other non-current assets	7	27,700,401	28,650,756	30,443,906	27,506,577	27,507,292	28,801,601
Total non-current assets		952,199,651	1,154,801,369	1,165,870,611	1,084,424,343	1,318,154,134	1,359,912,607
Total assets		4,289,600,448	4,870,458,463	5,089,563,978	4,934,081,841	5,676,382,347	5,853,076,200

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

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries
Statement of financial position (continued)
As at 30 June 2019

(Unit: Baht)

Note	Consolidated financial statements			Separate financial statements		
	30 June 2019	30 June 2018 (Restated)	1 January 2018	30 June 2019	30 June 2018 (Restated)	1 January 2018
Liabilities and shareholder's equity						
Current liabilities						
Short-term loans from financial institutions	18	-	15,870,535	94,543,695	-	-
Trade and other payables	7, 19	343,355,252	422,933,144	644,318,658	1,062,295,566	1,248,504,571
Current portion of liabilities under finance lease agreements	20	61,423	173,687	237,574	-	-
Short-term loans from related parties	7	-	-	-	47,416,589	9,800,000
Income tax payable		10,844,140	18,760,575	55,505,524	-	240,097
Contract liabilities	5.1	74,154,178	137,526,436	125,130,125	74,154,178	137,526,437
Other current liabilities		40,375,200	18,623,743	25,365,297	24,953,036	13,138,052
Total current liabilities		468,790,193	613,888,120	945,100,873	1,208,819,369	1,409,209,157
Non-current liabilities						
Liabilities under finance lease agreements - net of current portion	20	-	61,423	114,870	-	-
Provision for long-term employee benefits	21	52,748,279	49,675,930	43,924,505	33,344,148	30,036,615
Other non-current liabilities		7,787,364	7,712,378	10,077,508	720,113	1,850,158
Total non-current liabilities		60,535,643	57,449,731	54,116,883	34,064,261	31,886,773
Total liabilities		529,325,836	671,337,851	999,217,756	1,242,883,630	1,441,095,930
Shareholder's equity						
Share capital						
Registered share capital (800,000,000 ordinary shares of Baht 0.50 each)		400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
Issued and fully paid-up share capital (800,000,000 ordinary shares of Baht 0.50 each)		400,000,000	400,000,000	400,000,000	400,000,000	400,000,000
Premium on ordinary shares		2,824,925,638	2,824,925,638	2,824,925,638	2,824,925,638	2,824,925,638
Deficit from the change in the ownership interest in subsidiary		(2,626,281)	(2,626,281)	(2,626,281)	-	-
Retained earnings						
Appropriated - statutory reserve	22	65,000,000	65,000,000	65,000,000	40,000,000	40,000,000
Appropriated - others	23	87,278,166	-	-	87,278,166	-
Unappropriated		397,640,739	766,104,089	659,735,786	426,272,573	970,360,779
Treasury stock	23	(87,278,166)	-	-	(87,278,166)	-
Other comprehensive income		40,180	40,180	40,180	-	-
Equity attributable to owners of the Company		3,684,980,276	4,053,443,626	3,947,075,323	3,691,198,211	4,235,286,417
Non-controlling interests of the subsidiaries		75,294,336	145,676,986	143,270,899	-	-
Total shareholders' equity		3,760,274,612	4,199,120,612	4,090,346,222	3,691,198,211	4,235,286,417
Total liabilities and shareholders' equity		4,289,600,448	4,870,458,463	5,089,563,978	4,934,081,841	5,676,382,347

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

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries

Income statement

For the year ended 30 June 2019

		(Unit: Baht)			
		Consolidated financial statements		Separate financial statements	
		For the period		For the period	
		For the	as from	For the	as from
		year ended	1 January 2018 to	year ended	1 January 2018 to
<u>Note</u>		30 June 2019	30 June 2018	30 June 2019	30 June 2018
			(Restated)		(Restated)
Profit or loss:					
Income					
Sales income	7	3,694,302,401	2,082,445,318	3,305,279,012	1,818,044,116
Service income	7	8,567,155	4,799,125	59,395,664	30,536,157
Dividend income	7, 13	-	-	419,994,960	219,997,360
Interest income	7	6,706,962	1,773,825	7,189,403	1,795,781
Other income	7	27,430,591	8,526,591	18,412,834	12,136,284
Total income		3,737,007,109	2,097,544,859	3,810,271,873	2,082,509,698
Expenses					
Cost of sales	7	1,529,464,762	852,523,880	1,925,265,312	1,088,567,225
Selling expenses	7	1,203,187,470	634,582,738	1,135,930,359	553,784,314
Administrative expenses	7	596,459,211	240,216,426	436,444,470	218,069,963
Impairment loss on investment in subsidiary	13	-	-	199,999,999	-
Impairment loss on goodwill	16	107,783,356	-	-	-
Impairment loss on equipment and other assets	13	20,661,391	-	-	-
Total expenses		3,457,556,190	1,727,323,044	3,697,640,140	1,860,421,502
Profit before share of profit (loss) from investments in joint venture, finance cost and tax income (expenses)					
		279,450,919	370,221,815	112,631,733	222,088,196
Share of profit (loss) from investments in joint venture	14.2	(3,669,158)	7,621,826	-	-
Profit before finance cost and tax income (expenses)		275,781,761	377,843,641	112,631,733	222,088,196
Finance cost		(101,876)	(475,972)	(921,567)	(244,399)
Profit before tax income (expenses)		275,679,885	377,367,669	111,710,166	221,843,797
Tax income (expenses)	25.2	(37,745,261)	(23,590,649)	19,271,328	(4,734,458)
Profit for the period/year		237,934,624	353,777,020	130,981,494	217,109,339
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial gains - net of income tax	21, 25.3	10,017,473	-	9,208,466	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		10,017,473	-	9,208,466	-
Other comprehensive income for the period/year		10,017,473	-	9,208,466	-
Total comprehensive income for the period/year		247,952,097	353,777,020	140,189,960	217,109,339
Profit attributable to:					
Equity holders of the Company		305,797,343	346,368,303	130,981,494	217,109,339
Non-controlling interests of the subsidiaries		(67,862,719)	7,408,717	-	-
		237,934,624	353,777,020		
Total comprehensive income attributable to:					
Equity holders of the Company		315,814,816	346,368,303	140,189,960	217,109,339
Non-controlling interests of the subsidiaries		(67,862,719)	7,408,717	-	-
		247,952,097	353,777,020		
Earnings per share					
Basic earnings per share					
Profit attributable to equity holders of the Company	27	0.38	0.43	0.16	0.27

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

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 30 June 2019

	Consolidated financial statements											(Unit: Baht)
	Equity attributable to owners of the Company											
	Issued and fully paid-up share capital	Premium on ordinary shares	Deficit from the change in the ownership interest in subsidiary	Retained earnings			Other comprehensive income		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
				Statutory reserve	Appropriated	Others	Unappropriated	Treasury stock				
Balance as at 1 January 2018	400,000,000	2,824,925,638	(2,626,281)	65,000,000	-	737,092,257	-	40,180	40,180	4,024,431,794	143,270,899	4,167,702,693
Cumulative effect of prior year's adjustment (Note 4)	-	-	-	-	-	(77,356,471)	-	-	-	(77,356,471)	-	(77,356,471)
Balance as at 1 January 2018 - restated	400,000,000	2,824,925,638	(2,626,281)	65,000,000	-	659,735,786	-	40,180	40,180	3,947,075,323	143,270,899	4,090,346,222
Profit for the period (restated)	-	-	-	-	-	346,368,303	-	-	-	346,368,303	7,408,717	353,777,020
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period (restated)	-	-	-	-	-	346,368,303	-	-	-	346,368,303	7,408,717	353,777,020
Dividend paid (Note 30)	-	-	-	-	-	(240,000,000)	-	-	-	(240,000,000)	-	(240,000,000)
Subsidiary paid dividend to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	-	(5,002,630)	(5,002,630)
Balance as at 30 June 2018	400,000,000	2,824,925,638	(2,626,281)	65,000,000	-	766,104,089	-	40,180	40,180	4,053,443,626	145,676,986	4,199,120,612
Balance as at 1 July 2018	400,000,000	2,824,925,638	(2,626,281)	65,000,000	-	846,636,085	-	40,180	40,180	4,133,975,622	145,676,986	4,279,652,608
Cumulative effect of prior year's adjustment (Note 4)	-	-	-	-	-	(80,531,996)	-	-	-	(80,531,996)	-	(80,531,996)
Balance as at 1 July 2018 - restated	400,000,000	2,824,925,638	(2,626,281)	65,000,000	-	766,104,089	-	40,180	40,180	4,053,443,626	145,676,986	4,199,120,612
Profit for the period	-	-	-	-	-	305,797,343	-	-	-	305,797,343	(67,862,719)	237,934,624
Other comprehensive income for the period	-	-	-	-	-	10,017,473	-	-	-	10,017,473	-	10,017,473
Total comprehensive income for the period	-	-	-	-	-	315,814,816	-	-	-	315,814,816	(67,862,719)	247,952,097
Treasury stock (Note 23)	-	-	-	-	-	-	(87,278,166)	-	-	(87,278,166)	-	(87,278,166)
Reserve for treasury stock (Note 23)	-	-	-	-	-	(87,278,166)	87,278,166	-	-	-	-	-
Dividend paid (Note 30)	-	-	-	-	-	(597,000,000)	-	-	-	(597,000,000)	-	(597,000,000)
Subsidiary paid dividend to non-controlling interests of subsidiary	-	-	-	-	-	-	-	-	-	-	(2,519,931)	(2,519,931)
Balance as at 30 June 2019	400,000,000	2,824,925,638	(2,626,281)	65,000,000	87,278,166	397,640,739	(87,278,166)	40,180	40,180	3,684,980,276	75,294,336	3,760,274,612
	-	-	-	-	-	-	-	-	-	-	-	-

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

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries
Statement of changes in shareholders' equity (continued)
For the year ended 30 June 2019

(Unit: Baht)

	Separate financial statements						
	Issued and fully paid-up share capital	Premium on ordinary shares	Retained earnings				Total shareholders' equity
			Appropriated		Unappropriated	Treasury stock	
			Statutory reserve	Others			
Balance as at 1 January 2018	400,000,000	2,824,925,638	40,000,000	-	1,061,303,490	-	4,326,229,128
Cumulative effect of prior year's adjustment (Note 4)	-	-	-	-	(68,052,050)	-	(68,052,050)
Balance as at 1 January 2018 - restated	400,000,000	2,824,925,638	40,000,000	-	993,251,440	-	4,258,177,078
Profit for the period (restated)	-	-	-	-	217,109,339	-	217,109,339
Other comprehensive income for the period	-	-	-	-	-	-	-
Total comprehensive income for the period (restated)	-	-	-	-	217,109,339	-	217,109,339
Dividend paid (Note 30)	-	-	-	-	(240,000,000)	-	(240,000,000)
Balance as at 30 June 2018	400,000,000	2,824,925,638	40,000,000	-	970,360,779	-	4,235,286,417
Balance as at 1 July 2018	400,000,000	2,824,925,638	40,000,000	-	1,057,106,359	-	4,322,031,997
Cumulative effect of prior year's adjustment (Note 4)	-	-	-	-	(86,745,580)	-	(86,745,580)
Balance as at 1 July 2018 - restated	400,000,000	2,824,925,638	40,000,000	-	970,360,779	-	4,235,286,417
Profit for the period	-	-	-	-	130,981,494	-	130,981,494
Other comprehensive income for the period	-	-	-	-	9,208,466	-	9,208,466
Total comprehensive income for the period	-	-	-	-	140,189,960	-	140,189,960
Treasury stock (Note 23)	-	-	-	-	-	(87,278,166)	(87,278,166)
Reserve for treasury stock (Note 23)	-	-	-	87,278,166	(87,278,166)	-	-
Dividend paid (Note 30)	-	-	-	-	(597,000,000)	-	(597,000,000)
Balance as at 30 June 2019	400,000,000	2,824,925,638	40,000,000	87,278,166	426,272,573	(87,278,166)	3,691,198,211
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-

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

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries
Statement of cash flows
For the year ended 30 June 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018 (Restated)	For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018 (Restated)
Cash flows from operating activities				
Profit before tax	275,679,885	377,367,669	111,710,166	221,843,797
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	125,320,946	69,029,972	113,646,545	61,856,679
Dividend income	-	-	(419,994,960)	(219,997,360)
Interest income	(6,706,962)	(1,773,825)	(7,189,403)	(1,795,781)
Long-term employee benefit expenses	15,602,447	5,751,425	14,257,281	3,303,063
Finance cost	101,876	475,972	921,567	244,399
Share of loss (profit) from investments in joint venture	3,669,158	(7,621,826)	-	-
Impairment loss on investment in subsidiary	-	-	199,999,999	-
Unrealised gain from changes in fair value of trading investments	(2,643,485)	(530,841)	(2,643,485)	(530,841)
Unrealised loss on exchange	1,317,755	826,322	-	-
Allowance for doubtful accounts	5,063,590	23,666,007	7,256,682	23,666,007
Reduction of inventory to net realisable value (reversal)	126,220,105	8,783,420	(11,472,958)	6,821,100
Impairment loss on equipment and other assets	20,661,391	-	-	-
Impairment loss on goodwill	107,783,356	-	-	-
(Gain) loss on disposal of property, plant and equipment	(1,366,984)	(1,093,092)	76,318	(7,862)
Profit from operating activities before changes in operating assets and liabilities	670,703,078	474,881,203	6,567,752	95,403,201
Operating assets (increase) decrease				
Trade and other receivables	106,101,676	146,681,430	175,810,220	92,253,368
Inventories	449,300,941	74,695,368	790,771,725	60,303,783
Other current assets	23,834,979	24,367,374	14,768,777	18,038,714
Other non-current assets	406,755	1,545,522	(361,261)	(963,272)
Operating liabilities increase (decrease)				
Trade and other payables	(79,577,892)	(250,065,560)	(185,661,934)	(168,251,394)
Contract liabilities	(63,372,258)	12,396,311	(63,372,258)	12,396,311
Other current liabilities	21,989,758	(18,251,391)	12,053,285	(14,100,795)
Other non-current liabilities	74,986	(2,363,552)	(1,130,045)	721,904
Received transfer of employees	-	-	562	-
Cash flows from operating activities	1,129,462,023	463,886,705	749,446,823	95,801,820
Cash paid for corporate income tax	(39,637,356)	(63,296,858)	(8,158,541)	(21,144,979)
Net cash flows from operating activities	1,089,824,667	400,589,847	741,288,282	74,656,841

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

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries

Statement of cash flows (continued)

For the year ended 30 June 2019

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	For the period		For the period	
	as from		as from	
For the	1 January 2018 to	For the	1 January 2018 to	
year ended	30 June 2018	year ended	30 June 2018	
30 June 2019	(Restated)	30 June 2019	(Restated)	
Cash flows from investing activities				
Cash received from interest income	6,826,894	1,618,192	7,308,553	1,640,149
Cash paid for acquisition of property, plant and equipment	(54,447,510)	(33,598,108)	(51,038,422)	(19,928,175)
Cash paid for acquisition of intangible assets	(13,179,066)	(6,333,549)	(12,578,621)	(5,856,585)
Proceeds from disposal of property, plant and equipment	3,898,952	1,163,972	1,759,638	7,477
Proceeds from disposal of intangible assets	-	11,903	-	11,903
Increase in current investments	(7,195,023)	(242,353,956)	(7,195,023)	(242,353,956)
Proceeds from disposal of investment in subsidiary	-	-	-	4,399,900
Cash received from dividend income	-	-	339,995,920	229,997,240
Increase in short-term loans to related parties	-	-	(29,661,456)	(5,944,912)
Net cash flows from (used in) investing activities	(64,095,753)	(279,491,546)	248,590,589	(38,026,959)
Cash flows from financing activities				
Interest paid	(101,876)	(490,640)	(921,567)	(244,399)
Dividend paid	(597,238,301)	(239,974,958)	(597,238,301)	(239,974,958)
Cash paid for payment of liabilities under finance lease agreements	(173,687)	(117,334)	-	-
Subsidiary paid dividend to non-controlling interests of subsidiary	(2,519,931)	(5,002,630)	-	-
Decrease in short-term loans from financial institutions	(15,870,535)	(78,673,160)	-	-
Cash paid for treasury stock	(87,278,166)	-	(87,278,166)	-
Increase (decrease) in short-term loans from related parties	-	-	37,616,589	(8,600,000)
Net cash flows used in financing activities	(703,182,496)	(324,258,722)	(647,821,445)	(248,819,357)
Net increase (decrease) in cash and cash equivalents	322,546,418	(203,160,421)	342,057,426	(212,189,475)
Cash and cash equivalents at beginning of the period/year	350,343,204	553,503,625	262,540,334	474,729,809
Cash and cash equivalents at end of the period/year (Note 7)	672,889,622	350,343,204	604,597,760	262,540,334
	-	-	-	-
Supplemental cash flows information				
Non-cash item				
Actuarial gains on defined benefit plan - net of income tax	10,017,473	-	9,208,466	-

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

MC GROUP PUBLIC COMPANY LIMITED and its subsidiaries

Notes to consolidated financial statements

For the year ended 30 June 2019

1. General information

1.1 Corporate information

MC GROUP PUBLIC COMPANY LIMITED, (“the Company”), is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution management of clothing and accessories which was mainly supported by the Company’s subsidiaries for manufacturing of products. Its registered address is at No. 448, 450, Onnuch Road, Kwang Pravet, Khet Pravet, Bangkok.

As at 30 June 2019, the Company’s major shareholder is Khun Sunee Seripanu which holds 45.97 percent (2018: 45.78 percent).

1.2 Change of fiscal year

On 20 March 2018, the Company was approved by the Revenue Department with respect to the change in its fiscal year end from 31 December to 30 June, and on 6 April 2018, it was approved by the Accounts Inspector of Department of Business Development, with the change being effective from the fiscal period ended 30 June 2018 onwards. Therefore, the financial statements for the period ended 30 June 2018 presented financial information for the six-month period as from 1 January 2018 to 30 June 2018.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of MC GROUP PUBLIC COMPANY LIMITED (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2019	2018
			(Percent)	(Percent)
Direct subsidiaries				
P.K.Garment (Import-Export) Co., Ltd.	Manufacturing of clothing	Thailand	99.99	99.99
Mc Jeans Manufacturing Co., Ltd.	Manufacturing of clothing	Thailand	99.97	99.97
Winner Man Co., Ltd.	Staff personnel services to the Group	Thailand	99.97	99.97
WoWme Limited	Distribution of goods and service via online channel	Thailand	99.99	99.99
MC INTER LIMITED	Support for business operation and investment in foreign country	Hong Kong	100.00	100.00
Look Balance Co., Ltd.	Holdings company	Thailand	99.98	99.98
MC Jeanious Co., Ltd.	Holdings company	Thailand	99.99	99.99
Indirect subsidiary				
(Held by Look Balance Co., Ltd.)				
Time Deco Corporation Limited	Import and distribution of the world's leading watch brands	Thailand	51.00	51.00
Aromatique Active Co., Ltd.	Distribution of skincare and aromatic products	Thailand	54.99	54.99

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
 - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. 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 new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The Company and its subsidiaries elected to early adopt TFRS 15 Revenue from Contracts with Customers, which the Company and its subsidiaries have restated the prior year’s financial statements using the full retrospective method of adoption as presented in Note 4 to the financial statements.

(c) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
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TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments
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These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

TFRS 16 Leases

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

4. Prior period's restatement

During the current year, the Company has restated its prior period's financial statements as follows:

- As mentioned in Note 3 to the financial statement, the Company elected to early adopt TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019, as a result of the following transactions.

- As at 30 June 2018, the effect resulted in the decrease in retained earnings in the consolidated financial statement of Baht 35 million and decrease in retained earnings in the separate financial statements of Baht 35 million from exchange of goods. The Company has determined that it has an obligation to customers with respect to exchange of goods after sales to customers. The Company estimated the effect of the exchange of goods and recognised at the time of sale in each period. Previously, the effect was accounted for when incurred.
- Selling expenses that the Company has been charged by department stores, the Company has determined that it should be treated as selling expenses. Previously, this was recognised as discount and netted against sales revenue. Marketing support expenses that the Company paid to local credit customers, the Company has determined that it should be recognised as discount and netted against sales revenue. Previously, it was recognised as selling expenses.
- During 2015, the Company established a joint venture on behalf of Top T 2015 Co., Ltd., with the objective to develop a type of product for distribution through the Company's distribution channels. The distribution bore additional costs of Baht 34 million in the fourth quarter of 2017 and Baht 25 million in the first quarter of 2018, to be charged to the joint venture. However, the other shareholder of the joint venture has objected to the additional cost in the current period, and therefore, the Company had to restate the financial statements (As at 30 June 2018, the effect to the decrease in retained earnings in the consolidated financial statement amounting to Baht 35 million and decrease in retained earnings in the separate financial statements amounting to Baht 59 million).
- Adjustment of deferred tax assets was consequences of the early adoption of TFRS 15 and the related parties transaction (As at 30 June 2018, the effect to the decrease in retained earnings in the consolidated financial statement amounting to Baht 11 million and increase in retained earnings in the separate financial statements amounting to Baht 7 million).

The amounts of the adjustments affecting the statement of financial position and the statement of comprehensive income are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	30 June	30 June	1 January	30 June	30 June	1 January
	2019	2018	2018	2019	2018	2018
Statements of financial position						
Decrease in trade and other receivables	-	(3,882)	(34,000)	-	(3,882)	(34,000)
Increase in inventories	24,817	34,682	42,565	24,817	34,682	42,565
Increase in investment in joint venture	-	24,072	13,872	-	-	-
Increase (decrease) in deferred tax assets	4,645	(10,922)	(14,663)	4,645	6,937	8,513
Increase in trade and other payables	-	20,121	(7,721)	-	23,488	(4,485)
Increase in contract liabilities	74,154	137,527	125,130	74,154	137,526	125,130
Decrease in other current liabilities	(26,114)	(33,165)	(32,279)	(26,114)	(36,532)	(35,515)
Decrease in unappropriated retained earnings	(18,578)	(80,533)	(77,356)	(18,578)	(86,745)	(68,052)

(Unit: Thousand Baht)

	For the year ended		For the period as from	
	30 June 2019		1 January 2018 to	
	30 June 2018		30 June 2018	
	Consolidated	Separate	Consolidated	Separate
	financial	financial	financial	financial
	statement	statement	statement	statement
Statement of comprehensive income				
Increase in revenue from sale	118,342	34,403	108,875	37,898
Decrease in other income	-	-	(25,000)	(25,000)
Increase in cost of sales	9,865	9,865	7,883	7,883
Increase in selling and distribution expenses	97,018	39,212	93,109	22,132
Increase in share of profit from investments in joint venture	-	-	10,200	-
Increase (decrease) in income tax expenses	2,292	(737)	(3,741)	1,577
Increase (decrease) in profit for the period/year	9,167	(13,937)	(3,176)	(18,694)
Increase (decrease) in basic earnings per share (Baht)	0.012	(0.017)	(0.004)	(0.023)

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods. Revenue is measured at the amount of the consideration received or receivable, excluding value added tax, of goods supplied after deducting the estimation of returns and discounts.

When a contract provided a customer with a right to exchange the goods, the Company recognises the amount ultimately expected they will be returned from customers as a refund liability which presented as a part of “Contract liabilities” in the statement of financial position and recognises the right to receive the goods expected to be returned by customers as goods expected to be returned which presented as a part of “Inventories” in the statement of financial position. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Service income

Service revenue is recognised in the amount to which the Company has a right to invoice as it corresponds directly with the value to the customer of the Company's and its subsidiaries' performance completed to date.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

5.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

5.4 Inventories

Finished goods and work in process are valued at the lower of cost under the weighted average method and net realisable value. The cost of inventories is measured using standard cost method, which approximates actual cost and includes production costs and attributable factory overheads.

Raw materials are valued at the lower of average cost and net realisable value and are charged to production costs whenever consumed.

5.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in joint venture are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries are accounted for in the separate financial statements using the cost method.

The fair value of investments in unit trusts is determined based on the net asset value of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

5.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building and factory	-	5 and 20 years
Leasehold right improvement	-	3 - 10 years
Machines and factory equipment	-	5 and 10 years
Fixtures and office equipment	-	3 and 5 years
Motor vehicles	-	5 and 10 years

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

5.7 Intangible assets

Intangible assets are initially recognised at their cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

	<u>Useful lives</u>
Computer software	3, 5 and 10 years

5.8 Leasehold rights

Leasehold rights on land is stated at cost less accumulated amortisation and allowance for impairment (if any). Amortisation is charged to the statement of comprehensive income on a straight-line basis over a period of lease.

5.9 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company and its subsidiary's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company and its subsidiary estimate the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

5.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

5.11 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term.

5.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

5.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiaries could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

5.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, its subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labour law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognise restructuring-related costs.

5.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

5.16 Treasury stocks

Treasury stock is stated at cost in the statements of financial position and presented as a deduction from shareholders' equity. Gains on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock, losses on disposal of treasury stock are determined by reference to its carrying amount and are taken to premium on treasury stock and retained earnings, consecutively.

The weighted average method is used for computation of the unit cost of treasury stock.

5.17 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that they are no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.18 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortised on a straight-line basis over the contract periods.

5.19 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

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

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

6. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Reclassification of investment in joint venture

The management of the subsidiary determined whether the subsidiary has joint control over the investee company by considering proportion of voting rights and other relevant conditions as specified in the shareholder agreement. The subsidiary is to classify investment the investee company as investment in joint venture when the subsidiary and the other shareholders have joint control over this company, whereby shareholders of one party are not entitled to direct significant activities of the investee company without the consent from shareholders of the other party.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Reduce cost to net realisable value of inventories

In determining a reduce cost to net realisable value of inventories, the management needs to make judgement in estimating the losses that will be incurred on the sale of the inventories, taking into account net realisable value, aging profile of outstanding inventories, the stock-keeping conditions and business situation, among other factors.

Impairment of investments

The Company and its subsidiaries treat investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Contract liabilities

Major of contract liabilities is liabilities from obligation to customers with respect to exchange of goods after sales to customers. The management is required to use judgement regarding experience of the goods exchange which the amount is variable based on sales volume of each period. Moreover, contract liabilities are consist of marketing support that the Company expected to have obligation under contracts to local credit customers. The management estimates from the past experience and related information of marketing promotion.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

7. Related party transactions

The relationship between the Company and the related parties which had significant business transactions during the year ended 30 June 2019 and during the period as from 1 January 2018 to 30 June 2018 are summarised below.

Name of related parties	Country of incorporation	Nature of relationships
P.K.Garment (Import-Export) Co., Ltd.	Thailand	Subsidiary Company
Mc Jeans Manufacturing Co., Ltd.	Thailand	Subsidiary Company
Winner Man Co., Ltd.	Thailand	Subsidiary Company
WoWme Limited	Thailand	Subsidiary Company
MC INTER LIMITED	Hong Kong	Subsidiary Company
Look Balance Co., Ltd.	Thailand	Subsidiary Company
MC Jeanious Co., Ltd.	Thailand	Subsidiary Company
Aromatique Active Co., Ltd.	Thailand	Subsidiary Company (held by a subsidiary)
Time Deco Corporation Limited	Thailand	Subsidiary Company (held by a subsidiary)
TOP-T 2015 Co., Ltd.	Thailand	Joint venture (held by a subsidiary)
Mcmillion (Thailand) Co., Ltd.	Thailand	Joint venture (held by a subsidiary)
Millenium (1975) Co., Ltd.	Thailand	Common major shareholders and directors
S.S.Challenge Co., Ltd.	Thailand	Common major shareholders
O.T.M. Management Co., Ltd.	Thailand	Common directors and shareholders
Panamera Fashion Co., Ltd.	Thailand	Common directors and shareholders
Panapat Co., Ltd.	Thailand	Common directors and shareholders
Time Deco Services Co., Ltd.	Thailand	Common directors and shareholders
Data Hunter Co., Ltd.	Thailand	Common shareholder
Nature Touch International Co., Ltd.	Thailand	Common directors and shareholder with a subsidiary
S.C.Law Office Co., Ltd.	Thailand	Common director
Sataporn Co., Ltd.	Thailand	Shareholder and director is family member of the Company's director
Tyche Co., Ltd.	Thailand	Common directors and shareholder with a joint venture
Director and key management of the Company	-	Management personnel

The pricing policies for particular types of transactions are explained further below:

Transactions	Pricing policies
Sales	Contractual price
Rendering of services	Contractual price
Purchase of goods / raw materials / services	Contractual price

Transactions	Pricing policies
Purchase of intangible assets	Agreed price
Interest on loan	Average cost of fund
Rental and service fee	Contractual price
Purchase of equipment and motor vehicles	Contractual price
Dividend income	As declared
Sales / purchase of building and attachment	Contractual price

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

(Unit: Thousand Baht)

Consolidated financial statements		Separate financial statements	
For the period as from		For the period as from	
For the year ended	1 January 2018 to	For the year ended	1 January 2018 to
<u>30 June 2019</u>	<u>30 June 2018</u>	<u>30 June 2019</u>	<u>30 June 2018</u>
	(Restated)		(Restated)

Transactions with subsidiaries

(Eliminated from the consolidated financial statements)

Sale of goods or rendering of

services	-	-	76	-
Purchase of goods or receiving of				
services	-	-	885,353	586,662
Dividend income	-	-	419,995	219,997
Interest income	-	-	486	22
Service income	-	-	50,829	25,737
Other income	-	-	3,915	6,663
Other expenses	-	-	11,430	1,280
Interest expenses	-	-	922	245
Personnel service expenses	-	-	366,064	194,015

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the		For the period	
	period as		as from	
	from		as from	
	For the year	1 January	For the year	1 January
	ended	2018 to	ended	2018 to
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
		(Restated)		(Restated)
<u>Transactions with joint venture</u>				
Purchase of goods	90,570	83,855	90,570	83,855
Service income	8,567	4,799	8,567	4,799
Other income	5,904	-	5,904	-
Other expenses	4,898	-	4,898	-
<u>Transactions with related parties</u>				
Sale of goods or rendering of				
services	793	512	-	-
Purchase of goods or				
receiving of services	11,559	15,254	21	-
Purchase of building, attachment				
and equipment	-	12,206	-	-
Purchase of intangible assets	8,366	-	8,366	-
Other expenses	15,798	9,700	12,842	8,563
<u>Transactions with key management personnel</u>				
Key management personnel compensation				
Short-term employee benefits	36,257	18,147	36,257	18,147
Post-employment benefits	3,972	2,027	3,972	2,027
Other	4,231	990	4,231	990
Total key management personnel				
compensation	44,460	21,164	44,460	21,164

The balances of the accounts as at 30 June 2019 and 2018 between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
<u>Trade and other receivables - related parties (Note 10)</u>				
Subsidiaries (Eliminated from the consolidated financial statements)	-	-	373,419	377,665
Joint venture	17,239	4,126	17,293	4,020
Related companies	173	374	-	-
Total trade and other receivables - related parties	17,412	4,500	390,712	381,685
<u>Short-term loans to related parties</u>				
Subsidiaries (Eliminated from the consolidated financial statements)	-	-	35,606	5,945
Total short-term loans to related parties	-	-	35,606	5,945
<u>Other current assets - related parties</u>				
Related companies	11,932	19,371	-	-
<u>Other non-current assets - related parties</u>				
Related companies	912	912	912	912
<u>Trade and other payables - related parties (Note 19)</u>				
Subsidiaries (Eliminated from the consolidated financial statements)	-	-	910,699	956,245
Joint venture	707	92,225	707	92,225
Related companies	1,138	1,803	949	1,058
Directors	67	67	67	67
Total trade and other payables - related parties	1,912	94,095	912,422	1,049,595
<u>Short-term loans from related parties</u>				
Subsidiaries	-	-	47,417	9,800

Short-term loans to related parties

The balance of short-term loans between the Company and the related parties and the movement during the year ended 30 June 2019, are as follows:

(Unit: Thousand Baht)

Borrower	Interest rate (% per annum)	Separate financial statements			Balance as at 30 June 2019
		Balance as at 1 July 2018	Increase	Decrease	
Subsidiaries					
WoWme Limited	3.25	145	13,682	13,827	-
Look Balance Co., Ltd.	3.25	5,800	11,250	3,000	14,050
Mc Jeans Manufacturing Co., Ltd.,	3.25	-	76,507	54,951	21,556
		5,945	101,439	71,778	35,606

The short-term loans to related parties are unsecured loans and repayable on call.

Short-term loans from related parties

The balance of short-term loans between the Company and the related parties and the movement during the year ended 30 June 2019, are as follows:

(Unit: Thousand Baht)

Lender	Interest rate (% per annum)	Separate financial statements			Balance as at 30 June 2018
		Balance as at 1 July 2018	Increase	Decrease	
Subsidiaries					
Look Balance Co., Ltd.	3.25	-	6,000	6,000	-
WoWme Limited	3.25	-	81,792	55,175	26,617
MC Jeanious Co., Ltd.	3.25	9,800	11,000	-	20,800
		9,800	98,792	61,175	47,417

The short-term loans from related parties are unsecured loans and repayable on call.

Significant agreements with related parties

As at 30 June 2019, the Group has significant agreements with related parties as follows:

“Mc” Branded Goods Purchase Agreements

On 1 September 2012, the Company has entered into “Mc” Branded Goods Purchase Agreements with two subsidiaries whereby such subsidiaries agree to manufacture the products pursuant to the specifications for each product under model or sample, accessories, material and package as specified by the Company. The Company has agreed to purchase the products at the price based on the percentage of selling price and cost plus as specified in the agreements. The agreements both have a term of 2 years and 4 months each and are renewable for successive periods, except in case where either party would like to change and gives written notice 30 days in advance to the other party.

Building rental and services agreement

On 1 April 2017, the Company made the amendment to the rental agreement of office space in the rental rate since 1 April 2017 of Baht 0.5 million per annum. The term of this agreement has a period of 1 year and is renewable with the same condition until one of both parties agrees to change the condition by giving written notice 30 days in advance.

On 3 May 2019, the Company has entered into warehouse rental agreement with a subsidiary which for storage and distributor in the rental rate since 1 October 2018 was Baht 1.5 million per annum. The term of this agreement has a period of 3 years and is renewable with the same condition until one of both parties agrees to change the condition by giving written notice 30 days in advance.

Warehouse rental and services agreements

On 22 October 2018, the Company entered into a warehouse rental and service agreement with a subsidiary at the total rental and service rate of Baht 0.9 million per annum. The term of this agreement is for a period of 3 years and is renewable for a further 3 years upon agreement of both parties in writing. Under this agreement, only the lessor has the right to cancel this warehouse agreement before the end of the rental term. In case the warehouse rental agreement is terminated, the service agreement is terminated also.

Office rental and services agreements

1. On 22 October 2018, the Company has entered into an office rental and service agreement with a subsidiary at the total rental and service rate of Baht 2.3 million per annum. The term of this agreement is for a period of 3 years and is renewable for a further 3 years upon agreement of both parties in writing. Under this agreement, only the lessor has the right to cancel this office rental agreement before the end of the rental term. In case the warehouse rental agreement is terminated, the service agreement is terminated also.
2. On 22 October 2018, the Company has entered into an office rental and service agreement with a subsidiary at the total rental and service rate of Baht 0.3 million per annum. The term of this agreement is for a period of 3 years and is renewable for a further 3 years upon agreement of both parties in writing. Under this agreement, only the lessor has the right to cancel this office rental agreement before the end of the rental term. In case the office rental agreement is terminated, the service agreement is terminated also.
3. On 25 June 2019, the Company has entered into rental agreement with a subsidiaries for the area of restaurant and parking at the rental and service rate of Baht 0.1 million per annum. The term of this agreement is for a period at 1 year.
4. On 1 October 2014, the Company has entered into an office rental and service agreement with a related company at the total rental and service rate of Baht 4.6 million per annum. The term of this agreement is for a period of 10 years and is renewable for a further 10 years. Under this agreement, only the Company has the right to cancel this agreement without a cancellation fee.
5. On 1 October 2015, the Company has entered into an office rental and service agreement with a related company at the total rental and service rate of Baht 1.0 million per annum. The term of this agreement is for a period of 10 years and is renewable for a further 10 years. Under this agreement, only the Company has the right to cancel this agreement without a cancellation fee.
6. On 1 October 2015, the Company has entered into a car park area rental agreement with a related company at the total rental and service rate of Baht 0.6 million per annum. The term of this agreement is for a period of 9 years and is renewable for a further 10 years. Under this agreement, only the Company has the right to cancel this agreement without a cancellation fee.

7. On 4 January 2017, the Company has entered into an office rental and service agreement with a related company at the total rental and service rate of Baht 4.8 million per annum. The term of this agreement is for a period of 3 years and is renewable for a further 3 years. Under this agreement, only the Company has the right to cancel this agreement without a cancellation fee.

Personnel service agreement

On 1 September 2012, the Company has entered into personnel service agreement with a subsidiary whereby such subsidiary has agreed to provide staffs to the Company to work for sale personnel and warehouse personnel in the agreed rates as specified in the agreement.

Management service agreements

1. On 1 September 2012, the Company has entered into management services agreements with three subsidiaries whereby the Company will provide service relating to accounting and taxation, financial and purchasing services. In consideration thereof, the subsidiaries agreed to pay service fees at totaling of Baht 19.6 million per annum. The agreements have a term of 1 year and are renewable for successive periods with the same condition unit both parties agree to change the condition by giving written notice 30 days in advance. These agreements are terminated and use the new management services agreements dated 22 October 2018.

On 16 May 2018, the Company amended the management service agreements with a subsidiary whereby the Company agrees to provide services relating to accounting and restaurant. In consideration thereof, A subsidiary agreed to pay service fees totaling Baht 0.7 million per annum. The period of the agreements is 1 year and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.

On 22 October 2018, the Company amended the management service agreements with six subsidiaries whereby the Company agrees to provide services relating to administrative planning and supervision of operations, accounting, finance, etc. In consideration thereof, the subsidiaries agreed to pay service fees totaling Baht 37.1 million per annum. The period of the agreements is 1 year and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.

On 28 June 2019, the Company amended the management service agreements with a subsidiary whereby the Company agrees to provide services relating to accounting and restaurant. In consideration thereof, A subsidiary agreed to pay service fees totaling Baht 0.05 million per annum. The period of the agreements is 6 months and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.

2. On 1 March 2014, the Company has entered into management services agreements with the indirect subsidiary whereby the Company will provide service relating to accounting and taxation and stock taking services. In consideration thereof, the subsidiary agreed to pay service fees at amount of Baht 4.5 million per annum. The agreement has a term of 10 months and is renewable for successive periods with the same condition unit both parties agree to change the condition by giving written notice 30 days in advance.

On 1 December 2016, the Company made the amendment to the management services agreements with the indirect subsidiary whereby the Company will provide service relating to accounting and taxation and stock taking services. In consideration thereof, the subsidiary agreed to pay service fees at amount of Baht 1.6 million per annum. The agreement has a term of 10 months and is renewable for successive periods with the same condition unit both parties agree to change the condition by giving written notice 30 days in advance.

On 22 June 2019, the Company amended the management service agreements with the indirect subsidiary whereby the Company agrees to provide services relating to accounting, taxation and stocktaking. In consideration thereof, the subsidiary agreed to pay service fees totaling Baht 12.2 million per annum. The period of the agreements is 1 year and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.

On 22 October, the Company amended the management service agreements with the indirect subsidiary whereby the Company agrees to provide services relating to accounting, taxation and stocktaking. In consideration thereof, the subsidiary agreed to pay service fees totaling Baht 12.2 million per annum. The period of the agreements is 1 year and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.

3. On 20 August 2015, the Company has entered into management services agreements with the joint venture whereby the Company will provide service relating to sales, distribution of product, storage of product and marketing and advertising and charged the service fee in the certain rate, as agreed, of net sale amount. The Company and the joint venture agreed that within 3 years after the effective date of these agreements, both side shall have no right to cancel these agreements except both side are agreed and made the written cancellation document.
4. On 17 February 2017, the Company has entered into management services agreements-distributor with a subsidiary whereby the Company will provide service relating to management as distributor. In consideration thereof, the subsidiary agreed to pay service fees in the certain rate, as agreed, of net sales amount. Both parties can agree to terminate the agreement by giving written notice or one party giving written notice to another party 30 days in advance.

In November 2018 and January 2019 and February 2019, the subsidiary signed a memorandum of understanding with respect to an agreement that the subsidiary is to marketing support in accordance with the amount, price and period as specified in the memorandum.

5. On 21 September 2018, the Company entered into warehouse management and delivery services agreements with a joint venture whereby the joint venture agrees to provide services relating to warehouse management, goods packing, goods delivery, labor sourcing, material, equipment tools supplying as well as to provide computer operating systems for efficient goods and warehouses management. The Company agrees to pay service fees monthly based on the number of shipments at the agreed rates. The period of the agreements is 1 year and the agreements are renewable for successive periods with the same conditions upon a written notification provided at least 45 days in advance.
6. On 28 June 2019, the Company has entered into management services agreements with the joint venture whereby the Company will provide service relating to accounting rate of Baht 0.06 million per annum . The Company and the joint venture agreed that within 6 months and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.

7. On 24 October 2018, the Company made the amendment to the management services agreements with a subsidiary whereby the Company will provide service relating to administrative planning and supervision of operations, accounting, finance, etc. In consideration thereof, the subsidiaries agreed to pay service fees totaling Baht 3.6 million per annum. The period of the agreements is 6 months and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.
8. On 28 June 2019, the Company made the amendment to the management services agreements with a subsidiary whereby the Company will provide service relating to administrative planning and supervision of operations, accounting, finance, etc. In consideration thereof, the subsidiaries agreed to pay service fees totaling Baht 5.0 million per annum. The period of the agreements is 6 months and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.
9. On 26 November 2018, the Company has entered into management services agreements with a subsidiary whereby the Company will provide service relating to system platform, Selling products on a platform, marketing and customer relations. In consideration thereof, charged the service fee in the certain rate, as agreed, of net sale amount. The period of the agreements is 2 years and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.
10. On 28 June 2018, the Company made the amendment to the management services agreements with a subsidiary whereby the Company will provide service relating to system platform, Selling products on a platform, marketing and customer relations. In consideration thereof, charged the service fee in the certain rate, as agreed, of net sale amount. The period of the agreements is 6 months and the agreements are renewable with the same conditions unless both parties provide a written notice to revise the conditions 30 days in advance.

Other memorandum

On 29 March 2019, both investors of TOP-T 2015 Co., Ltd., a joint venture, signed a memorandum of understanding with respect to an agreement that the Company is to purchase inventories in accordance with the amount, price and period as specified in the memorandum.

8. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2019	2018	2019	2018
Cash	6,930	9,819	6,402	9,456
Bank deposits - current accounts	665,960	340,524	598,196	253,084
Total	672,890	350,343	604,598	262,540

As at 30 June 2019 and 2018, bank deposits in current accounts carried interests between 0.00 and 1.20 percent per annum.

9. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	2019	2018	2019	2018
Fixed deposits at financial institution	101,540	100,000	101,540	100,000
Equity securities held for trading -				
Unit trusts	569,094	560,796	569,094	560,796
Total current investments	670,634	660,796	670,634	660,796

Movements for the year ended 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018 of marketable equity were as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statement		financial statement	
	For the period as from		For the period as from	
	For the year ended 30 June 2019	1 January 2018 to 30 June 2018	For the year ended 30 June 2019	1 January 2018 to 30 June 2018
<u>Trading securities</u>				
At the beginning of period/year	560,796	417,911	560,796	417,911
Purchases during the period/year	300,000	200,000	300,000	200,000
Sales during the period/year	(294,345)	(57,646)	(294,345)	(57,646)
Valuation adjustment	2,643	531	2,643	531
At the ending of period/year	569,094	560,796	569,094	560,796

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
<u>Trade receivables - related parties (Note 7)</u>				
Aged on the basis of due dates				
Not yet due	-	-	53,700	97,511
Past due				
Less than 3 months	-	-	-	21,345
3 - 6 months	-	-	-	830
Total trade receivables				
- related parties	-	-	53,700	119,686
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	233,991	323,744	191,351	272,970
Past due				
Less than 3 months	33,614	64,400	32,556	57,374
3 - 6 months	14,826	14,097	14,468	11,247
6 - 12 months	4,078	5,056	4,732	5,014
Over 12 months	13,804	14,315	11,705	13,044
Total	300,313	421,612	254,812	359,650
Less: Allowance for doubtful accounts	(18,368)	(13,305)	(16,460)	(9,203)
Total trade receivables				
- unrelated parties, net	281,945	408,307	238,352	350,446
Total trade receivables - net	281,945	408,307	292,052	470,132
<u>Other receivables</u>				
Other receivables - related parties (Note 7)				
	17,412	4,500	37,016	42,002
Other receivables - unrelated parties	2,525	241	-	-
Interest receivables - unrelated parties	797	917	797	917
Dividend receivables - related parties (Note 7)	-	-	299,996	219,997
Total other receivables	20,734	5,658	337,809	262,916
Trade and other receivables - net	302,679	413,965	629,861	733,048

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
		(Restated)		(Restated)		(Restated)
Finished goods	1,664,061	2,107,262	(160,766)	(34,424)	1,503,295	2,072,838
Work in process	46,412	32,417	-	-	46,412	32,417
Goods in transit	113	19,129	-	-	113	19,129
Raw materials	58,223	59,302	(4,253)	(4,375)	53,970	54,927
Total	<u>1,768,809</u>	<u>2,218,110</u>	<u>(165,019)</u>	<u>(38,799)</u>	<u>1,603,790</u>	<u>2,179,311</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2019	2018	2019	2018	2019	2018
Finished goods	1,885,327	2,676,087	(15,281)	(26,754)	1,870,046	2,649,333
Raw materials	395	407	-	-	395	407
Total	<u>1,885,722</u>	<u>2,676,494</u>	<u>(15,281)</u>	<u>(26,754)</u>	<u>1,870,441</u>	<u>2,649,740</u>

For the year ended to 30 June 2019, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 126 million (The Company only: Baht 11 million) and for the period as from 1 January 2018 to 30 June 2018, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 7 million (The Company only: Baht 6 million), to reflect the net realisable value by recognised as expenses during the period/year.

As at 30 June 2019, finished goods composted of inventories which the Company expected to be returned amounting of Baht 25 million (2018: Baht 35 million).

12. Other current assets

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statement		financial statement	
	2019	2018	2019	2018
Other receivables - revenue				
department	32,777	53,671	9,356	19,593
Prepaid expenses	25,681	26,355	18,920	18,608
Advance to suppliers	12,479	20,631	435	1,217
Input VAT suspense	2,415	1,694	2,043	1,213
Advance to employees	2,154	1,682	2,088	1,665
Others	11,902	7,209	5,675	3,863
Total	87,408	111,242	38,517	46,159

13. Investments in subsidiaries

13.1 Details of investments in subsidiaries as presented in the separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Investment based on the cost method	
	2019	2018	2019	2018	2019	2018
			(%)	(%)		
P.K.Garment (Import-Export) Co., Ltd.	250,000	250,000	99.99	99.99	249,996	249,996
Mc Jeans Manufacturing Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000
Winner Man Co., Ltd.	1,000	1,000	99.97	99.97	1,000	1,000
WoWme Limited	19,000	19,000	99.99	99.99	19,000	19,000
MC INTER LIMITED*	HKD 1	HKD 1	100.00	100.00	-	-
Look Balance Co., Ltd.	213,000	213,000	99.98	99.98	212,957	212,957
MC Jeanious Co., Ltd.	16,000	16,000	99.99	99.99	16,000	16,000
Total investments in subsidiaries - net					499,953	499,953
Less: Allowance for impairment loss					(200,000)	-
Investment in subsidiaries - net					299,953	499,953

* Its financial statement is prepared by the management of the subsidiary and has not yet been audited by its auditor.

On 11 March 2019, Look Balance Co., Ltd. a subsidiary, received the Letter of Intent from other two shareholders of Time Deco Corporation Limited, a subsidiary, dated on 1 March 2019, notifying of their intention to sell their shares totaling 49%, which presented as non-controlling interests of the subsidiaries. However, Look Balance Co., Ltd. is considering the terms and intention of the shareholders' agreement within the period of time as agreed by both parties.

In addition, in May 2019, Time Deco Corporation Limited was requested by an overseas watch supplier to discontinue as a distributor of its watches after since 31 December 2019. Time Deco Corporation Limited has a distribution agreement with such supplier with the sales of products under this agreement being approximately 70 percent of the total sales of Time Deco Corporation Limited. As a result, the Company set aside a provision for the impairment of investment in Look Balance Co., Ltd. amounting to Baht 200 million in the separate financial statement and the Company set up a provision for impairment of goodwill amounting to Baht 108 million, including related assets in the consolidated financial statement such as inventories, deferred tax assets, equipment, intangible assets and other assets.

2 Dividend income from subsidiary

(Unit: Thousand Baht)

Company's name	Dividend received during the period/year	
	For the period as	
	For the year ended	from 1 January 2018
	30 June 2019	to 30 June 2018
P.K.Garment (Import-Export) Co., Ltd.	419,995	219,997

3 Details of investments in subsidiaries that have material non-controlling interests:

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the period/year		Dividend paid to non-controlling interests during the period/year	
					For the period		For the period	
					For the year ended	as from	For the year ended	as from
					30 June	1 January 2018 to	30 June	2018 to
	2019	2018	2019	2018	2019	30 June 2018	2019	30 June 2018
	(%)	(%)						
Time Deco Corporation Limited*	49	49	66	139	(73)	6	-	5

* It is indirect subsidiary of the Company which is held by Look Balance Co., Ltd.

13.4 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

	(Unit: Million Baht)	
	Time Deco Corporation Limited	
	2019	2018
Current assets	165,800	332,313
Non-current assets	1,424	27,361
Current liabilities	(30,971)	74,706
Non-current liabilities	(1,754)	(1,114)

Summarised information about comprehensive income

	(Unit: Million Baht)	
	Time Deco Corporation Limited	
	For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018
Revenue	299,463	178,927
Profit (loss)	(149,403)	12,445

14. Investments in joint venture

14.1 Details of joint venture:

Investments in joint venture represent investment in entity which are jointly controlled by its subsidiary and other company. Details of these investments are as follows:

Joint venture	Nature of business	Country of incorporation	Consolidated financial statements					
			Percentage of investment		Cost		Carrying amounts based on the equity method	
			2019	2018	2019	2018	2019	2018
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
TOP-T 2015 Co., Ltd.	Trading	Thailand	51.00	51.00	15,300	15,300	37,196	64,373
Mcmillion (Thailand) Co., Ltd.	Fullfillment service	Thailand	45.00	-	11,250	-	9,957	-
					<u>26,550</u>	<u>15,300</u>	<u>47,153</u>	<u>64,373</u>

The investments in Top-T 2015 Co., Ltd. are treated as the investments in joint venture since this company is jointly controlled by the subsidiary and another shareholder.

On 31 October 2018, Look Balance Co., Ltd, a subsidiary, invested in 22,500 shares of Mcmillion (Thailand) Co., Ltd, equivalent to 45% of the total registered capital of this company, with the investment value of Baht 11.25 million. The investment will enhance efficiency and capacity of warehouse management to support e-commerce growth and seek opportunities for retail business. These investments treated as the investments in joint venture since this company is jointly controlled by the subsidiary and other shareholders.

14.2 Share of comprehensive income and dividend received

The subsidiary recognised its share of comprehensive income from investments in the joint venture in the consolidated financial statements for the year ended 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018 as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements			
	Share of profit (loss) from investments in joint venture		Share of other comprehensive income from investments in joint venture	
	For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018 (Restated)	For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018
TOP-T 2015 Co., Ltd.	(2,377)	7,622	-	-
Mcmillion (Thailand) Co., Ltd.	(1,292)	-	-	-
	<u>(3,669)</u>	<u>7,622</u>	<u>-</u>	<u>-</u>

The subsidiary received the dividend from joint venture for the year ended 30 June 2019 and the period as from 1 January 2018 to 30 June 2018 as follows:

(Unit: Thousand Baht)

Joint venture	Consolidated financial statements	
	For the period as from	
	For the year ended 30 June 2019	1 January 2018 to 30 June 2018
TOP-T 2015 Co., Ltd.	31,365	-
Mcmillion (Thailand) Co., Ltd.	-	-
	<u>31,365</u>	<u>-</u>

14.3 Summarised financial information about material joint ventures

Summarised information about financial position

		(Unit: Thousand Baht)	
		TOP-T 2015 Co., Ltd.	
		2019	2018
			(Restated)
Cash and cash equivalent		89,620	14,814
Trade accounts receivable		-	68,798
Inventories		-	50,362
Other current assets		4,253	10,302
Trade accounts payable		(20,537)	(17,386)
Other current liabilities		(402)	(370)
Other non-current liabilities		-	(298)
Net assets		72,934	126,222
Shareholding percentage (%)		51%	51%
Carrying amounts of joint venture based on the equity method		37,196	64,373

Summarised information about comprehensive income

		(Unit: Thousand Baht)	
		TOP-T 2015 Co., Ltd.	
		For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018
			(Restated)
Revenue		119,296	83,855
Cost of sales		(66,535)	(33,979)
Selling and administrative expenses		(19,411)	(8,706)
Income tax expenses		(1,865)	(8,237)
Net profit		26,199	32,933

15. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land and improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2018	154,949	649,629	279,911	273,075	92,093	1,880	1,451,537
Additions	-	1,354	651	7,124	-	24,467	33,596
Disposals	-	(2,930)	(4,834)	(130)	(12)	-	(7,906)
Transfers	-	20,477	99	2,663	-	(23,239)	-
30 June 2018	154,949	668,530	275,827	282,732	92,081	3,108	1,477,227
Additions	-	140	185	6,392	5,399	42,611	54,727
Disposals	-	(30,129)	(1,393)	(2,971)	(4,527)	-	(39,020)
Transfers	-	24,636	6	8,991	9,684	(43,317)	-
30 June 2019	154,949	663,177	274,625	295,144	102,637	2,402	1,492,934
Accumulated depreciation:							
1 January 2018	1,862	461,442	237,145	198,188	61,294	-	959,931
Depreciation for the period	354	31,140	5,116	15,366	3,078	-	55,054
Depreciation on disposals	-	(2,930)	(4,809)	(84)	(12)	-	(7,835)
30 June 2018	2,216	489,652	237,452	213,470	64,360	-	1,007,150
Depreciation for the year	714	52,804	8,188	28,928	9,625	-	97,197
Depreciation on disposals	-	(29,685)	(785)	(2,949)	(3,069)	-	(36,488)
30 June 2019	2,930	512,771	244,855	239,449	67,854	-	1,067,859
Allowance for impairment loss:							
Increase during the year	-	836	-	6,961	190	-	7,987
30 June 2019	-	836	-	6,961	190	-	7,987
Net book value:							
30 June 2018	152,733	178,878	38,375	69,262	27,721	3,108	470,077
30 June 2019	152,019	149,570	29,770	48,734	34,593	2,402	417,088
Depreciation for the period/year							
For the period as from 1 January 2018 to 30 June 2018 (Baht 4 million included in manufacturing cost, and the balance in selling and administrative expenses)							55,054
For the year ended 30 June 2019 (Baht 7 million included in manufacturing cost, and the balance in selling and administrative expenses)							97,197

(Unit: Thousand Baht)

Separate financial statements

	Land and improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2018	137,916	426,931	54,519	171,103	62,817	1,880	855,166
Additions	-	-	54	6,360	-	13,514	19,928
Disposals	-	-	-	-	(12)	-	(12)
Transfers	-	10,483	99	2,424	-	(13,006)	-
30 June 2018	137,916	437,414	54,672	179,887	62,805	2,388	875,082
Additions	-	109	74	5,837	5,399	39,642	51,061
Disposals	-	(29,120)	-	(1,133)	(3,381)	-	(33,634)
Transfers	-	22,986	6	6,951	9,684	(39,627)	-
30 June 2019	137,916	431,389	54,752	191,542	74,507	2,403	892,509
Accumulated depreciation:							
1 January 2018	1,863	249,954	20,610	108,872	40,192	-	421,491
Depreciation for the period	354	29,909	3,225	12,689	2,711	-	48,888
Depreciation on disposals	-	-	-	-	(12)	-	(12)
30 June 2018	2,217	279,863	23,835	121,561	42,891	-	470,367
Depreciation for the year	714	49,825	6,235	24,114	6,454	-	87,342
Depreciation on disposals	-	(28,745)	-	(1,121)	(1,922)	-	(31,788)
30 June 2019	2,931	300,943	30,070	144,554	47,423	-	525,921
Net book value:							
30 June 2018	135,699	157,551	30,837	58,326	19,914	2,388	404,715
30 June 2019	134,985	130,446	24,682	46,988	27,804	2,403	366,588
Depreciation for the period/year							
For the period as from 1 January 2018 to 30 June 2018 (Total balance of depreciation is recognised in selling and administrative expenses)							48,888
For the year ended 30 June 2019 (Total balance of depreciation is recognised in selling and administrative expenses)							87,342

As at 30 June 2019, the subsidiaries had vehicles with net book value of Baht 0.1 million (2018: Baht 0.2 million) which were acquired under finance lease agreements.

As at 30 June 2019, certain items of plant and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 734 million (2018: Baht 657 million) (The Company only: Baht 346 million (2018: Baht 276 million)).

16. Goodwill

	(Unit: Million Baht)	
	Consolidated financial statements	
	2019	2018
Goodwill	108	108
Impairment loss	(108)	-
Goodwill - net	-	108

On 1 November 2013, the Group gained the control over Time Deco Corporation Limited and recognised goodwill from the purchase of this subsidiary amounted to Baht 108 million.

The Company determined the recoverable amount of the cash generating unit (Time Deco Corporation Limited) based on value in use calculation using cash flow projections from financial budgets approved by management. The cash flow projections cover a three-year period. The significant assumption using in estimation of cash flow projection for the current year are discount rate at 9.43 percent and no growth rate since the termination of being distributor from watch supplier as discussed in Note 13 to the financial statements.

17. Intangible assets

The net book value of intangible assets as at 30 June 2019 and 2018 is presented below.

	(Unit: Thousand Baht)					
	Consolidated financial statements			Separate financial statements		
	Computer software	Leasehold right	Total	Computer software	Leasehold right	Total
As at 30 June 2019						
Cost	290,774	688	291,462	262,275	385	262,660
<u>Less</u> Accumulated amortisation	(127,456)	(688)	(128,144)	(102,089)	(385)	(102,474)
<u>Less</u> Allowance for diminution in value	(730)	-	(730)	-	-	-
Net book value	162,588	-	162,588	160,186	-	160,186
As at 30 June 2018						
Cost	277,595	688	278,283	249,696	385	250,081
<u>Less</u> Accumulated amortisation	(99,333)	(688)	(100,021)	(75,785)	(385)	(76,170)
Net book value	178,262	-	178,262	173,911	-	173,911

A reconciliation of the net book value of intangible assets for the year ended 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the period		For the period	
	For the year ended 30 June 2019	as from 1 January 2018 to 30 June 2018	For the year ended 30 June 2019	as from 1 January 2018 to 30 June 2018
Net book value at beginning of period/year	178,262	185,914	173,911	181,035
Acquisition of computer software	13,179	6,334	12,578	5,857
Amortisation	(28,123)	(13,974)	(26,303)	(12,969)
Disposal	-	(12)	-	(12)
Impairment loss	(730)	-	-	-
Net book value at end of period/year	162,588	178,262	160,186	173,911

18. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated financial		Separate	
	(percent per annum)		statements		financial statements	
	2019	2018	2019	2018	2019	2018
Trust receipts	-	1.70	-	15,870	-	-

Bank overdrafts and short-term loans from financial institutions of the subsidiary are secured by the shareholders of the subsidiary in proportion to the shareholding.

As at 30 June 2019, the credit facilities of the Company and its subsidiaries which have not yet been drawn down amounting to Baht 703 million (2018: Baht 697 million).

19. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Trade payables - related parties				
(Note 7)	-	64,590	675,346	822,301
Trade payables - unrelated parties	162,230	145,061	2,099	46,630
Accrued expenses	164,617	160,310	136,088	136,388
Other payables - related parties				
(Note 7)	1,912	29,505	237,076	227,294
Other payables - unrelated parties	14,596	23,467	11,687	15,892
Total trade and other payables	343,355	422,933	1,062,296	1,248,505

20. Liabilities under finance lease agreements

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	2019	2018
Liabilities under finance lease agreements	62	243
Less: Deferred interest expenses	(1)	(8)
Total	61	235
Less: Portion due within one year	(61)	(173)
Liabilities under finance lease agreements - net of current portion	-	62

The subsidiary has entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 4 and 6 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)			
As at 30 June 2019			
	Less than 1 year	1-5 years	Total
Future minimum lease payments	62	-	62
Deferred interest expenses	(1)	-	(1)
Present value of future minimum lease payments	61	-	61

(Unit: Thousand Baht)			
As at 30 June 2018			
	Less than 1 year	1-5 years	Total
Future minimum lease payments	180	63	243
Deferred interest expenses	(7)	(1)	(8)
Present value of future minimum lease payments	173	62	235

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	For the year ended to 30 June 2019	For the period as from 1 January 2018 to 30 June 2018	For the year ended to 30 June 2019	For the period as from 1 January 2018 to 30 June 2018
Provision for long-term employee benefits at beginning of year	49,676	43,925	30,037	26,734
Included in profit or loss:				
Current service cost	7,760	5,299	6,918	3,028
Interest cost	757	452	689	275
Past service cost	7,085	-	6,650	-
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	3,586	-	1,715	-
Financial assumptions changes	(3,730)	-	(1,983)	-
Experience adjustments	(12,386)	-	(11,244)	-
Transfer of employees	-	-	562	-
Provision for long-term employee benefits at end of period/year	52,748	49,676	33,344	30,037

Line items in profit or loss under which long-term employee benefit expenses are recognised are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the period as from		For the period as from	
	For the year ended 30 June 2019	1 January 2018 to 30 June 2018	For the year ended 30 June 2019	1 January 2018 to 30 June 2018
Cost of sales	816	1,682	-	-
Selling and administrative expenses	14,786	4,069	14,257	3,303

The Company and its subsidiaries expect to pay Baht 5 million of long-term employee benefits during the next year (The Company only: Baht 4 million) (2018: Baht 2 million, The Company only: Nil).

As at 30 June 2019, the weighted average duration of the liabilities for long-term employee benefit is 10 years (The Company only: 10 years).

Significant actuarial assumptions are summarised below:

	(Unit: Percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
Discount rate	2.1	2.1	2.1	2.1
Salary increase rate	3.0 - 4.0	5.0	3.0 - 4.0	5.0
Turnover rate	0.0 - 59.0	0.0 - 59.0	0.0 - 59.0	0.0 - 59.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 30 June 2019 and 2018 are summarised below:

(Unit: Million Baht)

As at 30 June 2019				
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2)	2	(1)	1
Salary increase rate	2	(1)	1	(1)
Turnover rate	(2)	3	(1)	1

(Unit: Million Baht)

As at 30 June 2018				
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3)	4	(2)	2
Salary increase rate	4	(4)	2	(2)
Turnover rate	(4)	2	(2)	1

On 5 April 2019, The Labor Protection Act (No. 7) B.E. 2562 was announced in the Royal Gazette. This stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more, with such employees entitled to receive not less than 400 days’ compensation at the latest wage rate. The law is effective from 5 May 2019. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional long-term employee benefit liabilities of Baht 9 million (The Company only: Baht 7 million) as a result. The Company and its subsidiaries have reflect the effect of the change by recognising past service costs as expenses in profit or loss of the period in which the law is effective, which is the fourth quarter of the current year.

22. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

23. Treasury stocks

On 28 August 2018, a meeting of the Board of Directors of the Company No. 4/2018 passed a resolution approving the treasury stock for financial management purposes by repurchasing shares not exceeding Baht 120 million, from 12 September 2018 until 11 March 2019, and the resale will begin within 6 months after the end of the program.

The Company set aside an amount from retained earnings equal to the cost of the treasury shares to a separate reserve account with such reserve to remain outstanding until either the shares are sold or paid - up capital is reduced by the cancellation of any remaining unsold shares. As at 30 June 2019, the Company has set aside approximately Baht 87 million, with the Company recording the reserve as "Appropriated retained earnings - others" in the statement of financial position.

24. Expenses by nature

Significant expenses classified by nature are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
			financial statements	
	For the year ended	For the period as from 1 January 2018 to	For the year ended	For the period as from 1 January 2018 to
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
Salaries and wages and other employee benefits	801,921	405,383	304,571	137,963
Depreciation and amortisation	125,320	69,030	113,645	61,857
Raw materials and consumables used	1,925,265	1,088,567	-	-
Changes in finished goods and work in progress	429,206	94,508	790,760	60,304
Advertising expenses	43,917	58,076	39,509	56,038
Personnel services fees	-	-	366,064	194,015
Professional fees	36,569	16,448	38,809	13,809
Rental and service expenses	412,801	219,137	388,252	207,695
Doubtful debts expenses	5,063	23,666	7,257	23,666
Impairment loss for investment in subsidiary	-	-	200,000	-
Impairment loss for goodwill	107,783	-	-	-
Impairment loss for equipment and other assets	20,661	-	-	-

25. Income tax

25.1 Deferred tax assets

The components of deferred tax assets are as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
	(Restated)		(Restated)	
Deferred tax assets				
Allowance for doubtful accounts	3,674	2,661	3,292	1,841
Inventories	51,134	98,656	3,056	5,351
Provision for long-term employee benefits	7,648	7,215	6,523	5,974
Consignment	57,573	78,142	57,573	73,710
Unused tax losses	39,177	3,405	39,177	-
Others	26,506	9,761	16,324	17,123
Total	185,712	194,241	125,945	108,185
Deferred tax assets - net	185,712	194,241	125,945	108,185

As at 30 June 2019, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 170 million (2018: Baht 3 million), on which deferred tax assets have not been recognised as the subsidiary believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

Details of expiry date of unused tax losses are summarised as below:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
30 June 2019	-	1	-	-
30 June 2020	1	1	-	-
30 June 2023	1	1	-	-
30 June 2024	40	-	39	-
	42	3	39	-

25.2 Income tax expenses

Income tax expenses for the year ended 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018 are made up as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	For the period as from	For the period as from
	1 January	1 January
	2018 to	2018 to
	30 June 2018	30 June 2018
	(Restated)	(Restated)
Current income tax:		
Current income tax charge	31,719	26,452
Deferred tax:		
Relating to origination and reversal of temporary differences	6,026	(2,861)
Income tax expenses reported in the statements of comprehensive income	37,745	(19,271)

25.3 The amounts of income tax relating to each component of other comprehensive income

The amounts of income tax relating to each component of other comprehensive income for the year ended 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018 are as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	For the period as from	For the period as from
	1 January	1 January
	2018 to	2018 to
	30 June 2018	30 June 2018
Deferred tax relating to gains on actuarial	2,504	-

25.4 The reconciliation between accounting profit and income tax expenses

The reconciliation between accounting profit and income tax expenses is shown below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018 (Restated)	For the year ended 30 June 2019	For the period as from 1 January 2018 to 30 June 2018 (Restated)
Accounting profit before tax	275,680	377,368	111,710	221,844
Applicable tax rate	0 - 20%	0 - 20%	20%	20%
Accounting profit before tax multiplied by income tax rate	55,136	76,857	22,342	44,369
Effects of:				
Promotional privileges and others	(29,098)	(52,618)	685	4,757
Non-deductible expenses	3,421	949	43,049	908
Additional expense deductions allowed	(2,046)	(1,597)	(1,349)	(1,301)
Tax exempted revenue	-	-	(83,998)	(43,999)
Write-off deferred tax assets	10,332	-	-	-
Total	(17,391)	(53,266)	(126,383)	(39,635)
Income tax expenses reported in the statements of comprehensive income	37,745	23,591	(19,271)	4,734

26. Promotional privileges

A subsidiary has been granted privileges by the Board of Investment related to manufacturing garments 2 promotional certificates as follows:

1. For manufacturing garments in promotional certificate no. 2135(5)/2554 dated on 16 September 2011. The significant privileges consisted of exemption from payment of import duty on machinery which will be imported during period specified by the certificate and exemption from payment of income tax for certain operation for a period of eight years from the date on which the income is first derived which was 17 November 2011.

- For manufacturing costumes in promotional certificate no. 1673(5)/2555 dated on 30 May 2012. The significant privileges consisted of exemption from payment of import duty on machinery which will be imported during period specified by the certificate and exemption from payment of income tax for certain operation for a period of eight years from the date on which the income is first derived which was 21 February 2013.

The Company and its subsidiaries' operating revenues for the year ended to 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Elimination entries		Total	
	For the period as from		For the period as from		For the period as from		For the period as from	
	For the year ended	1 January 2018 to	For the year ended	1 January 2018 to	For the year ended	1 January 2018 to	For the year ended	1 January 2018 to
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
				(Restated)				(Restated)
Sales								
Domestic sales	509	474	4,054	2,166	(894)	(573)	3,669	2,067
Export sales	-	-	25	25	-	-	25	25
Total sales	509	474	4,079	2,181	(894)	(573)	3,694	2,082

26. Earnings per share

Basic earnings per share is calculated by dividing profit for the period/year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period/year.

	Consolidated financial statements		Separate financial statements	
	For the period as		For the period as	
	For the year ended	from 1 January 2018 to	For the year ended	from 1 January 2018 to
	30 June 2019	30 June 2018	30 June 2019	30 June 2018
		(Restated)		(Restated)
Profit attributable to equity holders of the Company for the period/year (Baht)	305,797,343	346,368,303	130,981,494	217,109,339
Weighted average number of ordinary shares (shares)	796,025,325	800,000,000	796,025,325	800,000,000
Earnings per share (Baht/share)	0.38	0.43	0.16	0.27

28. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Clothing and accessories
- Watches

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets and total liabilities in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit and total assets/total liabilities information regarding the Company's and its subsidiaries' operating segments for the year ended 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018, respectively.

(Unit: Million Baht)

	Business of clothing and accessories		Business of watches		Total	
	For the period as from		For the period as from		For the period as from	
	For the year ended	1 January 2018 to	For the year ended	1 January 2018 to	For the year ended	1 January 2018 to
	30 June 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
		(Restated)		(Restated)		(Restated)
External revenue	3,402	1,903	292	179	3,694	2,082
Inter-segment revenue	-	-	-	-	-	-
Total revenue	3,402	1,903	292	179	3,694	2,082
Interest income	7	2	-	-	7	2
Interest expenses	-	-	-	(1)	-	(1)
Depreciation and amortisation	(120)	(66)	(5)	(3)	(125)	(69)
Capital expenditures	(65)	(39)	(3)	(1)	(68)	(40)
Share of profit (loss) from investments in joint venture	(4)	7	-	-	(4)	7
Profit (loss) before income tax expenses	413	362	(137)	15	276	377
Income tax expenses	1	21	37	3	38	24
Other material non-cash items:						
Allowance for doubtful debt (reversal)	7	24	(2)	-	5	24
Allowance for diminution in value of inventories (reversal)	(254)	(9)	127	1	(11)	(8)
Impairment loss on goodwill	-	-	(108)	-	108	-
Impairment loss on equipment and other assets	-	-	21	-	21	-

(Unit: Million Baht)

	Business of clothing and accessories		Business of watches		Total	
	2019	2018	2019	2018	2019	2018
		(Restated)		(Restated)		(Restated)
Segment total assets	4,123	4,510	167	360	4,290	4,870
Investments in joint venture accounted for by the equity method	47	64	-	-	47	64
Segment total liabilities	497	595	32	76	529	671

Revenue from contracts with customers

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		statements	
	2019	2018	2019	2018
		(Restated)		(Restated)
Type of goods or service:				
Sale income	3,694,302	2,082,445	3,305,279	1,818,044
Services income	8,567	4,799	59,396	30,536
Timing of revenue recognition:				
Revenue recognised at a point in time	3,694,302	2,082,445	3,305,279	1,818,044
Revenue recognised over time	8,567	4,799	59,396	30,536

Geographic information

The Company and its subsidiaries operate in Thailand only. As a result, all of revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

The Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues for the year ended 30 June 2019 and for the period as from 1 January 2018 to 30 June 2018, the Company and its subsidiaries have no major customer with revenue of 10 percent or more of an entity's revenues.

29. Provident fund

The Company and its employees, and the subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and employees contribute to the fund monthly at the rate of 3 percent of basic salary. The funds, which is managed by an asset management company, will be paid to employees upon termination in accordance with the fund rules. The Company and its subsidiary recognised contributions for the year ended 30 June 2019 amounting to approximately Baht 6 million (for the period as from 1 January 2018 to 30 June 2018: Baht 3 million) (The Company only: Baht 5 million (for the period as from 1 January 2018 to 30 June 2018: Baht 3 million)).

30. Dividends

Dividend	Authorised by	Dividend paid (Thousand Baht)	Dividend paid per share (Baht)
Interim dividend for the operating result for the period of 1 January - 30 June 2018	Annual General Meeting of the shareholders on 30 October 2018	319,800	0.40
Interim dividend for the operating result for the period of 1 July - 31 December 2018	Annual General Meeting of the shareholders on 13 February 2019	277,200	0.35
		597,000	0.75
Interim dividend for 2017	Annual General Meeting of the shareholders on 3 August 2018	240,000	0.30
		240,000	0.30

31. Commitments and contingent liabilities

31.1 Capital commitments

As at 30 June 2019, the Company had outstanding commitments of Baht 5 million in respect of construction of building improvement and purchase of intangible assets (2018: Baht 1 million).

31.2 Operating lease and service agreements commitments

The Company and its subsidiaries have entered into lease agreements and service agreements with department stores, retail shops, warehouses and commercial buildings in Bangkok and upcountry areas to operate shopping stores for distribution and storage of the Group's products. The terms of the agreements are between 1 and 10 years.

Future minimum lease payments required under these non-cancellable operating leases and service agreements of the Company and its subsidiaries were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2019	2018	2019	2018
<u>Payable within:</u>				
Less than 1 year	315	353	305	342
1 to 5 years	297	390	287	373
Over 5 years	29	50	29	50

31.3 Guarantees

As at 30 June 2019, the Company and its subsidiaries have outstanding bank guarantees of approximately Baht 7 million (2018: Baht 12 million) (The Company only: Baht 1 million (2018: Baht 1 million)) issued by the banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business.

32. Fair value hierarchy

As at 30 June 2019 and 2018, the Company and its subsidiaries had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated and Separate financial statements			
	As at 30 June 2019			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Trading securities				
Unit trusts	-	569	-	569

	(Unit: Million Baht)			
	Consolidated and Separate financial statements			
	As at 30 June 2018			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Trading securities				
Unit trusts	-	561	-	561

33. Financial instruments

33.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, investments, trade and other receivables, short-term loan to related parties, bank overdrafts and short-term loans from financial institutions, trade and other payables, liabilities under finance lease agreements, and short-term loans from related parties. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables, and loans to related parties. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, loans, bank overdrafts and short-term loans from financial institutions and short-term loans from related parties. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

As at 30 June 2019 and 2018, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Million Baht)

Consolidated financial statements

As at 30 June 2019

	Fixed interest rates				Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years				
<u>Financial Assets</u>								
Cash and cash equivalent	-	-	-	-	588	85	673	Note 8
Short-term investments	-	102	-	-	-	569	671	1.8%
Trade and other receivables	-	-	-	-	-	302	302	-
	-	102	-	-	588	956	1,646	
<u>Financial liabilities</u>								
Trade and other payables	-	-	-	-	-	343	343	-
	-	-	-	-	-	343	343	

(Million Baht)

Separate financial statements

As at 30 June 2019

	Fixed interest rates				Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years				
<u>Financial Assets</u>								
Cash and cash equivalent	-	-	-	-	573	32	605	Note 8
Short-term investments	-	102	-	-	-	569	671	1.8%
Trade and other receivables	-	-	-	-	-	630	630	-
Short-term loan to related parties	35	-	-	-	-	-	35	Note 7
	35	102	-	-	573	1,231	1,941	
<u>Financial Liabilities</u>								
Short-term loans from financial institutions	-	-	-	-	-	1,062	1,062	Note 7
Trade and other payables	47	-	-	-	-	-	47	-
	47	-	-	-	-	1,062	1,109	

(Million Baht)

Consolidated financial statements								
As at 30 June 2018								
	Fixed interest rates							
	Within	1-5	Over	Floating	Non- interest			
	At call	1 year	years	5 years	interest rate	bearing	Total	Interest rate
								(% per annum)
<u>Financial Assets</u>								
Cash and cash equivalent	-	-	-	-	224	126	350	Note 8
Short-term investments	-	100	-	-	-	561	661	1.5%
Trade and other receivables	-	-	-	-	-	414	414	-
	-	100	-	-	224	1,101	1,425	
<u>Financial liabilities</u>								
Short-term loans from financial institutions	-	-	-	-	16	-	16	Note 18
Trade and other payables	-	-	-	-	-	423	423	-
	-	-	-	-	16	423	439	

(Million Baht)

Separate financial statements								
As at 30 June 2018								
	Fixed interest rates				Floating interest rate	Non- interest bearing	Total	Interest rate (% per annum)
	At call	Within 1 year	1-5 years	Over 5 years				
<u>Financial Assets</u>								
Cash and cash equivalent	-	-	-	-	224	39	263	Note 8
Short-term investments	-	100	-	-	-	561	661	
Trade and other receivables	-	-	-	-	-	733	733	-
Short-term loan to related parties	6	-	-	-	-	-	6	Note 7
	6	100	-	-	224	1,333	1,663	
<u>Financial Liabilities</u>								
Trade and other payables	-	-	-	-	-	1,248	1,248	Note 7
Short-term loans from related parties	10	-	-	-	-	-	10	-
	10	-	-	-	-	1,248	1,258	

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The subsidiary seeks to reduce this risk by entering into forward exchange contracts when it considers appropriate. Generally, the forward contracts mature within one year.

As at 30 June 2019 and 2018, the balances of financial assets and liabilities denominated in foreign currencies of the subsidiaries are summarised below.

Foreign currencies	Financial liabilities		Average exchange rate	
	2019	2018	2019	2018
	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	0.7	0.9	31.98	33.33
JPY	-	5.0	-	0.30

Forward foreign exchange contracts

As at 30 June 2019 and 2018, the subsidiary has forward exchange contracts outstanding as summarised below.

As at 30 June 2019			
Foreign currency	Bought amount by the subsidiary (Million)	Contractual exchange rate	Contractual maturity date
<u>Subsidiary</u>			
USD	0.6	31.5 - 31.6 Baht per 1 USD	December 2019
As at 30 June 2018			
Foreign currency	Bought amount by the subsidiary (Million)	Contractual exchange rate	Contractual maturity date
<u>Subsidiary</u>			
USD	0.5	31.8 - 32.1 Baht per 1 USD	August 2018

33.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial assets and liabilities which comprise deposit at financial institutions, trade and other receivables, short-term loans to related parties, short-term loan from related parties, trade and other payables, liabilities under finance lease agreement and short-term loan from financial institutions are short-term in nature or bear floating interest rates, their fair values are not expected to be materially different from the amounts presented in the statements of financial position.

The fair value of investments in unit trusts has been determined from their net asset value as announced by Asset Management Company.

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

34. Capital management

The primary objective of the Company and its subsidiaries' capital management is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 30 June 2019, the Group's debt-to-equity ratio was 0.14:1 (2018: 0.16:1) and the Company's was 0.34:1 (2018: 0.34:1).

35. Events after reporting period

On 29 August 2019, the Company's Board of Directors' Meeting No. 5/2562 passed the following significant resolutions:

- a) Approval for a dividend payment from the operating results for the year 2019 and retained earnings as at 30 June 2019 at a rate of Baht 0.30 per share, or a total of Baht 237.6 million. The dividend payment is to be made on 13 November 2019.
- b) Approval for the acceptance of entire business transfer from P.K. Garment (Import-Export) Co., Ltd., the Company's subsidiary, for the purpose of restructuring within the Group. The determination of the transfer price is to be based on the net book value of P.K. Garment (Import-Export) Co., Ltd. and the payment is to be settled in cash. The entire business transfer process is expected to be completed within 1 November 2019. However, the Company will arrange the meeting of shareholders for further approval on this matter within October 2019.

36. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 29 August 2019.

MC GROUP
www.mcgroupnet.com

1 JULY 2018 - 30 JUNE 2019
MC GROUP PUBLIC COMPANY LIMITED