
Part 3 Performance and Financial Status

13. Financial Information

13.1 Financial Statements

13.1.1 Audit Opinion

Consolidated and Separate Financial Statements for the year ended December 31, 2019

Auditor : Mrs.Natsarak Sarochanunjeen Certified Public Accountant Registration No.4563

Auditor's opinion: I have audited the consolidated financial statements of Sabina Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Sabina Public Company Limited (the "Company") which comprise the consolidated and separate statements of financial position as of December 31, 2019, and the related consolidated and separate statements of changes in equity, income, comprehensive income, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Sabina Public Company Limited and its subsidiaries and of Sabina Public Company Limited as of December 31, 2019, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing ("TSAs"). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of my report. I am independent of the Group in accordance with the Federation of Accounting Professions under the Royal Patronage of his Majesty the King's Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the consolidated and separate financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

Key Audit Matters included Audited Procedures are as follows:

Presentation of inventories valuation (the consolidate and separated financial statements)

As describe in note 2.5 and note 7 to the financial statement, the Group has significant amount of inventories which stated at the lower of cost and net realizable value. Most of inventories aging are not long, due to main business of the Group is manufacturing and distribute ready-made clothes, which the main products are underwear. And the management used information from inventories aging analysis report and individual obsolete stock analysis report to consider the allowance for inventories declining value, therefore, I have identified that the valuation of inventories is the significant matter that requires special attention in the audit.

My Audited Procedures to the Key Audit Matters

I assessed and tested the internal control related to the calculation of inventories cost, observed the inventory count, checked the aging report of inventories, inquired the management, and considered reasonableness of the policy regarding setup allowance for inventories declining value, and tested compliant of the allowance for inventories declining value to the policy. Including test the calculation of the allowance for inventories declining value by comparing cost of inventories and net realizable value. Additionally, I considered the adequacy of information disclosure related to the measurement of inventories.

Other matter

The financial statements of Sabina Public Company Limited for the year ended December 31, 2018 audited by another auditor in my office, in accordance with auditing standards, and expressed an unqualified opinion on those statements in his report dated February 20, 2019. The statements of financial position as of December 31, 2018, as presented herein for comparative purposes, formed an integral part of those financial statements. I have not performed any other audit procedures subsequent to the date of the above report.

Other Information

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

My opinion on the consolidated and separate 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 consolidated and separate financial statements, my responsibility is to read the other information identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and the management of the Group.

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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and separate 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 TSAs 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 consolidated and separate financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and separate 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 and the Company'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 and Company'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 and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate 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 consolidated and separate 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.



(NATSARAK SAROCHANUNJEEN)
Certified Public Accountant
Registration No. 4563

A.M.T. & ASSOCIATES
Bangkok, Thailand
February 21, 2020

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2017 (Audit)		2018 (Audit)		2019 (Audit)	
	Amount	%	Amount	%	Amount	%
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	43,887	1.84	60,416	2.32	65,147	2.16
Temporary Investment	424,564	17.78	298,972	11.49	177,945	5.90
- Mutual funds	369,439		198,055		99,188	
- Available-for-sale securities	55,125		100,917		78,757	
Trade receivable - net	341,980	14.33	402,270	15.46	417,415	13.83
- Related parties	-		-		-	
- Other parties	341,980		402,270		417,415	
Other receivables	8,569	0.36	63,310	2.43	74,225	2.46
Short-term loan to related party		0.00		0.00		0.00
Inventories - net	975,636	40.87	1,117,503	42.95	1,563,788	51.82
Other current assets	74,802	3.13	86,562	3.33	108,538	3.60
Prepaid output VAT	72,851		84,540		105,104	
Others	1,951		2,022		3,434	
Total current assets	1,869,438	78.31	2,029,033	77.98	2,407,058	79.76
NON-CURRENT ASSETS						
Long-Term Investments	5,000	0.20	5,000	0.19	5,000	0.17
Property, plant and equipment - net	283,458	11.13	293,663	11.29	282,087	9.35
Intangible asset	3,549	0.14	8,609	0.33	8,690	0.29
Deferred tax assets	162,363	6.38	205,691	7.91	257,694	8.54
Others non-current assets						
Leasehold right - net	17,610	0.69	13,141	0.51	8,672	0.29
Deposit	45,832	1.80	46,885	1.80	48,706	1.61
Total non-current assets	517,812	21.69	572,989	22.02	610,849	20.24
TOTAL ASSETS	2,387,250	100.00	2,602,022	100.00	3,017,907	100.00

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2017 (Audit)		2018 (Audit)		2019 (Audit)	
	Amount	%	Amount	%	Amount	%
LIABILITIES						
CURRENT LIABILITIES						
Bank overdrafts and short-term loans from	18,000	0.69	156,163	6.00	565,068	18.72
Trade payable	152,750	5.87	184,243	7.08	170,145	5.64
- related parties						
- other parties	152,750	5.87	184,243	7.08	170,145	5.64
Other payables	175,064	6.73	225,069	8.65	196,388	6.51
Other current liabilities	57,921	2.23	99,002	3.80	102,982	3.41
Accrued income tax	39,259	1.51	77,367	2.97	82,020	2.72
Others	18,662	0.72	21,635	0.83	20,962	0.69
Total current liabilities	403,735	16.91	664,477	25.54	1,034,583	34.28
NON-CURRENT LIABILITIES						
Employees' benefit obligation	81,696	3.14	95,623	3.67	115,653	3.83
Employees' deposit	6,455	0.25	6,543	0.25	6,731	0.22
Total non-current liabilities	88,151	3.39	102,166	3.93	122,384	4.06
Total liabilities	491,886	20.30	766,643	29.46	1,156,967	38.34

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2019

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2017 (Audit)		2018 (Audit)		2019 (Audit)	
	Amount	%	Amount	%	Amount	%
SHAREHOLDERS' EQUITY						
Share capital - Par value Baht 1 each						
Authorized share capital						
Common share 347,500,000 shares of Baht 1 each	347,500	13.05	347,500	13.35	347,500	11.51
Issued and paid - up share capital						
Common share 347,500,000 shares of Baht 1 each	347,500	13.05	347,500	13.35	347,500	11.51
Premium on share capital	275,164	10.34	275,164	10.58	275,164	9.12
Retained earnings						
Appropriated – legal reserve	49,250	1.85	49,250	1.89	49,250	1.63
Unappropriated	1,067,468	40.10	1,169,492	39.16	1,248,573	41.37
Total other components of equity	155,981	5.86	-6,027	5.56	-59,547	-1.97
Total equity of the Parent	1,895,363	71.20	1,835,379	70.54	1,860,940	61.66
Total shareholders' equity	1,895,363	79.40	1,835,379	70.54	1,860,940	61.66
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,387,249	100.00	2,602,022	100.00	3,017,907	100.00

SABINA PUBLIC COMPANY LIMITED
STATEMENTS OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit: Thousand Baht)

	Consolidated Financial Statement					
	2017 (Audit)		2018 (Audit)		2019 (Audit)	
	Amount	%	Amount	%	Amount	%
REVENUES						
Revenues from sales - net	2,659,019	99.25	3,089,843	99.58	3,279,499	99.53
Revenues from services	3,662	0.14			243	
Revenues from dividend			1,436	0.05	3,993	0.12
Other incomes	16,443	0.61	11,627	0.37	11,222	0.34
Total Revenues	2,679,124	100.00	3,102,906	100.00	3,294,957	100.00
EXPENSES						
Cost of sales and services	1,307,108	42.30	1,494,853	48.38	1,494,131	45.56
Gross Profit	1,355,573	57.70	1,594,990	51.62	1,785,611	54.44
Selling expenses	836,556	26.97	910,400	29.34	1,055,730	32.04
Administrative expenses	230,198	7.42	245,362	7.91	220,719	6.70
Total Expenses	2,373,862	88.61	2,650,615	85.42	2,770,580	84.09
Profit before interest and income tax	305,262	11.39	452,291	14.58	524,377	15.91
Financial expenses	1,451	0.05	1,441	0.05	8,330	0.25
Income tax expense	60,667	1.96	89,263	2.88	102,796	3.12
Profit for the years	243,144	9.08	361,587	11.65	413,251	12.54
Total comprehensive income for the year	243,144	9.08	361,587	11.65	413,251	12.54

SABINA PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit:Thousand Baht)

	Consolidated Financial Statement		
	2017	2018	2019
CASH FLOWS FROM OPERATING ACTIVITIES :			
Net profit	243,143	361,587	413,251
Adjustments to reconcile net profit to net cash proceed (paid)			
Depreciation+Amortization	55,610	50,121	48,371
Employees' benefits obligation	14,478	18,140	34,645
Loss (gain) from disposal of property	-1,897	-1,418	-479
Loss (gain) from sale of available for sale investment			92
Unrealised (gain) loss on exchange rate	-105	3,464	2,258
Interest expenses	1,450	1,441	8,330
Current tax expense	67,024	129,750	154,368
Deferred tax expense (income)	-6,357	-40,487	-51,572
(Increase) decrease in trade receivable - other parties	-27,497	-60,290	-15,145
(Increase) decrease in other receivable	-2,509	-54,741	-7,066
(Increase) decrease in inventories	175,519	-141,867	-446,285
(Increase) decrease in other current assets	3,216	-11,760	-21,977
(Increase) decrease in other non-current assets	-437	-1,053	-1,821
Increase (decrease) in trade payables - other parties	21,355	28,029	-16,356
Increase (decrease) other payables	50,807	49,925	-28,838
Increase (decrease) in other current liabilities - others	1,062	2,973	-673
Others non-current liabilities-Increase(decrease) in employees' benefit obligation	-2,352	-4,213	-14,615
Others non-current liabilities-Increase(decrease) in employees' deposit	137	89	188
Net cash received (paid) from operation	592,647	329,690	56,676
Payment of interest expenses	-1,432	-1,362	-8,173
Payment of Corporate income tax	-56,103	-91,642	-153,563
Net cash provided by (Used in) operating activities	535,112	236,686	-105,060
CASH FLOWS FROM INVESTING ACTIVITIES :			
Acquisition of property, plant and equipment	-27,561	-54,605	-31,179
Cash received from sales of property and equipment	1,957	1,465	479
Cash proceed (paid) on sales (purchase) -for temporary investment	-313,568	171,383	98,867
Cash received from sale of available for sale investment		-59,997	19,908
Cash paid for long-term investment	-5,000		
Acquisition of intangible assets	-684	-6,359	-1,228
Net cash provide by (Used in) investing activities	-344,856	51,887	86,847

SABINA PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Unit:Thousand Baht)

	Consolidated Financial Statement		
	2017	2018	2019
CASH FLOWS FROM FINANCING ACTIVITIES			
Bank overdrafts and short-term loans received from financial	-90,000	138,163	408,905
Dividend Paid	-97,300	-410,207	-385,962
Net Cash Provided by (Used in) Financing Activities	-187,300	-272,044	22,943
Increase(decrease) in cash and cash equivalents-net	2,956	16,529	4,730
Cash and cash equivalents, beginning of year	40,931	43,887	60,416
Cash and cash equivalents, end of year	43,887	60,416	65,146

Financial Ratio Analysis

SABINA PUBLIC CO.,LTD.

Financial Ratio Analysis	Consolidated Financial Statement		
	2017	2018	2019
Liquidity Ratio			
Current ratio (times)	4.63	3.05	2.33
Quic Ratio (times)	2.03	1.24	0.71
Account receivable turnover (times)	8.11	8.3	8.0
Avg.debt collection period (day)	44.99	43.96	45.61
Inventory turnover (times)	1.23	1.43	1.11
Avg.selling period (day)	296.95	255.54	327.51
Account payable turnover (times)	9.20	8.87	8.43
Avg.Payment period (day)	39.69	41.14	43.29
Cash Cycle (day)	302.25	258.36	329.83
Profitability Ratio			
Gross profit margin (%)	50.91	51.62	54.44
Operating profit margin (%)	10.85	14.22	15.52
Net Profit margin (%)	9.08	11.65	12.54
Return on equity (%)	13.32	19.38	22.36
Efficiency Ratio			
Returns on assets (%)	10.51	14.49	14.71
Net fixed asset turnover (%)	93.85	132.80	150.15
Total asset turnover (times)	1.16	1.24	1.17
Financial Policy Ratio			
Debt to equity ratio (times)	0.26	0.42	0.62
Dividend Payout (%)	40.02	113.45	93.40

Remark

-April 10,2017. The meeting no.1/2017 to pay dividend of the year 2016 operating results at the rate of baht 0.14 per share, total 347.50 million shares, totaling 48.65 million baht of the net profit for the year 2016

-August 11, 2017. The Board of Directors Meeting No.3/2017 to pay interim dividend payment operating results at the rate of baht 0.14 per share total 347.50 million shares, totaling 48.65 million baht of the net profit six month for the year 2017

-April 9, 2018. The meeting no.1/2018 to pay dividend of the year 2017 operating results at the rate of baht 0.68 per share, total 347.50 million shares, totaling 236.30 million baht of the retained earnings for the year 2017.

-August 7, 2018. The Board of Directors Meeting No.3/2018 to pay interim dividend payment operating results at the rate of baht 0.50 per share total 347.50 million shares, totaling 173.75 million baht of the retained earnings for the year 2018.

-April 23, 2019. The meeting no.1/2019 to pay dividend of the year 2018 operating results at the rate of baht 0.54 per share, total 347.50 million shares, totaling 187.65 million baht of the retained earnings for the year 2018. Paid in May 2019.

-August 13, 2019. The Board of Directors Meeting No.3/2019 to pay interim dividend payment operating results at the rate of baht 0.57 per share total 347.50 million shares, totaling 198.08 million baht of the retained earnings for the year 2019. Paid in September 2019.

-February 21, 2020. The Board of Directors Meeting No.1/2020 to pay dividend of the year 2019 operating results at the rate of baht 0.62 per share, total 347.50 million shares, totaling 215.45 million baht of the retained earnings for the year 2019.

14. Analysis of Performance

14.1 Analysis of Performance and Financial Status with Explanation

14.1.1 Performance

Performanced

Incomes from Sales

In 2018, the Company had the incomes from the sales and services of products for 3,089.84 million Baht which increased from 2017 about 427.16 million Baht, equal to 16.04 percent increase. Main reason due to the increasing of subsidiaries' trademarks sales increased about 364.19 million Baht and income from sales of OEM products increased about 66.63 million Baht.

In 2019, the Company had the incomes from the sales and services of products for 3,279.74 million Baht which increased from 2018 about 189.90 million Baht, equal to 6.15 percent increase. Main reason due to the increasing of subsidiaries' trademarks sales increased about 189.42 million Baht and income from sales of OEM products increased about 0.24 million Baht.

Incomes from Sales Classified by Product (Unit: Million Baht)

	2017	Percentage	2018	Percentage	2019	Percentage
Incomes from OEM product sale						
Bras	158.98	5.98	207.40	6.71	208.52	6.36
Underpants	43	1.62	45.75	1.48	42.23	1.29
Others	18.19	0.68	33.65	1.09	36.29	1.11
Total incomes from OEM product sale	220.17	8.28	286.80	9.28	287.04	8.75
Incomes from sale of subsidiary' brandname products						
Bras	1,910.34	71.85	2,261.92	73.21	2,411.05	73.52
Underpants	435.1	16.36	459.65	14.88	501.79	15.30
Others	93.41	3.51	81.47	2.63	79.62	2.43
Total Incomes from sale of subsidiary' brandname products	2,438.85	91.72	2,803.04	90.72	2,992.46	91.25
Total incomes from sale	2,659.02	100.00	3,089.84	100.00	3,279.50	100.00

OEM Products

In 2018, the incomes from the sales of OEM products were at 286.80 million Baht, increase by 66.63 million Baht or 30.26%. The incomes from the sales of OEM products were divided into the sales of lingerie, underpants and other products at 6.71%, 1.48% and 1.09% of the total sales, respectively.

In 2019, the incomes from the sales of OEM products were at 287.04 million Baht, increase by 0.24 million Baht or 0.08%. The incomes from the sales of OEM products were divided into the sales of lingerie, underpants and other products at 6.36%, 1.29% and 1.11 % of the total sales, respectively.

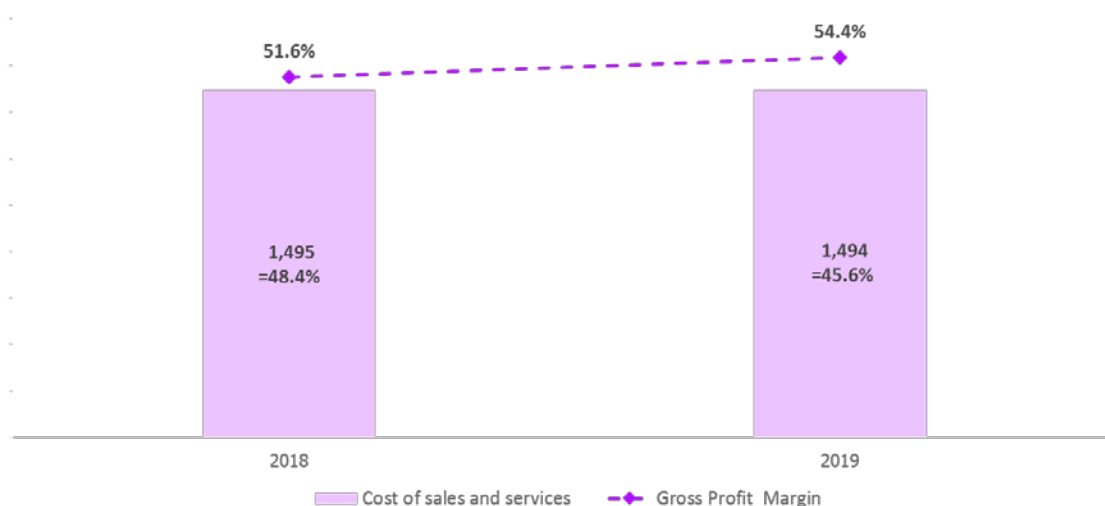
Subsidiary's Brandname Products

The revenue from the sales of products under the subsidiaries' trademarks is significant to the Company's revenues since the products have better prices and gross profit margin than the OEM products. In addition, the Company can control the design, quantity, and the distribution period. The revenue from the sales of products under the subsidiaries' trademark with continuous growth as follows.

In 2018, the Company had the incomes from the sales of products under the subsidiaries' trademarks of 2,803.04 million Baht, an increase of 364.19 million Baht 14.93%, or 90.72% of the total sales income. The incomes from lingerie, underpants and other products were at 73.21%, 14.88%, and 2.63% of the total sales incomes, respectively.

In 2019, the Company had the incomes from the sales of products under the subsidiaries' trademarks of 2,992.46 million Baht, an increase of 189.42 million Baht 6.76%, or 91.25% of the total sales income. The incomes from lingerie, underpants and other products were at 73.52%, 15.30%, and 2.43% of the total sales incomes, respectively.

Cost of sale and service & Gross profit margin

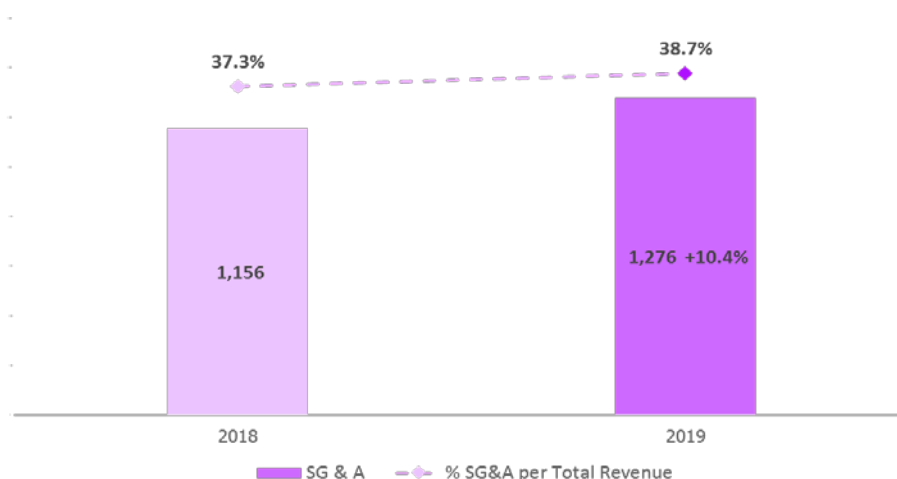


Cost of Goods Sold and Gross Profit Margin

In 2018, the Company's cost of goods sold totaled 1,494.85 million Baht or 48.38% of the incomes from sales and services. The gross profit margin was recorded at 1,594.99 million Baht or 51.62% of the incomes from sales and services. The Company has emphasized on expansion of sales of products under the subsidiaries' trademarks consistently and strictly. Advertising budgets were allocated and marketing promotions were applied. New sales counters were opened at department stores, new retail stores and the Company's shops.

In 2019, the Company's cost of goods sold totaled 1,494.13 million Baht or 45.56% of the incomes from sales and services. The gross profit margin was recorded at 1,785.61 million Baht or 54.44% of the incomes from sales and services. The Company has emphasized on expansion of sales of products under the subsidiaries' trademarks consistently and strictly. Advertising budgets were allocated and marketing promotions were applied. New sales counters were opened at department stores, new retail stores and the Company's shops.

Selling & Administrative expenses



Selling and Administrative Expenses and Operating Profit

In 2018, the Company's selling and administrative expenses were at 1,155.76 million Baht, increasing by 89.01 million Baht 8.34% or 37.25% of the total sales incomes. The Company has focused on expansion of sale counters resulting in higher leasing costs for sales and service areas. To increase sales volumes and market shares of products under the subsidiaries' trademarks, salespersons and the budgets for advertising and marketing promotion were added consistently.

Accordingly, the Company had the operating profit of Baht 439.23 million or 14.22% of the incomes from sales and services.

In 2019, the Company's selling and administrative expenses were at 1,276.45 million Baht, increasing by 120.69 million Baht 10.44% or 38.74% of the total sales incomes. The Company has focused on expansion of sale counters resulting in higher leasing costs for sales and service areas. To increase sales volumes and market shares of products under the subsidiaries' trademarks, salespersons and the budgets for advertising and marketing promotion were added consistently.

Accordingly, the Company had the operating profit of Baht 509.16 million or 15.52% of the incomes from sales and services.

Interest Paid

In 2018, the Company had interest paid of 1.44 million Baht, decreasing by 0.01 million Baht.

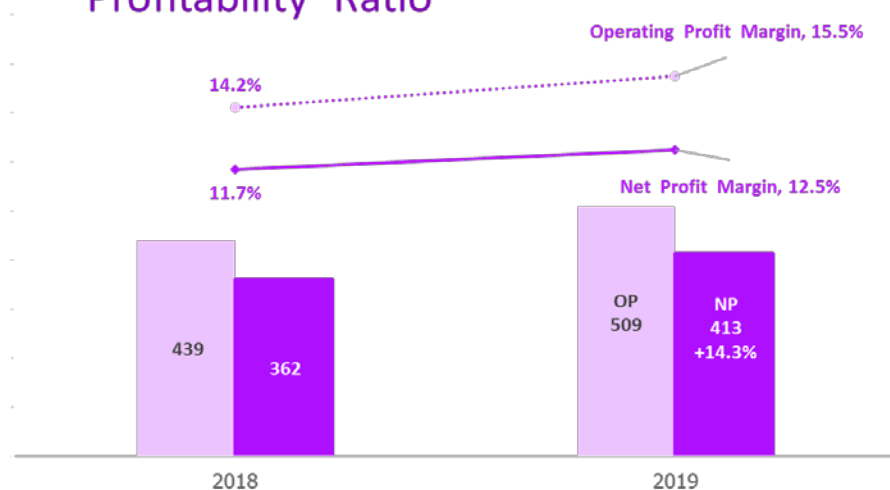
In 2019, the Company had interest paid of 8.33 million Baht, increasing by 6.89 million Baht.

Corporate Income Tax

In 2018, the Company had the corporate tax at 89.26 million Baht.

In 2019, the Company had the corporate tax at 102.80 million Baht.

Profitability Ratio

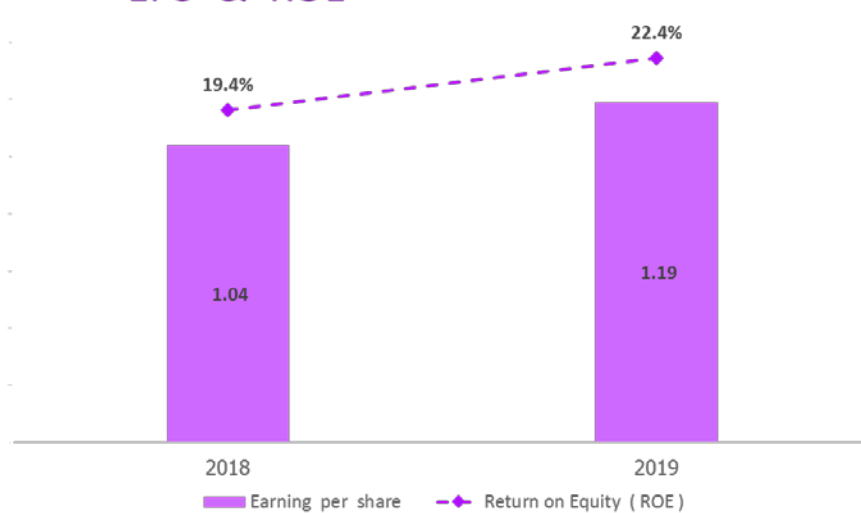


Net Profit

In 2018, the Company had the net profit of 361.59 million Baht increasing by 118.45million Baht or 48.72%

In 2019, the Company had the net profit of 413.25 million Baht increasing by 51.66million Baht or 14.29%

EPS & ROE



Returns on Equity

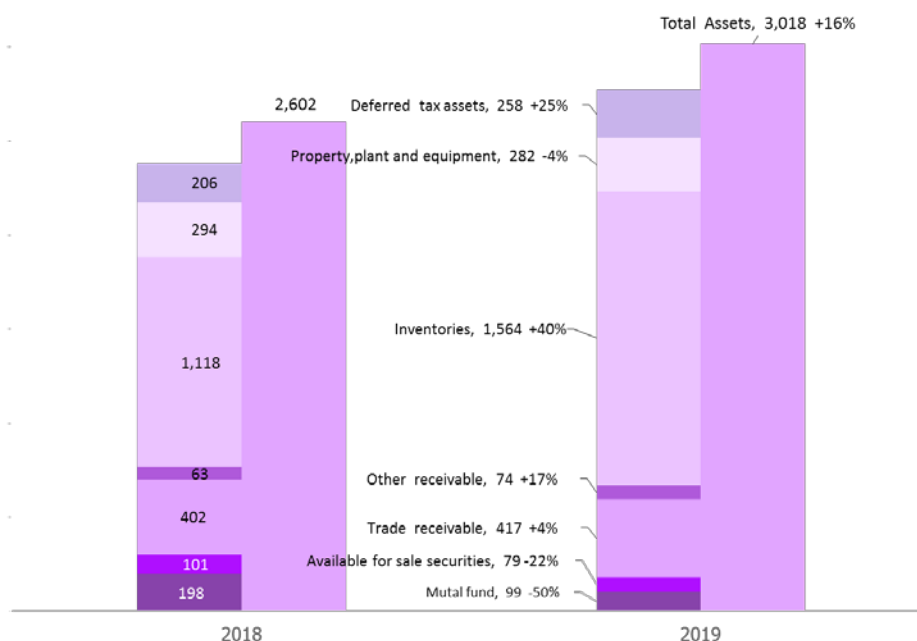
In 2018, the Company's basic earnings per share was at 1.04 Baht; and the Return on Equity (ROE) was at 19.38%

In 2019, the Company's basic earnings per share was at 1.19 Baht; and the Return on Equity (ROE) was at 22.36%

14.1.2 Company Financial Position

Financial Status

Assets



Total Assets

In 2018, the Company's total assets increased to 2,602.02 million Baht which about 214.77 million Baht increased 2017 due to investment in the registered fund decreased about 198.05 million Baht, increased in Securities available for sell of 100.92 million Baht, increased in account receivable of 402.27 increased in inventories of 1,117.50 million Baht. Land, building and net utilites increased 293.66 million Baht, increased in deferred income tax of 205.69 million Baht.

In 2019, the Company's total assets increased to 3,017.91 million Baht which about 415.89 million Baht increased 2018 due to, increased in account receivable of 417.41, increased in inventories of 1,563.79 million Baht., increased in deferred income tax of 257.69 million Baht.

Account receivable

In 2018, the Company had account receivable of 402.27 million Baht increased by 60.29 million Baht. The proportions of current account receivable, account receivable overdue 0 - 3 months, and receivable overdue 4-6 months was at 93.29%, 3.70% respectively, and 3.01% of the total account receivable.

In 2019, the Company had account receivable of 417.41 million Baht increased by 15.14 million Baht. The proportions of current account receivable, account receivable overdue 0 - 3 months, was at 97%, and 3% of the total account receivable.

Inventories

In 2018, the inventories were recorded at 1,117.50 million Baht, and increase of 141.87 million Baht or 14.50%. Most of the increased inventories covered finished products of subsidiary brands and on processing of manufacturing.

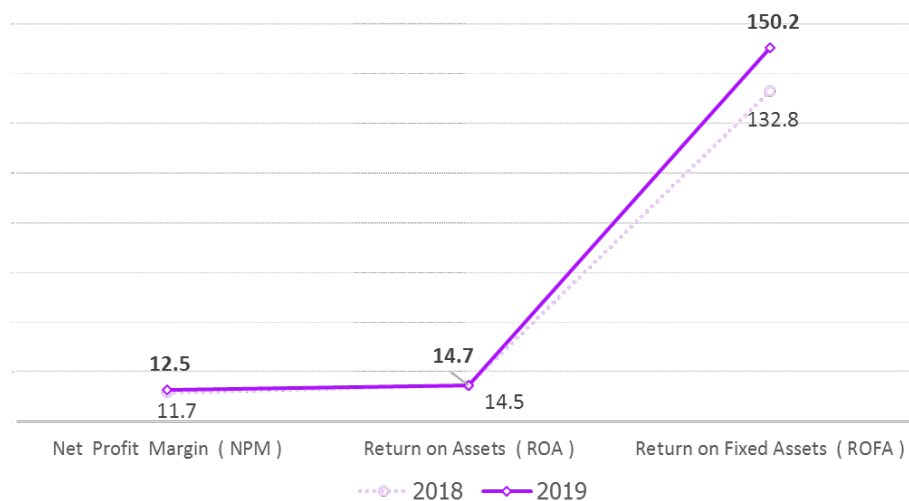
In 2019, the inventories were recorded at 1,563.79 million Baht, and increase of 446.29 million Baht or 39.94%. Increased from the policy of increasing stock in order to reduce loss of sales opportunities In the matter of lacking color cup size

Estate, Building, and Equipment

In 2018, the book value of estate, building, and equipment was worth at 293.66 million Baht, increased by 10.20 million Baht from the last year figure. At the end of 2018, the depreciation of tangible assets was recorded at 44.35 million Baht.

In 2019, the book value of estate, building, and equipment was worth at 282.09 million Baht, decreased by 11.57 million Baht from the last year figure. At the end of 2019, the depreciation of tangible assets was recorded at 42.75 million Baht.

Efficiency Ratio

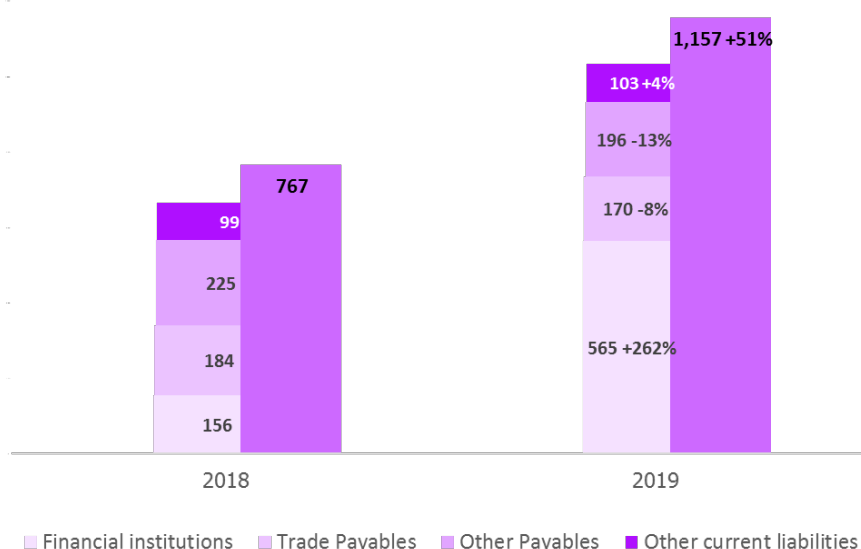


Performance

In 2018, the net profit rate recorded as 11.65% resulting in the return on total assets and the return on fixed assets at 14.49% and 132.80%, respectively.

In 2019, the net profit rate recorded as 12.54% resulting in the return on total assets and the return on fixed assets at 14.71% and 150.15%, respectively.

Liabilities

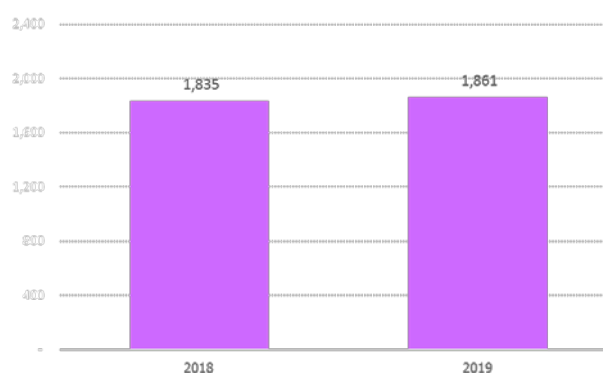


Liabilities

In 2018, the Company had the liabilities of 766.64 million Baht, increase of 274.75 million Baht from the last year. The short-term loans from financial institutions increased to 156.16 million Baht and account payable increased 184.24 million Baht. Other payables increased to 225.07 million Baht and other current liabilities increased to 99.00 million Baht.

In 2019, the Company had the liabilities of 1,156.97 million Baht, increase of 390.33 million Baht from the last year. The short-term loans from financial institutions increased to 565.07 million Baht and account payable increased 170.15 million Baht. Other payables decreased to 196.39 million Baht and other current liabilities increased to 102.98 million Baht.

Equity

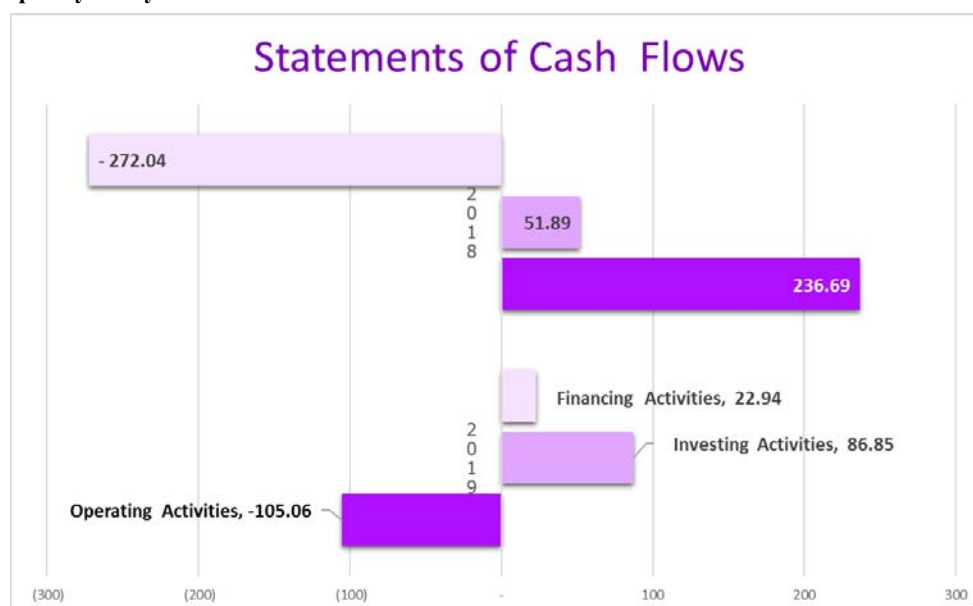


Shareholder's Equity

In 2018, the Company's shareholders' equity totaled at 1,835.38 million Baht, decreased in 59.98 million Baht from last year figure.

In 2019, the Company's shareholders' equity totaled at 1,860.94 million Baht, increased in 25.56 million Baht from last year figure.

Liquidity Analysis



Operation Cash flow

In 2018, the Company's cash flow from operating activities was recorded at 236.69 million Baht comprising the net profit of 361.59 million Baht, depreciation and amortization of 50.12 million Baht, account receivable increased by 60.29 million Baht, Other receivables increased by 54.74 million Baht, inventories increased by 141.87 million Baht, Other circulate assets increased by 11.76 million Baht, account payable increased by 28.03 million Baht, and other current liabilities increased to 49.93 million Baht.

In 2019, the Company's cash flow from operating activities was recorded at -105.06 million Baht comprising the net profit of 413.25 million Baht, inventories increased by 446.28 million Baht, Accrued income tax 153.56 million Baht.

Investment Cash Flow

In 2018, the Company's cash flow for investment activities was recorded at 51.89 million Baht, The Company invested in temporary investment and building and equipment of 171.38 million Baht and 54.61 million Baht, respectively.

In 2019, the Company's cash flow for investment activities was recorded at 86.85 million Baht, The Company invested in temporary investment, sale of available for sale investment and building and equipment of 98.87 million Baht, 19.91 million Baht and 31.18 million Baht, respectively.

Funding Cash flow

In 2018, the Company's cash flow for funding activities was recorded at 272.04 million Baht. The Company paid the dividend of 410.21 million Baht and short-term loans from financial institutions of 138.16 million Baht.

In 2019, the Company's cash flow for funding activities was recorded at 22.94 million Baht. The Company paid the dividend of 385.96 million Baht and short-term loans from financial institutions of 408.90 million Baht.

14.1.3 Commitment and Contingent

Lease agreement and long term services

- On June 1, 2019, company has entered into the lease of buildings agreement with Sabina Far East Co., Ltd., to use the buildings as company's office and warehouse for 3 years. The Company has a right to renew the lease agreement for 3 times at 3 years each. However the Company has to inform landlord by written in advance not less than 180 days. The rental is Baht 142,500 per month; landlord is responsible for municipal taxes. Landlord promised that it will not sell or dispose the assets in 12 years.
- On June 12, 2009, the subsidiary has entered into another lease contract with the department store and for extension the lease period to another 10 years, which will expire in June 2020. The subsidiary had paid for the leasehold right for the 10 years approximately amounting to Baht 13.71 million.

The commitment for the long-term lease, which should be paid the rent and service in the future, as of December 31, 2019 are as follow;

The Company

<u>For the period</u>	<u>Unit (Million baht)</u>
Not over 1 year	1.71
Over 1 year but not over 5 years	2.42
Over 5 years	-
Total	<u>4.13</u>

The Subsidiary Company

<u>For the period</u>	<u>Unit (Million baht)</u>
Not over 1 year	82.82
Over 1 year but not over 5 years	69.18
Over 5 years	0.16
Total	<u>152.16</u>

Letter of bank guarantee

As of December 31, 2019 and 2018, the Company has letter of guarantee which issuing by the bank on behalf of company as follows:

Objective	BAHT	
	Consolidated Financial Statement	
	December 31, 2019	December 31, 2018
1. Guarantee for Custom Department	3.25	1.36
2. Others	3.25	3.25
Total	<u>6.50</u>	<u>4.61</u>

14.2 Remuneration to Auditor

From 2017 to 2019, the auditor, A.M.T Associate Office, was paid as follows:

Unit: Baht	2017	2018	2019
Remuneration to auditor	900,000	960,000	960,000
Other payments	-	-	-