

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
INTERIM FINANCIAL INFORMATION
JUNE 30, 2022
AND AUDITOR'S REPORT ON THE REVIEW
OF INTERIM FINANCIAL INFORMATION

Auditor's Report on the Review of Interim Financial Information

To the Board of Director of Boutique Newcity Public Company Limited

I have reviewed the accompanying interim financial information of Boutique Newcity Public Company Limited. This comprises the statement of financial position as at June 30, 2022, the statements of comprehensive income for the three-month and six-month periods then ended, the related statement of changes in equity and cash flows for the six-month period then ended, and the condensed notes to the interim financial information. Management is responsible for the preparation and presentation of this interim financial information in accordance with the Thai Accounting Standard 34, "Interim Financial Reporting". My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of interim financial information performed by the independent auditor of the entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with the Thai Accounting Standard 34, "Interim Financial Reporting".

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Emphasis of Matter

I draw attention to Note 1.4 to the interim financial information. The Coronavirus disease 2019 pandemic currently affects the Company's business activities in terms of revenue from sales, and this is significantly impacting the Company's financial position, operating results, and cash flows at present, and is expected to do so in the future. The Company's management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and has used estimates and judgement in respect of various issues as the situation has evolved. My conclusion is not modified in respect of this matter.



(Ms. Nonglak Pattanabandith)

Certified Public Accountant

Registration No. 4713

Karin Audit Company Limited

Bangkok

August 10, 2022

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

	Note	Unit : Thousand Baht	
		June 30, 2022 "Unaudited" "Reviewed"	December 31, 2021 "Audited"
Assets			
Current Assets			
Cash and cash equivalents		1,679	23,008
Trade accounts receivable	3	10,585	42,270
Other current receivables	2	28,464	9,269
Inventories		194,612	206,741
Other current assets		11,336	11,145
Total current assets		246,676	292,433
Non-current assets			
Other non-current financial assets	4	147,435	151,745
Investment properties	5	72,295	72,295
Property, plant and equipment	6	36,094	40,316
Right-of-use assets	7	27,526	51,215
Intangible assets		1,792	1,792
Deferred tax assets		22,354	28,646
Other non-current assets		25,075	39,313
Total non-current assets		332,571	385,322
Total assets		579,247	677,755

The condensed notes to the interim financial information are an integral part of this interim financial information.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2022

		Unit : Thousand Baht	
		June 30, 2022	December 31, 2021
		"Unaudited"	"Audited"
	Note	"Reviewed"	
Liabilities and equity			
Current liabilities			
Overdrafts and short-term borrowings from financial institutions		24,168	66,362
Trade accounts payable	2	3,080	35,490
Other current payables	2	15,427	23,124
Current portion of lease liabilities	7	9,035	16,519
Short-term loans from related parties	2	50,000	40,500
Other current liabilities	2	11,317	5,786
Total current liabilities		113,027	187,781
Non-current liabilities			
Lease liabilities	7	18,357	37,392
Non-current provisions for employee benefit		10,075	9,778
Other non-current provisions		2,595	3,499
Total non-current liabilities		31,027	50,669
Total liabilities		144,054	238,450
Equity			
Share capital			
Authorized share capital			
25,000,000 common shares, Baht 10 par value		250,000	250,000
Issued and paid-up share capital			
12,000,000 common shares, Baht 10 par value		120,000	120,000
Premium on ordinary shares		279,256	279,256
Retained earnings			
Appropriated - legal reserve		8,060	8,060
Unappropriated		(34,359)	(20,030)
Other component of equity		62,236	52,019
Total equity		435,193	439,305
Total liabilities and equity		579,247	677,755

The condensed notes to the interim financial information are an integral part of this interim financial information.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

"Unaudited"

"Reviewed"

		Unit : Thousand Baht	
	Note	2022	2021
Revenues			
Revenues from sales and services	2	121,950	175,766
Gain on sale of investment	4	15,315	-
Other income	2	3,726	5,165
Total revenues		140,991	180,931
Expenses			
Cost of sales of goods and services	2	63,898	103,493
Distribution costs		53,342	75,082
Administrative expenses		19,502	20,486
Finance costs		1,614	2,506
Total expenses		138,356	201,567
Profit (loss) before income tax expense		2,635	(20,636)
Tax expense (income)		6,383	(4,337)
Profit (loss) for the period		(3,748)	(16,299)
Other comprehensive income			
Item that will not be reclassified to profit or loss			
Gain (loss) on investments in equity instruments designated at FVOCI		(455)	1,336
Tax expense (income)		(91)	267
Other comprehensive income for the period, net of tax		(364)	1,069
Total comprehensive income for the period		(4,112)	(15,230)
Basic earnings (loss) per share (in Baht)		(0.31)	(1.36)
Weighted average number of ordinary shares (thousand shares)		12,000	12,000

The condensed notes to the interim financial information are an integral part of this interim financial information.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

"Unaudited"

"Reviewed"

	Unit : Thousand Baht	
	2022	2021
Cash flows from operating activities		
Profit (loss) before income tax	2,635	(20,636)
Adjustments to reconcile profit (loss) to cash provided		
Trade accounts receivable (increase) decrease	31,686	(21,574)
Other receivables (increase) decrease	(25)	(28,223)
Inventories (increase) decrease	13,046	23,608
Other current assets (increase) decrease	17	(103)
Other non-current assets (increase) decrease	14,238	149
Trade accounts payable increase (decrease)	(32,410)	13,515
Other payables increase (decrease)	(7,697)	6,678
Other current liabilities increase (decrease)	5,531	(242)
Other non-current provisions increase (decrease)	-	(425)
Other non-current liabilities increase (decrease)	(1,096)	-
Depreciation and amortization	9,785	19,459
Loss on disposal of equipment	1,853	313
Allowance for (reversal of) declining value of inventories	(918)	-
Expected credit losses and bad debt	-	403
Non-current provisions for employee benefit	296	296
Gain on sale of investment in equity instrument	(15,315)	-
Gain from lease modification	(1,583)	-
Cash from operating activities	20,043	(6,782)
Dividend income	(737)	(902)
Interest expense	1,614	2,506
Income tax paid	(713)	(627)
Proceeds from income tax return	505	-
Net cash from (used in) operating activities	20,712	(5,805)

The condensed notes to the interim financial information are an integral part of this interim financial information.

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

"Unaudited"

STATEMENT OF CASH FLOWS

"Reviewed"

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2022

	Unit : Thousand Baht	
	2022	2021
Cash flows from investing activities		
Dividends received	737	902
Acquisition of equipment	(119)	(331)
Proceeds from disposal of equipment	86	-
Acquisition of right-of-use assets	-	(317)
Acquisition of intangible assets	-	(225)
Net cash from (used in) investing activities	704	29
Cash flows from financing activities		
Overdrafts and short-term borrowings from financial institutions increase (decrease)	(42,194)	243
Proceeds from short-term borrowings from related party	21,500	30,000
Repayment of short-term borrowings from related party	(12,000)	(21,000)
Repayment of lease liabilities	(8,437)	(5,057)
Interest paid	(1,614)	(2,506)
Net cash from (used in) financing activities	(42,745)	1,680
Net increase (decrease) in cash and cash equivalents	(21,329)	(4,096)
Cash and cash equivalents at beginning of period	23,008	5,776
Cash and cash equivalents at ending of period	1,679	1,680

Supplement disclosures of cash flow information :

Non-cash transactions

For the six-month period ended June 30, 2022

- The Company sold investment in equity instrument to a related party at the selling price of Baht 19.2 million, but has not been collected.
- The Company transferred furniture and equipment under right-of-use assets to property, plant and equipment of Baht 1.2 million.

The condensed notes to the interim financial information are an integral part of this interim financial information.

JUNE 30, 2022

2. Transactions and balance with related parties

During the three-month and six-month periods ended June 30, 2022 and 2021, the Company had significant business transactions with related parties. Such business transactions are subject to commercial terms and criteria agreed between the Company and those related parties. The important business transactions with related parties can be summarized as follows:

	Unit : Thousand Baht			
	For the three-month period ended June 30		For the six-month period ended June 30	
	2022	2021	2022	2021
Related parties				
Revenue from sale of goods	73	-	174	20
Other income	241	202	350	342
Rental income	15	-	30	-
Sale of investment (Note 4)	19,170	-	19,170	-
Purchase of goods	14,574	47,361	35,426	73,525
Distribution costs	1,502	990	2,574	2,119
Administrative expenses	885	639	2,172	1,269
Interest expense	305	92	534	190
Key management				
Key management compensation				
Short-term benefit	929	926	1,863	1,838
Post-employment benefit	20	20	40	40
Total key management compensation	949	946	1,903	1,878

Significant balances with related parties as at June 30, 2022 and December 31, 2021 are as follows:

	Unit : Thousand Baht	
	June 30, 2022	December 31, 2021
Other current receivables		
Related parties	21,300	2,322
Trade accounts payable		
Related parties	2,630	22,408

JUNE 30, 2022

4. Other non-current financial assets

Movements during the six-month period ended June 30, 2022 were as follows:

	Unit : Thousand Baht
At January 1, 2022	151,745
Disposals	(3,855)
Valuation adjustment	(455)
At June 30, 2022	147,435

In June 2022, the Company sold investment in equity instrument of a non - listed company (Panivara Co., Ltd.) to a related party (Siratam Co., Ltd.) of 18,000 shares at the selling price of Baht 19.2 million and recognised gain from sale of Baht 15.3 million in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2022.

5. Investment properties

Fair value of investment properties as at June 30, 2022 is as follow:

	Unit : Thousand Baht	
	Cost	Fair value
Land	72,295	306,874

Fair values of land are appraised values the Government agency, level 2 of fair values hierarchy.

6. Property, plant and equipment

Movements during six-month period ended June 30, 2022 were as follows:

	Unit : Thousand Baht
Net carrying value at January 1, 2022	40,316
Purchases	119
Disposals	(1,939)
Transfer in	1,180
Depreciation for the period	(3,582)
Net carrying value at June 30, 2022	36,094

The gross amount of the Company’s fully depreciation property and equipment that was still in use as at June 30, 2022 amounted to Baht 101.0 million (December 31, 2021: Baht 119.2 million).

JUNE 30, 2022

7. Leases

Movements of the right-of-use assets during the six-month period ended June 30, 2022 are summarized below:

	Unit : Thousand Baht
Net book value as at January 1, 2022	51,215
Increase	2,864
Lease modification	(19,170)
Transfer out	(1,180)
Depreciation for the period	(6,203)
Net book value as at June 30, 2022	27,526

Movement of lease liabilities during the six-month period ended June 30, 2022 are summarised below:

	Unit : Thousand Baht
At January 1, 2022	53,911
Increase	2,672
Accretion of interest	530
Lease modification	(20,753)
Payments	(8,968)
At June 30, 2022	27,392
Less current portion	9,035
Lease liabilities, net of current portion	18,357

The following are the amounts recognised in profit or loss for the six-month period ended June 30, 2022:

	Unit : Thousand Baht
Depreciation of right-of-use assets	6,203
Interest expense on lease liabilities	530
Expense relating to short-term lease	3,149
Variable lease payments based on sales	3,829
Total	13,711

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED

CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION

JUNE 30, 2022

“Unaudited”

“Reviewed”

8. Segment information

Information about reportable segment

Business segments

The Company’s operations mainly involve trading and servicing garments and others. Management considers that the financial information of the Company by business segments for the three-month periods ended June 30, 2022 and 2021 is as follows:

	Unit : Thousand Baht											
	Domestic retail		Online		Foreign retail		Corporate sales		Others		Total reportable segments	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from sale and service	29,359	18,302	11,083	17,386	2,808	797	8,150	60,316	1,119	519	52,519	97,320
Cost of sales and services	8,936	8,188	4,542	10,385	3,004	410	5,677	41,290	969	457	23,128	60,730
Segment profit before income tax	20,423	10,114	6,541	7,001	(196)	387	2,473	19,026	150	62	29,391	36,590
Unallocated amounts of revenue and expenses:												
Gain on sale of investment											15,315	-
Other income											2,670	3,016
Distribution costs											(26,652)	(35,061)
Administrative expenses											(10,242)	(10,340)
Financial Cost											(718)	(1,065)
Tax (expense) income											(3,918)	982
Profit (loss) for the period											5,846	(5,878)

BOUTIQUE NEWCITY PUBLIC COMPANY LIMITED
CONDENSED NOTES TO THE INTERIM FINANCIAL INFORMATION
JUNE 30, 2022

“Unaudited”
“Reviewed”

The financial information by business segments for the six-month periods ended June 30, 2022 and 2021 is as follows:

	Unit : Thousand Baht											
	Domestic retail		Online		Foreign retail		Corporate sales		Others		Total reportable segments	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Revenue from sale and service	54,310	54,457	25,487	34,951	4,862	1,674	34,984	83,496	2,307	1,188	121,950	175,766
Cost of sales and services	17,581	24,099	10,571	19,960	3,924	861	29,873	57,523	1,949	1,050	63,898	103,493
Segment profit before income tax	36,729	30,358	14,916	14,991	938	813	5,111	25,973	358	138	58,052	72,273
Unallocated amounts of revenue and expenses:												
Gain on sale of investment											15,315	-
Other income											3,726	5,165
Distribution costs											(53,342)	(75,082)
Administrative expenses											(19,502)	(20,486)
Financial Cost											(1,614)	(2,506)
Tax (expense) income											(6,383)	4,337
Profit (loss) for the period											(3,748)	(16,299)
Segment assets as at June 30 / December 31											579,247	677,755
Segment liabilities as at June 30 / December 31											144,054	238,450

Geographical segments

The Company operate principally in Thailand.

JUNE 30, 2022

9. Fair value of financial instruments

Most of the Company’s financial instruments are classified as short-term or have interest rates that are close to market rate. Therefore, the carrying amounts of these financial instruments are estimated to approximate their fair value in the statements of financial position.

Financial assets measured at fair value in the statements of financial position as follows:

	Unit : Thousand Baht			
	Level 1	Level 2	Level 3	Total
June 30, 2022				
Other non-current financial assets - investments				
in equity instruments of				
Listed company	1,821	-	-	1,821
Non - listed companies	-	-	145,614	145,614
	<u>1,821</u>	<u>-</u>	<u>145,614</u>	<u>147,435</u>

10. Commitment and contingent liabilities

10.1 As at June 30, 2022, the Company has guarantee for overdraft lines to local financial institutions for certain related companies amounting to totaling Baht 11.0 million (December 31, 2021 : Baht 11.0 million).

10.2 As at June 30, 2022, the Company has contingent liabilities for letters of guarantees with several financial institutions, guarantee for its performance with customers, lease agreements and utilities totaling Baht 11.8 million (December 31, 2021 : Baht 18.5 million).

10.3 On July 9, 2015, the Company has entered into the service agreement with a local company in order to get consulting services on implementation and integrating programs development, total fee of this agreement is Baht 13.1 million. Presently, the Company paid up fee and other service together of Baht 12.2 million. This amount was recorded under intangible assets.

On August 31, 2018, The Company as plaintiff sued a counterparty and another company as defendants, the allegation about service provider has breached of contract. The Company claimed to return paid up amount and recover damages totaling of Baht 35.2 million, plus interest 7.5% of Baht 33.1 million since prosecution date till the claim amount is fully paid.

On January 29, 2019, defendants entered a plea and counterclaimed the Company, the allegation about plaintiff intended to do infringement. Defendants requested plaintiff to withdraw the prosecution and claimed for Baht 48.7 million plus interest 7.5% of this amount since prosecution date till the claim amount is fully paid.

On April 2, 2019, the Company submitted the requisitions to the Civil Court to withdraw the counterclaim from defendants.

At present, the case is in the Civil Court proceeding.

According to the mentioned lawsuit, the Company fully provided impairment on the computer software and recognized as expense of Baht 12.2 million in 2019.

11. Approval of interim financial information

This interim financial information was authorized for issue by the Board of Directors on August 10, 2022.