O.C.C. PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2023

**INDEPENDENT AUDITOR’S REPORT**

**To the Shareholders of O.C.C. Public Company Limited**

**Opinion**

I have audited the accompanying consolidated and separate financial statements of O.C.C. Public Company Limited AND SUBSIDIARIES (the Group) and of O.C.C. Public Company Limited (the Company), which comprise the consolidated and separate statements of financial position as at December 31, 2023, and the consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders’ equity and consolidated and separate statements of 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 O.C.C. Public Company Limited AND SUBSIDIARIES and of O.C.C. Public Company Limited as at December 31, 2023, and their financial performance and cash flows for the year then ended 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 Consolidated and Separate Financial Statements section of my report. I am independent of the Company in accordance with the Code of Ethics for Professional Accountants including Independence Standards issued by the Federation of Accounting Professions (Code of Ethics for Professional Accountants) that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code of Ethics for Professional Accountants. 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.

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**Key audit matters included auditing procedures are as follows:**

**Provision for devaluation of inventories.**

As stated in Note to financial statements No. 8, the Company has material amount of inventories amount of Baht 196 million as at December 31, 2023 valued at the lower of cost or net realizable value in the financial statements. The Management ,therefore, has made judgment to consider the suitable amount of provision for devaluation of inventories against obsolete inventories by making analytical in almost expired and outdated of each inventory. The net realizable value is considered from expected discount sales plan.

I have ensured relating to the suitable assumption used by the Management for calculation provision for devaluation of inventories by included.

* Obtain an understanding of operation procedure and internal control related to consideration of provision for devaluation of inventories
* Review the design and implementation of internal control procedure.
* Perform the operating effectiveness testing over the internal control procedure of provision for devaluation of inventories process.
* Perform substantive testing as follows
* Observing in physical count of inventories.
* Comparing cost of goods with net realizable value calculated by the selling price after reporting period.
* Making analytical in turnover of inventories in order to indentify the slow-movement, almost expired and outdated inventories.
* Test calculation in provision for devaluation of inventories.

**Revenue recognition from consignment**

The company is cosmetic and clothes distributor by having main channel in Department Store (Customer). Ownership of consignment goods is not transferred to customer when delivered and customer has the rights to return goods in various ways in some cases. Revenue from consignment will not be recognized until ownership is transferred from customer to third person. The consignee will not hold ownership or make payment until goods is sold from consignee to third person according to condition in the consignment agreement.

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I have assessed and tested the effectiveness of internal control in order to ensure the accuracy and completeness of recording revenue recognition from consignment by.

* Obtain an understanding of operation procedure and internal control related to consignment.
* Check by random supporting document of recording revenue recognition incurred during the year and at the end of the year for considering the possibility of unusual sale transaction.
* Check by random inventories physical count monthly report and comparing with detail of inventories in the computer system and at the end of period.
* Check by random by making reconcile monthly revenue in computer system with summary of sales from Department Store.

**Other Information**

Management is responsible for the other information. The other information comprises information in the annual report of the Group, but does not include the consolidated and separate 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 consolidated and separate financial statements does not cover the other information and I do not and will 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 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 Consolidated and Separate Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Thai Financial Reporting Standards, 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.

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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 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 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 consolidated and separate financial statements.

As part of an audit in accordance with Thai Standards on Auditing, 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 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 the 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 consolidated and separate 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.

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* 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 the Code of Ethics for Professional Accountants 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.

D I A International Audit Co., Ltd.

(Mr. Apipong Leongnarktongdee)

C.P.A. (Thailand)

Registration No. 12199

February 21, 2024