

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2016



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pan Asia Footwear Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pan Asia Footwear Public Company Limited and its subsidiaries as at 31 March 2016, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pan Asia Footwear Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

Except for the matter discussed in the following paragraph, I conducted my review in accordance with Thai Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

Basis for qualified conclusion

As discussed in Note 7 to the financial statements, the Company did not obtain the consolidated and separate financial statements for the three-month period ended 31 March 2016 of PA Capital Co., Ltd., the associated company, and its subsidiary companies. The Company obtained only the separate financial statements of the associated company as at 31 December 2015, which were audited by its auditor. I was unable to apply other reviewing procedures to satisfy myself as to the value of such investment in associate, including the related accounts in the statement of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance. In addition, for the review of financial statements for the first quarter of 2015 and the audit of financial statements for the year 2015, I was not furnished with the up-to-date



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financial statements of the associated company and its subsidiary companies for such periods as well. I therefore issued the qualified conclusion on the financial statements for the first quarter of 2015 and issued the qualified opinion on the financial statements for the year 2015 for such matter.

Since I was unable to determine whether and to what extent any adjustments were required to adjust the value of investment in associate as at 31 March 2016 and 31 December 2015, including the related accounts in the statements of comprehensive income for the first quarter of 2016 and 2015. My conclusion on the current period's financial statements is qualified as the matter may affect the operating results and the financial position for the current period and comparative figures.

Qualified conclusion

Based on my review, except for any adjustments that might be required to the interim financial information for the three-month period ended 31 March 2016 as a result of the matter discussed in the basis for qualified conclusion paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Emphasis of matter

I draw attention to Note 1.2 to the financial statements, regarding the ability of the Company and its subsidiaries to continue as a going concern. As presented in the separate statement of financial position as at 31 March 2016, the Company has current liabilities exceeded current assets by Baht 152 million and as presented in the consolidated financial statements as at 31 March 2016, the Company and its subsidiaries have deficits of Baht 7 million. In addition, several subsidiaries had ceased their operations. These conditions indicate the existence of a material uncertainty which could give rise to doubt as to the Company's and its subsidiaries' ability to continue as a going concern. My conclusion is not qualified in respect of this matter.

Manee Rattanabunnakit
Certified Public Accountant (Thailand) No. 5313

EY Office Limited
Bangkok: 16 May 2016

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2016	31 December 2015	31 March 2016	31 December 2015
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		110,402	113,467	23,741	23,258
Current investments		6,774	35,043	-	-
Trade and other receivables	2	156,362	156,408	12,146	6,846
Short-term loans to related parties and others	3	2,373	2,768	-	-
Inventories	4	84,972	82,310	-	2,701
Other current assets		15,850	14,976	2,170	2,323
		<u>376,733</u>	<u>404,972</u>	<u>38,057</u>	<u>35,128</u>
Assets classified as held for sale		1,322	1,322	5,000	5,000
Total current assets		<u>378,055</u>	<u>406,294</u>	<u>43,057</u>	<u>40,128</u>
Non-current assets					
Restricted bank deposits	5	6,422	6,604	1,349	1,349
Investments in available-for-sale securities		54	50	54	50
Investments in subsidiaries	6	-	-	262,101	232,694
Investments in associates	7	-	13,350	-	-
Investments in related parties	8	8,985	8,985	7,745	7,745
Long-term loans to related parties	3	-	-	-	-
Investment properties	9	222,343	219,669	347,634	348,570
Property, plant and equipment	10	98,981	83,064	11,475	11,894
Goodwill		-	-	-	-
Leasehold right		-	-	-	-
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		220	205	-	-
Other non-current assets		16,300	14,965	2,280	2,168
Total non-current assets		<u>353,305</u>	<u>346,892</u>	<u>632,638</u>	<u>604,470</u>
Total assets		<u>731,360</u>	<u>753,186</u>	<u>675,695</u>	<u>644,598</u>

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



Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	11	18,608	7,229	14,614	3,234
Trade and other payables	12	118,696	146,053	37,320	35,714
Short-term loans from related parties	3	100,000	100,000	130,000	100,000
Current portion of liabilities under finance					
lease agreements		2,564	2,559	-	-
Current portion of long-term loans under debt					
restructuring agreement	13	13,080	13,080	-	-
Current portion of liabilities under debt					
settlement agreement	15	-	-	13,080	13,080
Income tax payable		5,264	4,108	-	-
Other current liabilities		3,311	3,571	537	477
Total current liabilities		261,523	276,600	195,551	152,505
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		1,358	1,637	-	-
Long-term loans under debt restructuring agreement,					
net of current portion	13	35,631	68,898	-	-
Accrued interest under debt restructuring agreement	13	90,121	88,335	-	-
Liabilities under debt settlement agreement,					
net of current portion	15	-	-	35,631	68,898
Provision for long-term employee benefits		7,021	4,325	532	522
Long-term provisions	14	30,990	29,865	61,564	61,564
Deferred tax liabilities		4,818	3,338	520	503
Other non-current liabilities		5,786	5,786	3,023	3,023
Total non-current liabilities		175,725	202,184	101,270	134,510
Total liabilities		437,248	478,784	296,821	287,015

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



Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2016

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited)	31 March 2016 (Unaudited but reviewed)	31 December 2015 (Audited)
Shareholders' equity				
Share capital				
Registered				
	275,400	275,400	275,400	275,400
540,000,000 ordinary shares of Baht 0.51 each				
Issued and fully paid-up				
	275,400	275,400	275,400	275,400
540,000,000 ordinary shares of Baht 0.51 each				
	(17,553)	(17,553)	-	-
The Company's shares held by subsidiaries				
Retained earnings				
	(6,638)	(39,416)	103,544	82,257
Unappropriated (deficit)				
	2,625	(74)	(70)	(74)
Other component of shareholders' equity				
	253,834	218,357	378,874	357,583
Equity attributable to owners of the Company				
	40,278	56,045	-	-
Non-controlling interests of the subsidiaries				
	294,112	274,402	378,874	357,583
Total shareholders' equity				
	731,360	753,186	675,695	644,598
Total liabilities and shareholders' equity				

The accompanying notes are an integral part of the financial statements



Directors

(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2016

(Unit: Thousand Baht, except basic earnings per share expressed in Baht)

	Consolidated financial statements		Separate financial statements		
	Note	2016	2015	2016	2015
Profit or loss:					
Revenues					
Sales		164,049	122,577	5,253	5,752
Revenues from hire of work		7,221	9,133	-	-
Interest income		264	7,685	45	3,687
Gain on sales of assets		297	19,950	274	9,130
Gain on debt restructuring		-	39,068	-	-
Other income		11,265	1,962	2,520	1,867
Total revenues		183,096	200,375	8,092	20,436
Expenses					
Cost of sales and hire of work		147,100	109,660	5,841	5,606
Selling expenses		2,740	1,954	411	457
Administrative expenses		33,725	27,584	6,960	7,350
Allowance for doubtful accounts (reversal)		(40,233)	6,682	(27,870)	(8,124)
Reversal of provision from guarantee for subsidiaries		-	-	-	(51,309)
Total expenses		143,332	145,880	(14,658)	(46,020)
Profit before shares of profit from investments					
in associates, finance cost and income tax expenses		39,764	54,495	22,750	66,456
Shares of profit from investments in associates		46	3,818	-	-
Profit before finance cost and income tax expenses		39,810	58,313	22,750	66,456
Finance cost		(4,705)	(5,467)	(1,446)	(1,736)
Profit before income tax expenses		35,105	52,846	21,304	64,720
Income tax expenses	16	(870)	(4,037)	(17)	(45)
Profit for the period before loss from discontinued operations		34,235	48,809	21,287	64,675
Loss for the period from discontinued operations		-	(147)	-	-
Profit for the period		34,235	48,662	21,287	64,675
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments					
- net of income tax		4	(9)	4	(9)
Other comprehensive income for the period		4	(9)	4	(9)
Total comprehensive income for the period		34,239	48,653	21,291	64,666

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht, except basic earnings per share expressed in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit attributable to:					
Equity holders of the Company		32,778	47,463	21,287	64,675
Non-controlling interests of the subsidiaries		1,457	1,199		
		<u>34,235</u>	<u>48,662</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		32,782	47,454	21,291	64,666
Non-controlling interests of the subsidiaries		1,457	1,199		
		<u>34,239</u>	<u>48,653</u>		
Basic earnings per share					
Profit attributable to equity holder of the Company	17	<u>0.06</u>	<u>0.09</u>	<u>0.04</u>	<u>0.12</u>

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										Other components of shareholders' equity	
	Equity attributable to owners of the Company										Other components of shareholders' equity	
	issued and paid-up share capital	Share premium	The Company's shares held by its subsidiaries	Retained earnings (deficit)	Gain (loss) on changes in value of available-for-sale investments	Difference resulting from change in shareholding in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	shareholders' equity	
Balance as at 1 January 2015	2,700,000	1,677	(17,553)	21,000	(66)	-	(66)	55,417	10,402	65,819		
Profit for the period	-	-	-	47,463	-	-	-	47,463	1,199	48,662		
Other comprehensive income for the period	-	-	-	-	(9)	-	(9)	(9)	-	(9)		
Total comprehensive income for the period	-	-	-	47,463	(9)	-	(9)	47,454	1,199	48,653		
Increased in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	-	3	3		
Balance as at 31 March 2015	2,700,000	1,677	(17,553)	21,000	(75)	-	(75)	102,871	11,604	114,475		
Balance as at 1 January 2016	275,400	-	(17,553)	-	(74)	-	(74)	218,357	56,045	274,402		
Profit for the period	-	-	-	32,778	-	-	-	32,778	1,457	34,235		
Other comprehensive income for the period	-	-	-	-	4	-	4	4	-	4		
Total comprehensive income for the period	-	-	-	32,778	4	-	4	32,782	1,457	34,239		
Decreased in non-controlling interests of the subsidiaries (Note 6)	-	-	-	-	-	2,695	2,695	(2,695)	(17,224)	(14,529)		
Balance as at 31 March 2016	275,400	-	(17,553)	-	(70)	2,695	2,625	253,834	40,278	294,112		

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

Separate financial statements

	Retained earnings (deficit)		Other comprehensive income		Total shareholders' equity
	Unappropriated		Gain (loss)		
	Appropriated - legal reserve	Unappropriated	on changes in value of available-for-sale investments	income	
Issued and paid-up share capital	Share premium	Retained earnings (deficit)	Other comprehensive income		
		Appropriated - legal reserve	Unappropriated	Gain (loss)	
Balance as at 1 January 2015	1,677	21,000	(2,552,457)	(66)	170,154
Profit for the period	-	-	64,675	-	64,675
Other comprehensive income for the period	-	-	-	(9)	(9)
Total comprehensive income for the period	-	-	64,675	(9)	64,666
Balance as at 31 March 2015	1,677	21,000	(2,487,782)	(75)	234,820
Balance as at 1 January 2016	275,400	-	82,257	(74)	357,583
Profit for the period	-	-	21,287	-	21,287
Other comprehensive income for the period	-	-	-	4	4
Total comprehensive income for the period	-	-	21,287	4	21,291
Balance as at 31 March 2016	275,400	-	103,544	(70)	378,874

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	35,105	52,846	21,304	64,720
Loss from discontinued operations	-	(147)	-	-
Profit for the period	35,105	52,699	21,304	64,720
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	4,773	3,373	1,781	1,831
Bad debt and allowance for doubtful accounts (reversal)	(40,233)	6,682	(27,870)	(8,124)
Reversal of reduction of inventories to net realisable value	(10,840)	(434)	(10,840)	(454)
Gain on disposal of property, plant and equipment	(297)	(19,950)	(274)	(9,130)
Share of profit from investments in associates	(46)	(3,818)	-	-
Loss on fair value measurement of previously held equity interests	334	-	-	-
Gain from a bargain purchase of equity interests in a subsidiary	(6,479)	-	-	-
Provision for litigation	1,125	-	-	-
Reversal of provision from guarantee for subsidiaries	-	-	-	(51,309)
Provision for long-term employee benefits	1,848	209	10	96
Gain on debt restructuring	-	(39,068)	-	-
Unrealised loss (gain) on exchange rate	(38)	6	(4)	(60)
Interest income	(264)	(7,685)	(45)	(3,687)
Interest expenses	4,705	5,467	1,446	1,736
Loss from operating activities before changes in operating assets and liabilities	(10,307)	(2,519)	(14,492)	(4,381)
Operating assets (increase) decrease				
Trade and other receivables	18,837	(4,952)	(6,837)	(28,109)
Inventories	10,224	17,529	13,541	2,719
Other current assets	(622)	(452)	153	(1,996)
Other non-current assets	(2,154)	(4,632)	-	(2,411)
Assets of subsidiaries that classified as held for sale	-	149	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(31,751)	(17,107)	1,606	(3,576)
Other current liabilities	(455)	(143)	60	(263)
Other non-current liabilities	-	28	-	-
Liabilities directly associated with assets of subsidiaries that classified as held for sales	-	(2)	-	-
Cash used in operating activities	(16,228)	(12,101)	(5,969)	(38,017)
Cash paid for corporate income tax	(373)	(656)	(112)	(321)
Income tax refunded	1,062	-	-	-
Net cash flows used in operating activities	(15,539)	(12,757)	(6,081)	(38,338)

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the three-month period ended 31 March 2016

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Increase in cash from change in status of associate to be subsidiary	11,513	-	-	-
Decrease (increase) in restricted bank deposits	182	(3)	-	-
Decrease in current investments	28,269	64,532	-	19,535
Cash receipt from short-term loans to related parties and others	395	3,293	-	-
Increase in long-term loans to related parties	-	-	-	(4,480)
Cash receipt from long-term loans to related parties	20	-	-	22,400
Cash paid for investment in a subsidiary	-	-	-	(3,907)
Purchase of property, plant and equipment	(2,942)	(3,472)	(426)	(1,911)
Proceeds from disposal of property, plant and equipment	327	21,246	274	21,230
Interest income	391	704	45	11,483
Net cash flows from (used in) investing activities	38,155	86,300	(107)	64,350
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	11,379	(55,973)	11,380	(44,231)
Cash receipt from short-term loans from related parties	-	-	30,000	-
Repayment of liabilities under finance lease agreements	(873)	(619)	-	-
Repayment of long-term loans	(33,267)	(32,642)	-	-
Repayment of liabilities under debt settlement agreement	-	-	(33,267)	-
Cash receipt from non-controlling interests of a subsidiary for investment in a subsidiary	-	3	-	-
Cash paid for interest expenses	(2,920)	(4,550)	(1,442)	(1,818)
Net cash flows from (used in) financing activities	(25,681)	(93,781)	6,671	(46,049)
Net increase (decrease) in cash and cash equivalents	(3,065)	(20,238)	483	(20,037)
Cash and cash equivalents at the beginning of period	113,467	81,683	23,258	23,490
Cash and cash equivalents at end of period	110,402	61,445	23,741	3,453

Supplementary cash flows information:

Non-cash transactions:

Equipment increased due to payment received from an account receivable - subsidiary	-	-	-	12,090
Transfer equipment to investment in a subsidiary	-	-	-	12,090
Investment properties increased due to payment received from an associate	3,100	-	-	-
Investment in subsidiaries increased due to payment received from a subsidiary	-	-	29,407	-
Change in status of investment in associate to investment in subsidiary	13,396	-	-	-
Assets acquired under finance lease agreement	-	4,080	-	-
Transfer short-term loan from a financial institution to long-term loan under debt restructuring agreement	-	91,788	-	-
Transfer accrued interest from short-term loan to accrued interest under debt restructuring agreement	-	82,577	-	-

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



Pan Asia Footwear Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2016

1. General information

1.1 Corporate information

Pan Asia Footwear Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture, distribution and export of footwear. However, the Company had restructured its business in 2013. Currently, the Company is principally engaged in investment in other companies (Holding company). The registered office of the Company is at 620/5 Moo 11, Nongkharm, Siracha, Chonburi.

1.2 Going concern

As presented in the separate financial statements as at 31 March 2016, the Company’s current liabilities exceeded its current assets by Baht 152 million, and as presented in the consolidated financial statements as at 31 March 2016, the Company and its subsidiaries had a deficit of Baht 7 million. In addition, several subsidiaries had ceased their operations. Although these factors raise substantial doubt about the ability of the Company and subsidiaries to continue as a going concern, the Company has restructured its business and the Company and its subsidiaries have entered into debt restructuring agreements with a bank, as described in Note 13 to the financial statements. For these reasons, the financial statements have been prepared on the going concern basis.

1.3 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2015) “Interim Financial Reporting”, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders’ equity, and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.



(Unaudited but reviewed)

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

1.4 Basis of interim consolidation

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015, with no structural changes related to subsidiaries occurring during the current period, except that the status of Aphakorn Industrial Co., Ltd. changed from an associate to a subsidiary, as described in Note 6 to the financial statements.

1.5 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised and new financial reporting standards including accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and the subsidiaries' financial statements.

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	55,160	52,604	51	-
Past due				
Up to 3 months	23,524	23,090	3,266	131
3 - 6 months	8,285	8,282	93	112
6 - 12 months	6,753	9,374	371	301
Over 12 months	73,474	76,462	417	409
Total	167,196	169,812	4,198	953
Less: Allowance for doubtful accounts	(72,733)	(72,733)	(231)	(231)
Total trade receivables - related parties, net	94,463	97,079	3,967	722



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(Unaudited but reviewed)

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	31,773	33,770	2	558
Past due				
Up to 3 months	19,357	16,158	215	16
3 - 6 months	448	651	-	-
6 - 12 months	411	346	-	48
Over 12 months	10,772	10,427	332	297
Total	62,761	61,352	549	919
Less: Allowance for doubtful accounts	(10,603)	(10,271)	(8)	(8)
Total trade receivables - unrelated parties, net	52,158	51,081	541	911
Total trade receivables - net	146,621	148,160	4,508	1,633
<u>Other receivables</u>				
Other receivables - related parties	272,756	370,628	149,844	151,606
Other receivables - unrelated parties	18,287	16,883	8,927	7,101
Total	291,043	387,511	158,771	158,707
Less: Allowance for doubtful accounts	(281,302)	(379,263)	(151,133)	(153,494)
Total other receivables - net	9,741	8,248	7,638	5,213
Total trade and other receivables - net	156,362	156,408	12,146	6,846

3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with individual or 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 subsidiaries and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	3	-	Cost plus margins
Interest income	-	-	2	4	7.5% per annum
Purchase of goods	-	-	-	2	Cost plus margins
<u>Transactions with associates</u>					
Sales of goods	-	1	-	-	Cost plus margins
Interest income	4	7	-	-	6.5% - 7.5% per annum
Purchase of goods	-	2	-	-	Cost plus margins



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(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 31 March				Pricing policy
	Consolidated		Separate		
	financial statements		financial statements		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with related companies</u>					
Sales of goods	85	72	-	-	Cost plus margins
Purchase of goods	1	1	-	-	Cost plus margins
Utilities expenses	1	2	-	-	As specified in the agreement
Other expenses	2	2	-	-	As specified in the agreement
<u>Transaction with related person</u>					
Interest expenses	1	1	1	1	4.9% per annum

The balances of the accounts between the Company and those related parties were as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
<u>Trade and other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	95,940	95,576
Associates	193,771	293,079	18,290	18,294
Related companies (related by common shareholders and directors)	246,181	247,361	39,812	38,689
Total	439,952	540,440	154,042	152,559
Less: Allowance for doubtful accounts	(341,351)	(439,685)	(146,529)	(148,982)
Net	98,601	100,755	7,513	3,577
<u>Receivables from guarantee - related parties</u>				
Subsidiaries	-	-	22,267	47,774
Associates	36,286	36,286	36,286	36,286
Related companies (related by common shareholders)	14,734	14,734	14,734	14,734
Total	51,020	51,020	73,287	98,794
Less: Allowance for doubtful accounts	(51,020)	(51,020)	(73,287)	(98,794)
Net	-	-	-	-
<u>Trade and other payables - related parties (Note 12)</u>				
Subsidiaries	-	-	9,928	9,803
Associates	1,081	18,773	289	292
Related companies (related by common shareholders)	32,121	34,773	10,779	13,570
Total	33,202	53,546	20,996	23,665



(Unaudited but reviewed)

Short-term loans to related parties and others

During the three-month period ended 31 March 2016, the movements of short-term loans to related parties and other were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			As at 31 March 2016
	As at 1 January 2016	Increase	Decrease	
<u>Short-term loans to related parties and other</u>				
Short-term loans to related parties				
Associate				
Nongchang Rubber Co., Ltd.	850	-	-	850
Total	850	-	-	850
Related companies				
Thai Sung Shin New Material Co., Ltd.	2,600	2,000	-	4,600
Natural Art and Technology Co., Ltd.	2,375	-	(375)	2,000
Total	4,975	2,000	(375)	6,600
Total short-term loans to related parties	5,825	2,000	(375)	7,450
Less: Allowance for doubtful accounts	(3,450)	(2,000)	-	(5,450)
Total short-term loans to related parties - net	2,375	-	(375)	2,000
Short-term loans to others	393	-	(20)	373
Total short-term loans to related parties and others, net	2,768	-	(395)	2,373

Long-term loans to related parties

During the three-month period ended 31 March 2016, the movements of long-term loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			As at 31 March 2016
	As at 1 January 2016	Decrease		
<u>Long-term loans to related parties</u>				
Associates				
PA Capital Co., Ltd.	294,515	(85,960)		208,555
P.L. John Industries Co., Ltd.	10,700	-		10,700
Pek Engineering Co., Ltd.	9,540	-		9,540
Total	314,755	(85,960)		228,795
Related company				
Rangsit Footwear Co., Ltd.	2,109	-		2,109
Total	2,109	-		2,109
Total long-term loans to related parties	316,864	(85,960)		230,904
Less: Allowance for doubtful accounts	(316,864)	85,960		(230,904)
Total long-term loans to related parties, net	-	-		-



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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	As at		As at
	1 January	Decrease	31 March
	2016		2016
<u>Long-term loans to related parties</u>			
Subsidiaries			
Kabinburi Pan Asia Footwear Co., Ltd.	96,014	-	96,014
Phimai Footwear Co., Ltd.	23,050	-	23,050
Innovation Nakornluang Footwear Co., Ltd.	2,480	-	2,480
Total	121,544	-	121,544
Related company			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Total	2,109	-	2,109
Total long-term loans to related parties	123,653	-	123,653
Less: Allowance for doubtful accounts	(123,653)	-	(123,653)
Total long-term loans to related parties, net	-	-	-

Short-term loans from related parties

During the three-month period ended 31 March 2016, the movements of short-term loans from related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at		As at	As at		As at
	1 January	Increase	31 March	1 January	Increase	31 March
	2016		2016	2016		2016
<u>Short-term loans from related parties</u>						
Subsidiary						
Advantage Footwear Co., Ltd.	-	-	-	-	30,000	30,000
Total	-	-	-	-	30,000	30,000
Related person						
Mr. Boonyasit Chokwatana	100,000	-	100,000	100,000	-	100,000
Total	100,000	-	100,000	100,000	-	100,000
Total short-term loans from related parties	100,000	-	100,000	100,000	30,000	130,000



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(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2016 and 2015, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	4,157	2,320	1,373	927
Post-employment benefits	15	99	8	96
Total	<u>4,172</u>	<u>2,419</u>	<u>1,381</u>	<u>1,023</u>

Guarantee obligations with related parties

The Company and its subsidiary have outstanding guarantee obligations with its related parties, as described in Note 19.3 a) to the financial statements.

4. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	143,147	100,068
Less: Reversal of reduce cost to net realisable value of inventories account during the period	(10,840)	(10,840)
Balance as at 31 March 2016	<u>132,307</u>	<u>89,228</u>

5. Restricted bank deposits

As at 31 March 2016, the Company and its subsidiaries had pledged the fixed deposits at financial institutions to secure credit facilities and bank guarantee facilities issued by the banks on behalf of the Company and its subsidiaries.



6. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment on investments		Net	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
			(%)	(%)						
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	467,968	(467,968)	(467,968)	-	-
International Curity Footwear Co., Ltd.	350,000	350,000	100	100	349,999	349,999	(349,999)	(349,999)	-	-
Kabinburi Pan Asia Footwear Co., Ltd.	350,000	350,000	100	100	443,523	443,523	(443,523)	(443,523)	-	-
Excellent Rubber Co., Ltd.	370,000	370,000	100	100	385,887	385,887	(385,887)	(385,887)	-	-
Phimai Footwear Co., Ltd.	100,000	100,000	100	100	115,969	115,969	(115,969)	(115,969)	-	-
WBLP Co., Ltd.	30,000	30,000	100	100	43,371	43,371	-	-	43,371	43,371
Pantech R&D Co., Ltd. (registered its dissolution with the Ministry of Commerce on 19 May 2016)	150,000	150,000	100	100	149,998	149,998	(149,998)	(149,998)	-	-
Innovation Nakornluang Footwear Co., Ltd.	350,150	350,150	96	96	264,290	264,290	(264,290)	(264,290)	-	-
Pontex (Thailand) Co., Ltd.	60,800	60,800	93	93	122,112	122,112	(23,000)	(23,000)	99,112	99,112
Exact Q Co., Ltd.	16,000	16,000	100	100	15,997	15,997	-	-	15,997	15,997
Modern Technology Component Co., Ltd.	50,000	50,000	100	100	36,600	36,600	-	-	36,600	36,600
Advantage Footwear Co., Ltd.	91,750	91,750	65	56	45,695	37,614	-	-	45,695	37,614
Aphakorn Industries Co., Ltd.	21,905	-	66	-	21,326	-	-	-	21,326	-
Total					2,462,735	2,433,328	(2,200,634)	(2,200,634)	262,101	232,694

As described in Note 15.1 to the financial statements, on 28 January 2016, an associate transferred 14,394 ordinary shares of Aphakorn Industrial Co., Ltd. which represents 65.71% of the issued and paid-up share capital of that company for settled a debt with the Company. As a result, the Company and its subsidiaries hold 96.58% of the shares of that company and Aphakorn Industrial Co., Ltd. has changed its status from an associate to a subsidiary of the group. As at status changed date, Aphakorn Industrial Co., Ltd. had an outstanding balance of cash and cash equivalents of Baht 12 million, and the Company had therefore presented as "Increase in cash from change in status of associate to be subsidiary" in the cash flows statement for the three-month period ended 31 March 2016.



(Unaudited but reviewed)

Values of assets acquired and liabilities assumed from Aphakorn Industrial Co., Ltd. as at status changed date were summarised below.

	(Unit: Thousand Baht)	
	Fair values as at status changed date	Carrying values as at status changed date
Cash and cash equivalents	11,513	11,513
Trade and other receivables	19,125	19,125
Inventories	2,046	2,046
Other current assets	252	252
Plant and equipment	17,352	6,612
Other non-current assets	3	3
Trade and other payables	(4,450)	(4,450)
Current portion of liabilities under finance lease agreements	(599)	(599)
Other current liabilities	(195)	(195)
Provision for long-term employee benefits	(848)	(848)
Deferred tax liabilities	(1,884)	-
Net assets of the subsidiary	42,315	33,459
Net assets in the portion held by the Group (96.58%)	40,868	32,315
Less: Cumulative losses from investment in associate at the status changed date	(13,396)	(13,396)
Loss from fair value measurement of previously held equity interest	334	334
The difference between the debt settlement and the net assets of the subsidiary in the company's proportion	(6,479)	2,074
Receipt of settlement in the form of investment in subsidiary	21,327	21,327

In addition, such associate transferred ordinary shares of Advantage Footwear Co., Ltd. (subsidiary/AVF) and Pontex (Thailand) Co., Ltd. (subsidiary/PTX), which are shareholders of Aphakorn Industrial Co., Ltd. (subsidiary/APK), to the Company and its subsidiaries. As a result, the shareholdings of the Company and its subsidiaries have increased. The Company and its subsidiaries recorded the difference between the debt settlement and the net book value of AVF, PTX and APK, amounting to Baht 2.7 million, under "Difference resulting from change in shareholding in subsidiaries" in the consolidated statement of changes in shareholders' equity.



(Unaudited but reviewed)

7. Investments in associates

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2016	31 December 2015
Investments in associates - at cost	404,856	416,528
Accumulated share of loss in associates	(404,856)	(403,178)
Investments in associates - equity method	-	13,350

(Unit: Thousand Baht)

	Separate financial statements	
	31 March 2016	31 December 2015
Investments in associates - at cost	64,559	64,559
Less: Allowance for impairment of investments	(64,559)	(64,559)
Investments in associates - net	-	-

Partial of investments in associates in the consolidated financial statements at cost of Baht 376 million (Separate financial statements: Baht 65 million) was investment in PA Capital Co., Ltd. ("the associate"), the Company did not obtain the financial statements for the three-month period ended 31 March 2016 of the associate and subsidiaries of the associate. The latest financial statements of the associate available to the Company were the financial statements as at 31 December 2015, which were audited by its auditor, and only separate financial statements was presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in the associate under the cost method and the equity method as equal to zero.

8. Investments in related parties

Details of investments in related parties are as follows:

(Unit : Thousand Baht)

Company's name	Consolidated financial statements					
	Cost		Allowance for impairment of investments		Net	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Sahapat Properties Co., Ltd.	500	500	-	-	500	500
Nutrition House Co., Ltd.	13,598	13,598	(8,232)	(8,232)	5,366	5,366
Thai Takaya Co., Ltd.	2,000	2,000	-	-	2,000	2,000
Nana Solutions Co., Ltd. (formerly known as "Pan Long John Co., Ltd.")	1,750	1,750	(1,631)	(1,631)	119	119



10

(Unaudited but reviewed)

(Unit : Thousand Baht)

Consolidated financial statements

Company's name	Cost		Allowance for impairment of investments		Net	
	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015
Natural Art and Technology Co., Ltd.	1,000	1,000	-	-	1,000	1,000
Banpan Engineering and Holding Co., Ltd.	130,000	130,000	(130,000)	(130,000)	-	-
Pancomp International Co., Ltd.	2,000	2,000	(2,000)	(2,000)	-	-
Pan Technical Parts Co., Ltd.	720	720	(720)	(720)	-	-
Thai Sung Shin New Material Co., Ltd.	11,696	11,696	(11,696)	(11,696)	-	-
Total	163,264	163,264	(154,279)	(154,279)	8,985	8,985

(Unit : Thousand Baht)

Separate financial statements

Company's name	Cost		Allowance for impairment of investments		Net	
	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015
Sahapat Properties Co., Ltd.	1,050	1,050	-	-	1,050	1,050
Nutrition House Co., Ltd.	4,268	4,268	-	-	4,268	4,268
Thai Takaya Co., Ltd.	2,308	2,308	-	-	2,308	2,308
Nana Solutions Co., Ltd.	119	119	-	-	119	119
Total	7,745	7,745	-	-	7,745	7,745

9. Investment properties

Movements in the investment properties account during the three-month period ended 31 March 2016 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	219,669	348,570
Addition during the period	3,100	-
Depreciation for the period	(426)	(936)
Balance as at 31 March 2016	222,343	347,634

As at 31 March 2016, the Company has mortgaged investment properties with net book value amounting to Baht 234 million (31 December 2015: Baht 235 million) as collateral against loan from related person.



(Unaudited but reviewed)

10. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	83,064	11,894
Acquisitions during the period - cost	2,942	426
Transfer from change in status of associate to be subsidiary	17,352	-
Disposals during the period - net book value at disposal date	(30)	-
Depreciation for the period	(4,347)	(845)
Balance as at 31 March 2016	<u>(98,981)</u>	<u>11,475</u>

As at 31 March 2016, the subsidiaries have mortgaged assets with net book value amounting to Baht 19 million (31 December 2015: Baht 19 million) as collaterals against credit facilities received from banks.

11. Bank overdrafts and short-term loans from financial institutions

Short-term loans from financial institutions of the Company are secured by the mortgage of land and construction thereon of the Company. Bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by the guarantees of the Company, the pledge of fixed deposits and machines, and the mortgage of land and construction thereon of subsidiaries as described in Notes 5 and 10 to the financial statements.

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Trade payables - related parties	8,143	25,598	6,897	6,886
Trade payables - unrelated parties	44,712	51,851	924	928
Other payables - related parties	5,823	6,154	5,147	5,036
Other payables - unrelated parties	1,082	873	222	246
Accrued expenses - related parties	14,236	16,794	3,952	6,743
Accrued expenses - unrelated parties	26,341	38,693	4,613	10,840
Advance received for share subscription - related parties	5,000	5,000	5,000	5,000
Unearned revenue - unrelated parties	13,359	1,090	10,565	35
Total	<u>118,696</u>	<u>146,053</u>	<u>37,320</u>	<u>35,714</u>



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(Unaudited but reviewed)

13. Long-term loan under debt restructuring agreement/Accrued interest under debt restructuring agreement

Movements in long-term loan under debt restructuring agreement account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2016	81,978
Less: Repayment	(33,267)
Balance as at 31 March 2016	48,711
Less: Portion due within one year	(13,080)
Long-term loan under debt restructuring agreement, net of current portion	<u>35,631</u>

On 26 January 2015, the Company and International Curity Footwear Co., Ltd. ("its subsidiary") entered into compromise agreement with the bank in the presence of the court to restructure their debts. Under the terms of the agreement, payment is to be made as follows:

- Principal payment: Principal of Baht 95 million to be paid in monthly installments from January 2015 - December 2019, totaling 60 installments.
- Original interest payment: Unpaid interest accrued up to 31 December 2014 is deferred.*
- New interest payment: From 1 January 2015 until principal is settled in full, interest is to be paid monthly, at the Prime Rate (6.75%) started January 2015 (the difference between interest charged at a rate of 18% per annum and interest charged at the Prime Rate is to be deferred).*

* If the Company and its subsidiary are able to comply with the requirements stipulated in the agreement, the bank will forgive the accrued interest that is deferred.

In addition, the Company and its subsidiary must comply with certain conditions as stipulated in the agreement. In the event of any breach of the agreement, whether of a condition or an installment, the Company and its subsidiary will be considered to have defaulted on the whole agreement and all remaining debts are deemed to be due immediately.

As at 31 March 2016, the Company and its subsidiary have accrued interest that is deferred under debt restructuring agreement amounting to Baht 90 million.



14. Provisions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Provision from guarantee for subsidiaries	-	-	31,699	31,699
Provision from guarantee for related companies	241	241	241	241
Provision for litigation	30,749	29,624	29,624	29,624
Total	30,990	29,865	61,564	61,564

15. Debt restructuring and debt transfer agreement**15.1 Debt restructuring and debt transfer agreement between the Company, a subsidiary and an associate**

In November 2015, the Company and International Curity Footwear Co., Ltd. (subsidiary/ICF) entered into the debt restructuring and debt transfer agreement with PA Capital Co., Ltd. (associate/PA), who had the outstanding debts with the Company and ICF amounting to Baht 284.0 million. Under the agreement, PA is to settle debt of Baht 136.6 million with the Company and ICF as follows:

1. Transfer 11 plots of land valued at Baht 96.2 million to the Company.
2. Transfer ordinary shares of Aphakorn Industries Co., Ltd., Advantage Footwear Co., Ltd. and Pontex (Thailand) Co., Ltd. totaling Baht 37.3 million to the Company and ICF as follows:

Ordinary shares	Number of shares (shares)	Value (Million Baht)	Transferred to
Aphakorn Industries Co., Ltd.	14,394	21.3	The Company
Advantage Footwear Co., Ltd.	332,404	8.1	The Company
Advantage Footwear Co., Ltd.	6,811	0.2	ICF
Pontex (Thailand) Co., Ltd.	4,455	7.7	ICF

3. Transfer a plot of land with a detached house valued at Baht 3.1 million to ICF.

If PA is able to make complete settlement of these debts, the Company and ICF will forgive PA the remaining principal and accrued interest, totaling Baht 144.7 million for which they had previously set aside allowance for doubtful accounts in full.

In December 2015, PA transferred the plots of land under article 1 to the Company to settle its debt with ICF, and ICF therefore reversed allowance for doubtful accounts amounting to Baht 96.2 million in profit or loss in the consolidated financial statements for the year 2015.



(Unaudited but reviewed)

Subsequently, in January 2016, PA transferred the ordinary shares under article 2 to the Company and ICF. As a result, the status of Aphakorn Industries Co., Ltd. changed from an associate to a subsidiary of the group, as described in Note 6 to the financial statements.

Subsequently, in February 2016, PA transferred the land with a detached house under article 3 to ICF. Upon PA's full compliance with the debt restructuring and debt transfer agreement, the Company and ICF forgave outstanding principal and accrued interest.

As a result of the transfer of ordinary shares and land under articles 2 and 3, and the debts forgiveness, ICF reversed allowance for doubtful accounts totaling Baht 40.4 million in profit or loss in the consolidated financial statements for the current period.

15.2 Debt settlement agreement between the Company and ICF

In November 2015, ICF entered into a debt settlement agreement with the Company under which ICF agreed to transfer to the Company the assets received from PA in settlement of debt, in accordance with the debt restructuring and debt transfer agreement, as described in Note 15.1 to the financial statements, in order that the Company undertook to settle ICF's outstanding debt of Baht 85.2 million under the debt restructuring agreement with a bank, with the Company agreeing to pay the principal to the bank on behalf of ICF in accordance with the conditions stipulated in the debt restructuring agreement, as described in Note 13 to the financial statements.

During the current period, the Company settled liabilities under the debt restructuring agreement amounting to Baht 33.3 million with the bank and the outstanding balance of such liabilities as at 31 March 2016 was Baht 48.7 million.

16. Income tax

Interim corporate income tax was calculated on profit before income tax for the period, using the estimated effective tax rate for the year.

Income tax expense for the three-month periods ended 31 March 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	1,289	294	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(419)</u>	<u>3,743</u>	<u>17</u>	<u>45</u>
Income tax expense reported in the statements of comprehensive income	<u>870</u>	<u>4,037</u>	<u>17</u>	<u>45</u>



17. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holder of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares held by outsiders in issue during the period.

18. Segment information

The one main reportable operating segment of the Company and its subsidiaries is the manufacture, distribution and export of footwear and footwear parts and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the three-month period ended 31 March 2016, the Company and its subsidiaries have revenue from 1 major customer in amount of Baht 43 million (2015: Baht 33 million derived from 1 major customer).

19. Commitments and contingent liabilities**19.1 Capital commitments**

As at 31 March 2016, a subsidiary has capital commitments of approximately Baht 2 million relating to acquisition of machinery (31 December 2015: Nil).

19.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building, plant, machinery and motor vehicles. The terms of the agreements are generally between 1 and 5 years. These operating lease contracts are non-cancellable contracts.

Future minimum lease payments were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015
Payable:				
In up to 1 year	17	20	-	-
In over 1 and up to 5 years	4	5	-	-



19.3 Guarantees

- a) As at 31 March 2016, the Company and its subsidiary have obligations under their guarantees of loans and credit facilities provided to their related parties by banks and financial institutions totaling Baht 103 million (31 December 2015: Baht 111 million) (Separate financial statements: Baht 103 million (31 December 2015: Baht 106 million)).
- b) The Company and its subsidiaries have outstanding bank guarantees as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
Guarantee electricity use	8	8	1	1
Other guarantees	4	8	-	-

19.4 Legal cases

- a) The Company faced a lawsuit in connection with the layoff its directors, demanding compensation totaling Baht 32 million, but the Company pursued a countersuit. The Court of First Instance has ordered the Company to make payment amounting to Baht 10 million. The case is currently under consideration of the Appeal Court. The Company then recorded provision for the litigation at the amount ordered by the Court.
- b) The Company was sued by a commercial bank as a result of its guarantee of credit facilities provided to Innovation Nakornluang Footwear Co., Ltd., Modern Technology Component Co., Ltd. and International Curity Footwear Co., Ltd. which defaulted on their repayment of debts amounting to Baht 173 million. The Company has recorded the contingent liability as provision from guarantee for subsidiaries.

During the year 2015, the Company and these subsidiaries entered into compromise agreements with the bank in the presence of the Court to restructure their debts. Innovation Nakornluang Footwear Co., Ltd. and Modern Technology Component Co., Ltd. have already fully settled the debt under their restructuring agreements.

As at 31 March 2016, International Curity Footwear Co., Ltd. still had outstanding debts, as described in Note 13 to the financial statements, and the Company still recorded a contingent liability under provision from guarantee from subsidiaries of Baht 32 million.



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- c) In 2010, the Company sued a related company in relation to the hire of work agreement, claiming compensation of Baht 34 million, and that company countersued. The Court of First Instance dismissed the Company's suit and ordered the Company to make payment amounting to Baht 19 million plus interest charged 7.5% per annum to that related company. In addition, in July 2013 the Appeal Court affirmed the decision of the lower court. The case is currently pending in the Supreme Court. However, the Company recorded provision for the litigation amounting to Baht 19 million as ordered by the Court.
- d) A subsidiary faced the lawsuit in connection with layoff of its directors, demanding compensation totaling Baht 12 million. The Court of First Instance dismissed the case, and so the plaintiff appealed to the Supreme Court. The case is currently under consideration of the Supreme Court.
- e) Two subsidiaries were sued by a related company for the unpaid rental and damages for breach of the car rental agreements. The Court of First Instance has ordered the subsidiaries to make payment totaling Baht 3 million plus interest at 7.5% per annum, and the subsidiaries recorded certain such liabilities in their accounts. The remaining amounts were recorded as provision for litigation in accordance with the order by the Court of First Instance. Currently, the subsidiaries are preparing petitions to ask the Court to order that the decision be reconsidered.
- f) Five subsidiaries were sued by a related company for the unpaid rental and damage for breach of the car rental agreement amounting to Baht 6 million. The Court schedule the hearing to be in June and July 2016.

20. Financial instruments

The outstanding balances of the Company's and its subsidiaries' financial assets and liabilities denominated in foreign currencies which were unhedged are summarised below.

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.3	0.5	0.1	0.2	35.2392	36.0886



21. Events after the reporting period

- a) On 26 April 2016, the Annual General Meeting of shareholders of the Company passed a resolution approving a dividend payment of Baht 0.0204 per share from the 2015 operating result to the shareholders totaling Baht 11.0 million. The dividend will be paid within May 2016.
- b) As at 31 March 2016, the Company has advance share subscription receipts amounting to Baht 5.0 million, which are presented under trade and other payables in the statement of financial position, resulting from an agreement to sell investment in Pan Asia Garment (Laos) Co., Ltd. to related companies with outstanding unpaid share subscriptions of Baht 3.4 million.

In December 2015, the Company issued a letters informing the buyers of the reduction of such unpaid share subscriptions. The Company received letters acknowledging the reduction in May 2016. Therefore, the Company considers the sale of the investment to be complete and will record the sales transaction in May 2016.

22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 16 May 2016.

