

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2017



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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 2017, 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 2017 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 2016, 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 2016 and the audit of financial statements for the year 2016, I was not furnished with the up-to-date

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 2016 and issued the qualified opinion on the financial statements for the year 2016 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 2017 and 31 December 2016, including the related accounts in the statements of comprehensive income for the first quarter of 2017 and 2016. 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 2017 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 2017, the Company has current liabilities exceeded current assets by Baht 184 million. In addition, several subsidiaries have operating loss, several subsidiaries have large deficits, and there are indicators of possible persistent losses in the future. Several subsidiaries ceased their operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's 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: 11 May 2017

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Assets					
Current assets					
Cash and cash equivalents		71,282	74,691	2,666	3,030
Current investments		2,100	6,516	-	-
Trade and other receivables	2	155,121	147,818	8,517	9,236
Short-term loans to related parties and others	3	813	1,208	-	-
Inventories	4	93,236	89,326	-	-
Current biological assets		623	-	623	-
Other current assets		10,435	8,304	1,824	1,446
Total current assets		333,610	327,863	13,630	13,712
Non-current assets					
Restricted bank deposits	5	6,443	6,443	1,349	1,349
Investments in available-for-sale securities		35	40	35	40
Investments in subsidiaries	6	-	-	283,593	262,101
Investments in associates	7	-	-	-	-
Investments in related parties	8	13,566	8,566	10,326	7,326
Long-term loans to related parties	3	-	-	-	-
Investment properties	9	280,032	280,570	334,986	335,866
Property, plant and equipment	10	113,513	115,084	9,015	9,759
Goodwill		-	-	-	-
Non-current biological assets		12,558	12,558	-	-
Leasehold right		-	-	-	-
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		282	268	-	-
Other non-current assets		6,749	9,208	1,217	4,492
Total non-current assets		433,178	432,737	640,521	620,933
Total assets		766,788	760,600	654,151	634,645

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	11	20,981	18,157	16,966	14,165
Trade and other payables	12	108,287	107,549	19,086	17,193
Short-term loans from related parties	3	100,000	100,000	161,000	161,000
Current portion of liabilities under finance					
lease agreements		2,802	2,857	-	-
Income tax payable		4,983	3,058	-	-
Other current liabilities		3,398	3,070	99	495
Total current liabilities		240,451	234,691	197,151	192,853
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		3,551	4,239	-	-
Provision for long-term employee benefits		8,122	7,804	562	560
Long-term provisions	13	18,990	18,990	17,865	17,865
Deferred tax liabilities		4,349	4,521	695	654
Other non-current liabilities		3,023	5,786	3,023	3,023
Total non-current liabilities		38,035	41,340	22,145	22,102
Total liabilities		278,486	276,031	219,296	214,955

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

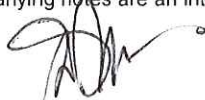
Statement of financial position (continued)

As at 31 March 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		
	Note	31 March 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	31 March 2017 (Unaudited but reviewed)	31 December 2016 (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					
		13,028	13,028	13,028	13,028
Appropriated - statutory reserve					
		179,928	178,107	146,516	131,346
Unappropriated					
		4,853	4,858	(89)	(84)
Other component of shareholders' equity					
		455,656	453,840	434,855	419,690
Equity attributable to owners of the Company					
		32,646	30,729	-	-
Non-controlling interests of the subsidiaries					
		488,302	484,569	434,855	419,690
Total shareholders' equity					
		766,788	760,600	654,151	634,645
Total liabilities and shareholders' equity					

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



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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 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		186,069	164,049	3,029	5,253
Revenues from hire of work		6,562	7,221	-	-
Gain on sales of assets		985	297	-	274
Gain arising from change in fair value of biological assets		137	-	137	-
Other income		5,527	11,529	2,274	2,565
Total revenues		199,280	183,096	5,440	8,092
Expenses					
Cost of sales and hire of work		162,479	147,100	1,976	5,841
Selling expenses		2,969	2,740	382	411
Administrative expenses		26,034	33,725	7,128	6,960
Allowance for doubtful accounts (reversal)		176	(40,233)	(21,118)	(27,870)
Total expenses		191,658	143,332	(11,632)	(14,658)
Profit before shares of profit from investments					
in associates, finance cost and income tax expenses		7,622	39,764	17,072	22,750
Shares of profit from investments in associates		-	46	-	-
Profit before finance cost and income tax expenses		7,622	39,810	17,072	22,750
Finance cost		(1,768)	(4,705)	(1,861)	(1,446)
Profit before income tax expenses		5,854	35,105	15,211	21,304
Income tax expenses	15	(2,116)	(870)	(41)	(17)
Profit for the period		3,738	34,235	15,170	21,287
Other comprehensive income:					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments					
- net of income tax		(5)	4	(5)	4
Other comprehensive income for the period		(5)	4	(5)	4
Total comprehensive income for the period		3,733	34,239	15,165	21,291

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 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit attributable to:					
Equity holders of the Company		1,821	32,778	15,170	21,287
Non-controlling interests of the subsidiaries		1,917	1,457		
		<u>3,738</u>	<u>34,235</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		1,816	32,782	15,165	21,291
Non-controlling interests of the subsidiaries		1,917	1,457		
		<u>3,733</u>	<u>34,239</u>		
Basic earnings per share					
Profit attributable to equity holders of the Company	16	<u>0.003</u>	<u>0.061</u>	<u>0.028</u>	<u>0.039</u>

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

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company									
	Other components of shareholders' equity									Total
	Issued and paid-up share capital	The Company's shares held by its subsidiaries	Retained earnings - Appropriated - statutory reserve	Unappropriated	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	
Balance as at 1 January 2016	275,400	(17,553)	-	(39,416)	(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	-	-	-	-	-	2,695	2,695	2,695	(17,224)	(14,529)
Balance as at 31 March 2016	275,400	(17,553)	-	(6,638)	(70)	2,695	2,625	253,834	40,278	294,112
Balance as at 1 January 2017	275,400	(17,553)	13,028	178,107	(84)	4,942	4,858	453,840	30,729	484,569
Profit for the period	-	-	-	1,821	-	-	-	1,821	1,917	3,738
Other comprehensive income for the period	-	-	-	-	(5)	-	(5)	(5)	-	(5)
Total comprehensive income for the period	-	-	-	1,821	(5)	-	(5)	1,816	1,917	3,733
Balance as at 31 March 2017	275,400	(17,553)	13,028	179,928	(89)	4,942	4,853	455,656	32,646	488,302

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 2017

(Unit: Thousand Baht)

	Separate financial statements				Total shareholders' equity
	Issued and paid-up share capital	Retained earnings		Other comprehensive income	
		Appropriated - statutory reserve	Unappropriated		
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
Balance as at 1 January 2017	275,400	13,028	131,346	(84)	419,690
Profit for the period	-	-	15,170	-	15,170
Other comprehensive income for the period	-	-	-	(5)	(5)
Total comprehensive income for the period	-	-	15,170	(5)	15,165
Balance as at 31 March 2017	275,400	13,028	146,516	(89)	434,855



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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

For the three-month period ended 31 March 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit before tax	5,854	35,105	15,211	21,304
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	6,105	4,773	1,670	1,781
Bad debt and allowance for doubtful accounts (reversal)	176	(40,233)	(21,118)	(27,870)
Reversal of reduction of inventories to net realisable value	(10)	(10,840)	(10)	(10,840)
Gain on disposal of property, plant and equipment	(986)	(297)	-	(274)
Gain arising from change in fair value of biological assets	(137)	-	(137)	-
Share of profit from investments in associates	-	(46)	-	-
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	-	-
Provision for long-term employee benefits	318	1,848	2	10
Unrealised gain on exchange rate	(18)	(38)	(26)	(4)
Interest expenses	1,768	4,705	1,861	1,446
Gain (loss) from operating activities before changes in operating assets and liabilities	13,070	(10,043)	(2,547)	(14,447)
Operating assets (increase) decrease				
Trade and other receivables	(7,573)	18,710	345	(6,837)
Inventories	(3,900)	10,224	10	13,541
Current biological assets	(486)	-	(486)	-
Other current assets	(1,511)	(622)	(378)	153
Other non-current assets	(3,292)	(2,154)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	850	(31,751)	1,852	1,606
Other current liabilities	328	(455)	(396)	60
Other non-current liabilities	(2,763)	-	-	-
Cash used in operating activities	(5,277)	(16,091)	(1,600)	(5,924)
Cash paid for corporate income tax	(653)	(373)	(132)	(112)
Income tax refunded	407	1,062	407	-
Net cash flows used in operating activities	(5,523)	(15,402)	(1,325)	(6,036)

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 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase in cash from change in status of associate to be subsidiary	-	11,513	-	-
Decrease in restricted bank deposits	-	182	-	-
Decrease in current investments	4,416	28,269	-	-
Cash receipt from short-term loans to related parties and others	395	395	-	-
Cash receipt from long-term loans to related parties	-	20	-	-
Purchase of property, plant and equipment	(4,117)	(2,942)	(46)	(426)
Proceeds from disposal of property, plant and equipment	1,107	327	-	274
Net cash flows from (used in) investing activities	1,801	37,764	(46)	(152)
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	2,824	11,379	2,801	11,380
Cash receipt from short-term loans from related parties	-	-	-	30,000
Repayment of liabilities under finance lease agreements	(743)	(873)	-	-
Repayment of long-term loans	-	(33,267)	-	-
Repayment of liabilities under debt settlement agreement	-	-	-	(33,267)
Cash paid for interest expenses	(1,768)	(2,920)	(1,794)	(1,442)
Net cash flows from (used in) financing activities	313	(25,681)	1,007	6,671
Net increase (decrease) in cash and cash equivalents	(3,409)	(3,319)	(364)	483
Cash and cash equivalents at the beginning of period	74,691	113,467	3,030	23,258
Cash and cash equivalents at end of period	71,282	110,148	2,666	23,741

Supplementary cash flows information:

Non-cash transactions:

Investment properties increased due to payment received

from an associate

-

3,100

-

-

Investment in subsidiaries increased due to payment

received from a subsidiary

-

-

3,857

29,407

Investment in subsidiaries increased due to payment received

from long-term loan to a subsidiary

-

-

17,635

-

Change in status of investment in associate to

investment in subsidiary

-

13,396

-

-

Transfer advance payment for share subscription to investment

in related party

5,000

-

3,000

-

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

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Pan Asia Footwear Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2017

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 and distribution of footwear. However, the Company had restructured its business in 2013. Currently, the Company is principally engaged in investment in other companies (Holding company) and in 2017 the Company started an organic farming business. 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 2017, the Company's current liabilities exceeded its current assets by Baht 184 million. In addition, several subsidiaries have operating loss, several subsidiaries have large deficits, and there are indicators of possible persistent losses in the future. Several subsidiaries ceased their operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern, the Company has restructured its business and majority of subsidiaries still have profit from operations. 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 2016) 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.



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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

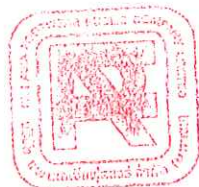
The consolidated interim financial statements include the financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016, with no structural changes related to subsidiaries occurring during the current period.

1.5 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 its 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 2016.



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(Unaudited but reviewed)

2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	35,745	39,063	60	150
Past due				
Up to 3 months	35,236	31,111	626	308
3 - 6 months	1,275	2,386	1	-
6 - 12 months	-	901	-	-
Over 12 months	72,823	72,724	347	771
Total	145,079	146,185	1,034	1,229
Less: Allowance for doubtful accounts	(72,733)	(72,733)	(231)	(231)
Total trade receivables - related parties, net	72,346	73,452	803	998
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	39,276	36,436	159	2
Past due				
Up to 3 months	31,815	23,575	890	838
3 - 6 months	723	2,436	114	121
6 - 12 months	809	1,148	121	13
Over 12 months	10,741	10,923	254	251
Total	83,364	74,518	1,538	1,225
Less: Allowance for doubtful accounts	(10,629)	(10,557)	(79)	(8)
Total trade receivables - unrelated parties, net	72,735	63,961	1,459	1,217
Total trade receivables - net	145,081	137,413	2,262	2,215
<u>Other receivables</u>				
Other receivables - related parties	170,258	170,395	125,752	126,869
Other receivables - unrelated parties	22,250	22,373	13,368	13,664
Total	192,508	192,768	139,120	140,533
Less: Allowance for doubtful accounts	(182,468)	(182,363)	(132,865)	(133,512)
Total other receivables - net	10,040	10,405	6,255	7,021
Total trade and other receivables - net	155,121	147,818	8,517	9,236



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(Unaudited but reviewed)

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		
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	-	3	Cost plus margins
Interest income	-	-	-	2	2.5% - 7.5% per annum
<u>Transaction with associates</u>					
Interest income	-	4	-	-	6.5% - 7.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	74	85	1	-	Cost plus margins
Purchase of goods	4	1	-	-	Cost plus margins
Utilities expenses	2	1	-	-	As specified in the agreement
Other expenses	5	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	31 December	31 March	31 December
	2017	2016	2017	2016
<u>Trade and other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	87,294	89,005
Associates	92,150	92,144	159	153
Related companies (related by common shareholders and directors)	223,187	224,436	39,333	38,940
Total	315,337	316,580	126,786	128,098
Less: Allowance for doubtful accounts	(239,626)	(239,618)	(125,398)	(126,135)
Net	75,711	76,962	1,388	1,963



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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
<u>Receivables from guarantee - related parties</u>				
Subsidiaries	-	-	21,119	24,026
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	72,139	75,046
Less: Allowance for doubtful accounts	(51,020)	(51,020)	(72,139)	(75,046)
Net	-	-	-	-
<u>Trade and other payables - related parties (Note 12)</u>				
Subsidiaries	-	-	7,142	6,606
Associates	1,080	643	289	289
Related companies (related by common shareholders)	24,484	24,898	5,779	5,779
Total	25,564	25,541	13,210	12,674

Short-term loans to related parties and others

During the three-month period ended 31 March 2017, the movements of short-term loans to related parties and other were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at		As at
	1 January	Decrease	31 March
	2017		2017
<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.	4,600	-	4,600
Natural Art and Technology Co., Ltd.	875	(375)	500
Total	5,475	(375)	5,100
Total short-term loans to related parties	6,325	(375)	5,950
Less: Allowance for doubtful accounts	(5,450)	-	(5,450)
Total short-term loans to related parties - net	875	(375)	500
Short-term loans to others	333	(20)	313
Total short-term loans to related parties and others, net	1,208	(395)	813



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Long-term loans to related parties

During the three-month period ended 31 March 2017, the movements of long-term loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at		As at
	1 January	Decrease	31 March
	2017		2017
<u>Long-term loans to related parties</u>			
Associates			
PA Capital Co., Ltd.	90,140	-	90,140
P.L. John Industries Co., Ltd.	10,700	-	10,700
Pek Engineering Co., Ltd.	9,540	-	9,540
Total	110,380	-	110,380
Related company			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Total	2,109	-	2,109
Total long-term loans to related parties	112,489	-	112,489
Less: Allowance for doubtful accounts	(112,489)	-	(112,489)
Total long-term loans to related parties, net	-	-	-

(Unit: Thousand Baht)

	Separate financial statements		
	As at		As at
	1 January	Decrease	31 March
	2017		2017
<u>Long-term loans to related parties</u>			
Subsidiaries			
Kabinburi Pan Asia Footwear Co., Ltd.	96,014	(17,635)	78,379
Phimai Footwear Co., Ltd.	21,650	-	21,650
Innovation Nakornluang Footwear Co., Ltd.	1,430	-	1,430
Total	119,094	(17,635)	101,459
Related company			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Total	2,109	-	2,109
Total long-term loans to related parties	121,203	(17,635)	103,568
Less: Allowance for doubtful accounts	(121,203)	17,635	(103,568)
Total long-term loans to related parties, net	-	-	-



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Short-term loans from related parties

During the three-month period ended 31 March 2017, 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	Decrease	31 March	1 January	Decrease	31 March
	2017		2017	2017		2017
<u>Short-term loans from related parties</u>						
Subsidiaries						
Advantage Footwear Co., Ltd.	-	-	-	40,000	-	40,000
Excellent Rubber Co., Ltd.	-	-	-	11,000	-	11,000
Aphakorn Industries Co., Ltd.	-	-	-	5,000	-	5,000
Pontex (Thailand) Co., Ltd.	-	-	-	5,000	-	5,000
Total	-	-	-	61,000	-	61,000
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	161,000	-	161,000

Directors and management's benefits

During the three-month periods ended 31 March 2017 and 2016, 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	
	2017	2016	2017	2016
Short-term employee benefits	7,515	4,157	2,488	1,373
Post-employment benefits	33	15	-	8
Total	7,548	4,172	2,488	1,381

Guarantee obligations with related parties

The Company and its subsidiary have outstanding guarantee obligations with its related parties, as described in Note 18.2 a) to the financial statements.



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7. Investments in associates

	(Unit: Thousand Baht)	
	Consolidated financial statements	
	31 March 2017	31 December 2016
Investments in associates - at cost	404,856	404,856
Accumulated share of loss in associates	(404,856)	(404,856)
Investments in associates - equity method	-	-

	(Unit: Thousand Baht)	
	Separate financial statements	
	31 March 2017	31 December 2016
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 2017 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 2016, 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.



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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	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
Sahapat Properties Co., Ltd.	500	500	-	-	500	500
Nutrition House Co., Ltd.	13,598	13,598	(8,532)	(8,532)	5,066	5,066
Thai Takaya Co., Ltd.	2,000	2,000	-	-	2,000	2,000
Pan Biotech Co., Ltd.	1,000	1,000	-	-	1,000	1,000
Barnpan 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)	-	-
Sahachol Foods Supplies Co., Ltd.	5,000	-	-	-	5,000	-
Total	166,514	161,514	(152,948)	(152,948)	13,566	8,566

(Unit : Thousand Baht)

Company's name	Separate financial statements					
	Cost		Allowance for impairment of investments		Net	
	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
Sahapat Properties Co., Ltd.	1,050	1,050	-	-	1,050	1,050
Nutrition House Co., Ltd.	4,268	4,268	(300)	(300)	3,968	3,968
Thai Takaya Co., Ltd.	2,308	2,308	-	-	2,308	2,308
Sahachol Foods Supplies Co., Ltd.	3,000	-	-	-	3,000	-
Total	10,626	7,626	(300)	(300)	10,326	7,326



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9. Investment properties

Movements in the investment properties account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2017	280,570	335,866
Depreciation for the period	(538)	(880)
Balance as at 31 March 2017	<u>280,032</u>	<u>334,986</u>

As at 31 March 2017, the Company has mortgaged investment properties with net book value amounting to Baht 223 million (31 December 2016: Baht 223 million) as collateral against loan from related person and credit facilities received from financial institutions.

10. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2017	115,084	9,759
Acquisitions during the period - at cost	4,117	46
Disposals during the period - net book value at disposal date	(121)	-
Depreciation for the period	(5,567)	(790)
Balance as at 31 March 2017	<u>113,513</u>	<u>9,015</u>

As at 31 March 2017, the subsidiaries have mortgaged assets with net book value amounting to Baht 18 million (31 December 2016: Baht 18 million) as collaterals against credit facilities received from financial institutions.

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.



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12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Trade payables - related parties	7,701	7,677	4,124	3,656
Trade payables - unrelated parties	54,104	52,173	881	908
Other payables - related parties	5,813	5,817	5,036	5,036
Other payables - unrelated parties	1,224	1,001	361	320
Accrued expenses - related parties	12,050	12,047	4,050	3,982
Accrued expenses - unrelated parties	26,057	27,297	4,584	3,256
Unearned revenue - unrelated parties	1,338	1,537	50	35
Total	108,287	107,549	19,086	17,193

13. Long-term provisions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
Provision from guarantee for related companies	241	241	241	241
Provision for litigation	18,749	18,749	17,624	17,624
Total	18,990	18,990	17,865	17,865

14. Debt restructuring agreement between a subsidiary and an associate

In December 2016, Modern Technology Component Co., Ltd. (subsidiary/MTC) entered into the debt restructuring agreement with PA Capital Co., Ltd. (associate/PA), who had the outstanding debts with MTC amounting to Baht 31.3 million. Under the agreement, PA is to settle debt of Baht 15.0 million with MTC as follows:

1. Transfer 7 plots of land valued at Baht 11.2 million.
2. Transfer 91,272 ordinary shares of Advantage Footwear Co., Ltd. valued at Baht 2.7 million.
3. Payment for the outstanding debt valued at Baht 1.1 million.

If PA is able to make complete settlement of the debt, MTC will forgive PA the remaining principal and accrued interest, totaling Baht 16.3 million.



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In December 2016, PA transferred the plots of land and the ordinary shares under article 1 and article 2 to MTC to settle its debt with MTC, and MTC therefore reversed allowance for doubtful accounts amounting to Baht 13.9 million in profit or loss in the consolidated financial statements for the year 2016.

As at 31 March 2017, PA has outstanding debt repayable to MTC as mentioned in article 3.

15. 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 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	2,302	1,289	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(186)</u>	<u>(419)</u>	<u>41</u>	<u>17</u>
Income tax expense reported in the statements of comprehensive income	<u>2,116</u>	<u>870</u>	<u>41</u>	<u>17</u>

16. 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.

17. Segment information

Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decisions about allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as the Company's Board of Directors.



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The Company and its subsidiaries have business operation involve 4 principal segments: 1) the manufacture and distribution of footwear 2) the manufacture and distribution of automotive parts 3) the manufacture and distribution of plastic parts and others and 4) the organic farming business. During the three-month periods ended 31 March 2017 and 2016, the Company and its subsidiaries have no significant activity in segments (2), (3) and (4). As a result, the manufacture and have distribution of footwear is the only major reportable operating segment 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.

For the three-month period ended 31 March 2017, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 56 million (2016: Baht 43 million derived from 1 major customer).

18. Commitments and contingent liabilities

18.1 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 2017	31 December 2016	31 March 2017	31 December 2016
Payable:				
In up to 1 year	16	19	-	-
In over 1 and up to 5 years	3	3	-	-

18.2 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 financial institutions totaling Baht 105 million (31 December 2016: Baht 96 million) (Separate financial statements: Baht 100 million (31 December 2016: Baht 96 million)).



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- 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
	2017	2016	2017	2016
Guarantee electricity use	8	8	1	1
Other guarantees	-	4	-	-

18.3 Legal cases

- a) The Company faced a lawsuit in connection with the layoff its former executives, 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 plus interest at rates of 7.5% and 15% per annum. The case is currently under consideration of the Supreme Court. The Company then recorded provision for the litigation at the amount ordered by the Court.

- b) 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 Company recorded provision for the litigation amounting to Baht 19 million as ordered by court.

During 2016, the Supreme Court ordered the Company to make payment amounting to Baht 5 million plus interest charged 7.5% per annum to that related company. The Company reversed the provision for litigation of Baht 12 million in profit or loss in the financial statements for the year 2016 and remains such provision in accordance with the order by the Supreme Court.

- c) 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 these subsidiaries to make payment totaling Baht 2.5 million plus interest at the rate of 7.5% per annum. In June 2016, these subsidiaries filed a petition requesting for reconsideration of the court order, but the Court denied the request. The subsidiaries recorded a portion of such liabilities in their account. Therefore, the remaining amount was recorded as provision for litigation in accordance with the order by the Court of First Instance.



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- d) Three subsidiaries were sued by a related company for the unpaid rental and damage for breach of the car rental agreement amounting to Baht 4 million. In October 2016, The Court of First Instance dismissed the suit. The case is currently under consideration of the Appeal court.

19. 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 2017 (Million)	31 December 2016 (Million)	31 March 2017 (Million)	31 December 2016 (Million)	31 March 2017 (Baht per 1 foreign currency unit)	31 December 2016
US dollar	0.3	0.4	0.1	0.1	34.4501	35.8307

20. Events after the reporting period

On 25 April 2017, the Annual General Meeting of shareholders of the Company passed a resolution approving a dividend payment of Baht 0.0222 per share from the 2016 operating result to the shareholders totaling Baht 12 million. The dividend will be paid within May 2017.

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 11 May 2017.



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