

Pan Asia Footwear Public Company Limited
and its subsidiaries
Review report and consolidated interim financial statements
For the three-month and nine-month periods ended
30 September 2017

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 30 September 2017, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the nine-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 periods. 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 nine-month period ended 30 September 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 third 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 third 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 30 September 2017 and 31 December 2016, including the related accounts in the statements of comprehensive income for the third 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 and nine-month periods ended 30 September 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 30 September 2017, the Company has current liabilities exceeded current assets by Baht 199 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: 9 November 2017

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Assets					
Current assets					
Cash and cash equivalents		39,968	74,691	2,452	3,030
Current investments		13	6,516	-	-
Trade and other receivables	2	153,954	147,818	7,341	9,236
Short-term loans to related parties and others	3	293	1,208	-	-
Inventories	4	106,667	89,326	266	-
Current biological assets		1,316	-	1,316	-
Other current assets		10,013	8,304	1,413	1,446
Total current assets		312,224	327,863	12,788	13,712
Non-current assets					
Restricted bank deposits	5	6,512	6,443	1,349	1,349
Investments in available-for-sale securities		43	40	43	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	279,101	280,570	333,373	335,866
Property, plant and equipment	10	121,437	115,084	7,378	9,759
Goodwill		-	-	-	-
Non-current biological assets		12,558	12,558	-	-
Leasehold right		-	-	-	-
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		352	268	-	-
Other non-current assets		7,289	9,208	1,590	4,492
Total non-current assets		440,858	432,737	637,652	620,933
Total assets		753,082	760,600	650,440	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 30 September 2017

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	11	28,451	18,157	24,561	14,165
Trade and other payables	12	116,120	107,549	21,688	17,193
Short-term loans from related parties	3	100,000	100,000	165,300	161,000
Current portion of liabilities under finance lease agreements		3,470	2,857	-	-
Income tax payable		1,378	3,058	-	-
Other current liabilities		2,220	3,070	108	495
Total current liabilities		251,639	234,691	211,657	192,853
Non-current liabilities					
Liabilities under finance lease agreements, net of current portion		4,444	4,239	-	-
Provision for long-term employee benefits		8,957	7,804	564	560
Long-term provisions	13	17,206	18,990	16,081	17,865
Deferred tax liabilities		4,089	4,521	779	654
Other non-current liabilities		3,023	5,786	3,023	3,023
Total non-current liabilities		37,719	41,340	20,447	22,102
Total liabilities		289,358	276,031	232,104	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

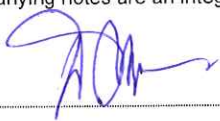
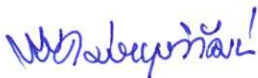
Statement of financial position (continued)

As at 30 September 2017

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	30 September 2017 (Unaudited but reviewed)	31 December 2016 (Audited)	
Shareholders' equity					
Share capital					
Registered					
	540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
Issued and fully paid-up					
	540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
	The Company's shares held by subsidiaries	(17,553)	(17,553)	-	-
Retained earnings					
	Appropriated - statutory reserve	13,028	13,028	13,028	13,028
	Unappropriated	152,577	178,107	129,989	131,346
	Other component of shareholders' equity	4,861	4,858	(81)	(84)
	Equity attributable to owners of the Company	428,313	453,840	418,336	419,690
	Non-controlling interests of the subsidiaries	35,411	30,729	-	-
	Total shareholders' equity	463,724	484,569	418,336	419,690
	Total liabilities and shareholders' equity	753,082	760,600	650,440	634,645

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 30 September 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		191,991	203,236	2,197	2,630
Revenues from hire of work		10,471	8,264	-	-
Gain on sales of assets		-	115	248	5
Other income		2,768	4,065	2,292	9,113
Total revenues		205,230	215,680	4,737	11,748
Expenses					
Cost of sales and hire of work		181,508	174,229	3,162	2,128
Selling expenses		3,991	3,502	678	559
Administrative expenses		25,114	30,868	5,544	7,933
Allowance for doubtful accounts (reversal)		33	(3,038)	123	(1,806)
Loss arising from change in fair value of biological assets		50	-	50	-
Total expenses		210,696	205,561	9,557	8,814
Profit (loss) before finance cost and income tax expenses		(5,466)	10,119	(4,820)	2,934
Finance cost		(1,727)	(939)	(2,034)	(1,653)
Profit (loss) before income tax expenses		(7,193)	9,180	(6,854)	1,281
Income tax expenses	15	(589)	(1,712)	(41)	(44)
Profit (loss) for the period		(7,782)	7,468	(6,895)	1,237
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		(9)	10	(9)	10
Other comprehensive income for the period		(9)	10	(9)	10
Total comprehensive income for the period		(7,791)	7,478	(6,904)	1,247

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 comprehensive income (continued)

For the three-month period ended 30 September 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit (loss) attributable to:					
Equity holders of the Company		(9,836)	3,174	(6,895)	1,237
Non-controlling interests of the subsidiaries		2,054	4,294		
		<u>(7,782)</u>	<u>7,468</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(9,845)	3,184	(6,904)	1,247
Non-controlling interests of the subsidiaries		2,054	4,294		
		<u>(7,791)</u>	<u>7,478</u>		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	16	<u>(0.018)</u>	<u>0.006</u>	<u>(0.013)</u>	<u>0.002</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 comprehensive income

For the nine-month period ended 30 September 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		570,398	536,342	7,866	12,175
Revenues from hire of work		25,990	23,488	-	-
Dividend income	6, 8	22	350	10,879	3,949
Gain on sales of assets		1,724	11,061	248	10,877
Other income		11,786	24,936	7,675	14,236
Total revenues		609,920	596,177	26,668	41,237
Expenses					
Cost of sales and hire of work		518,436	471,458	7,813	11,210
Selling expenses		10,191	9,269	1,544	1,531
Administrative expenses		78,499	94,174	20,581	23,113
Allowance for doubtful accounts (reversal)		344	(40,752)	(19,931)	(29,426)
Reversal of provision for litigation		-	(10,875)	-	(12,000)
Loss arising from change in for value of biological assets		74	-	74	-
Total expenses		607,544	523,274	10,081	(5,572)
Profit before shares of profit from investments					
in associates, finance cost and income tax expenses		2,376	72,903	16,587	46,809
Shares of profit from investments in associates		-	46	-	-
Profit before finance cost and income tax expenses		2,376	72,949	16,587	46,809
Finance cost		(5,166)	(9,139)	(5,832)	(4,774)
Profit (loss) before income tax expenses		(2,790)	63,810	10,755	42,035
Income tax expenses	15	(4,655)	(4,216)	(125)	(106)
Profit (loss) for the period		(7,445)	59,594	10,630	41,929
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		3	(6)	3	(6)
Other comprehensive income for the period		3	(6)	3	(6)
Total comprehensive income for the period		(7,442)	59,588	10,633	41,923

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 comprehensive income (continued)

For the nine-month period ended 30 September 2017

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

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit (loss) attributable to:					
Equity holders of the Company		(13,623)	50,937	10,630	41,929
Non-controlling interests of the subsidiaries		6,178	8,657		
		<u>(7,445)</u>	<u>59,594</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(13,620)	50,931	10,633	41,923
Non-controlling interests of the subsidiaries		6,178	8,657		
		<u>(7,442)</u>	<u>59,588</u>		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	16	<u>(0.025)</u>	<u>0.094</u>	<u>0.020</u>	<u>0.078</u>

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

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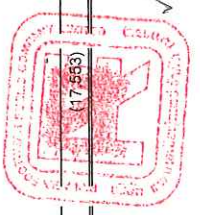
(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the nine-month period ended 30 September 2017

(Unit: Thousand Baht)

Consolidated financial statements											
Equity attributable to owners of the Company											
Other components of shareholders' equity											
Other											
comprehensive income											
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 2016	275,400	(17,553)	-	(39,416)	-	(74)	-	(74)	218,357	56,045	274,402
Profit for the period	-	-	-	50,937	-	-	-	-	50,937	8,657	59,594
Other comprehensive income for the period	-	-	-	-	-	(6)	-	(6)	(6)	-	(6)
Total comprehensive income for the period	-	-	-	50,937	-	(6)	-	(6)	50,931	8,657	59,588
Decreased in non-controlling interests of the subsidiaries	-	-	-	-	2,695	-	2,695	2,695	2,695	(17,224)	(14,529)
Dividend paid (Note 18)	-	-	-	(11,015)	-	-	-	-	(11,015)	-	(11,015)
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	74	-	-	-	-	74	-	74
Dividend paid - net	-	-	-	(10,941)	-	-	-	-	(10,941)	-	(10,941)
Transferred unappropriated retained earnings to statutory reserve	-	-	9,372	(9,372)	-	-	-	-	-	-	-
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	(51)	(51)
Balance as at 30 September 2016	275,400	(17,553)	9,372	(8,792)	2,695	(80)	2,695	2,615	261,042	47,427	308,469
Balance as at 1 January 2017	275,400	(17,553)	13,028	178,107	4,942	(84)	4,942	4,858	453,840	30,729	484,569
Profit (loss) for the period	-	-	-	(13,623)	-	-	-	-	(13,623)	6,178	(7,445)
Other comprehensive income for the period	-	-	-	3	-	3	-	3	3	-	3
Total comprehensive income for the period	-	-	-	(13,620)	-	3	-	3	(13,620)	6,178	(7,442)
Dividend paid (Note 18)	-	-	-	(11,987)	-	-	-	-	(11,987)	-	(11,987)
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	80	-	-	-	-	80	-	80
Dividend paid - net	-	-	-	(11,907)	-	-	-	-	(11,907)	-	(11,907)
Decrease in non-controlling interests of the subsidiaries from dividend payment of the subsidiaries	-	-	-	-	-	-	-	-	-	(1,496)	(1,496)
Balance as at 30 September 2017	275,400	(17,553)	13,028	152,577	4,942	(81)	4,942	4,861	428,313	35,411	463,724

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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

Statement of changes in shareholders' equity (continued)

For the nine-month period ended 30 September 2017

(Unit: Thousand Baht)

Separate financial statements

	Retained earnings		Unappropriated investments	on changes in value of available-for-sale investments	Total shareholders' equity
	Appropriated - statutory reserve				
	Issued and paid-up share capital	Profit for the period			
Balance as at 1 January 2016	275,400	-	82,257	(74)	357,583
Profit for the period	-	-	41,929	-	41,929
Other comprehensive income for the period	-	-	-	(6)	(6)
Total comprehensive income for the period	-	-	41,929	(6)	41,923
Dividend paid (Note 18)	-	-	(11,015)	-	(11,015)
Transferred unappropriated retained earnings to statutory reserve	-	9,372	(9,372)	-	-
Balance as at 30 September 2016	275,400	9,372	103,799	(80)	388,491
Balance as at 1 January 2017	275,400	13,028	131,346	(84)	419,690
Profit for the period	-	-	10,630	-	10,630
Other comprehensive income for the period	-	-	-	3	3
Total comprehensive income for the period	-	-	10,630	3	10,633
Dividend paid (Note 18)	-	-	(11,987)	-	(11,987)
Balance as at 30 September 2017	275,400	13,028	129,989	(81)	418,336



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 nine-month period ended 30 September 2017

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) before tax	(2,790)	63,810	10,755	42,035
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	18,340	15,169	4,823	5,335
Bad debt and allowance for doubtful accounts (reversal)	344	(40,752)	(19,931)	(29,426)
Bad debt recovery	-	-	(841)	-
Reversal of reduction of inventories to net realisable value	(25)	(80,722)	(25)	(40,453)
Gain on disposal of investment property	(243)	-	(243)	-
Gain on disposal of property, plant and equipment	(1,481)	(11,061)	(5)	(10,877)
Loss arising from change in fair value of biological assets	74	-	74	-
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)	-	-
Gain on disposal of investment that classified as held for sales	-	(6,182)	-	-
Gain on disposal of investment in related party	-	(231)	-	(231)
Reversal of provision for litigation	-	(10,875)	-	(12,000)
Provision for long-term employee benefits	1,153	2,372	4	29
Unrealised gain on exchange rate	(26)	(29)	(9)	(21)
Dividend income	(22)	(350)	(10,879)	(3,949)
Interest expenses	5,166	9,139	5,832	4,774
Gain (loss) from operating activities before changes in operating assets and liabilities	20,490	(65,903)	(10,445)	(44,784)
Operating assets (increase) decrease				
Trade and other receivables	(6,471)	6,202	1,175	(4,802)
Inventories	(17,316)	78,557	(241)	43,154
Current biological assets	(1,390)	962	(1,390)	730
Other current assets	(1,089)	(5,882)	33	-
Other non-current assets	(3,248)	-	(84)	-
Operating liabilities increase (decrease)				
Trade and other payables	8,588	(24,010)	4,284	(6,632)
Other current liabilities	(850)	227	(387)	(330)
Long-term loan provision	(1,784)	-	(1,784)	-
Other non-current liabilities	(2,763)	-	-	-
Cash used in operating activities	(5,833)	(9,847)	(8,839)	(12,664)
Cash paid for corporate income tax	(8,266)	(8,635)	(421)	(259)
Income tax refunded	962	1,729	407	-
Net cash flows used in operating activities	(13,137)	(16,753)	(8,853)	(12,923)

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 (continued)

For the nine-month period ended 30 September 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	-	-
Increase in restricted bank deposits	(69)	(3,250)	-	-
Decrease in current investments	6,503	30,219	-	-
Cash receipt from short-term loans to related parties and others	915	1,175	-	-
Cash receipt from long-term loans to related parties	-	1,439	-	2,450
Cash receipt from disposal of investment in related party	-	350	-	350
Dividend received	22	350	10,879	3,949
Proceeds from disposal of investment property	380	-	380	-
Purchase of property, plant and equipment	(20,765)	(9,208)	(86)	(691)
Proceeds from disposal of property, plant and equipment	1,970	11,946	5	11,734
Net cash flows from (used in) investing activities	(11,044)	44,534	11,178	17,792
Cash flows from financing activities				
Increase in bank overdrafts and short-term loans from financial institutions	10,294	4,570	10,396	4,546
Cash receipt from short-term loans from related parties	-	-	11,500	36,000
Repayment of short-term loans from related parties	-	-	(7,200)	-
Repayment of liabilities under finance lease agreements	(2,267)	(2,790)	-	-
Repayment of liabilities under debt settlement agreement	-	(49,267)	-	(49,267)
Dividend paid	(11,907)	(10,941)	(11,987)	(11,015)
Dividend paid for non-controlling interest of a subsidiary	(1,496)	(51)	-	-
Cash paid for interest expenses	(5,166)	(7,395)	(5,612)	(4,723)
Net cash flows used in financing activities	(10,542)	(65,874)	(2,903)	(24,459)
Net decrease in cash and cash equivalents	(34,723)	(38,093)	(578)	(19,590)
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	39,968	75,374	2,452	3,668

Supplementary cash flows information:

Non-cash transactions:

Investment properties increased due to payment received

from an associate	-	3,100	-	-
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Investment in subsidiaries increased due to payment

received from an 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	-	-
--------------------------	---	--------	---	---

Assets acquired under finance lease agreement

	3,085	2,443	-	-
--	-------	-------	---	---

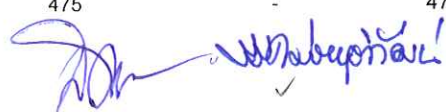
Transfer advance payment for share subscription to investment

in related party	5,000	-	3,000	-
------------------	-------	---	-------	---

Transfer property, plant and equipment to investment properties

	475	-	475	-
--	-----	---	-----	---

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 and nine-month periods ended 30 September 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 30 September 2017, the Company’s current liabilities exceeded its current assets by Baht 199 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.



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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.

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.

✓




(Unaudited but reviewed)

2. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	33,574	39,063	109	150
Past due				
Up to 3 months	18,116	31,111	867	308
3 - 6 months	988	2,386	-	-
6 - 12 months	26	901	-	-
Over 12 months	72,824	72,724	231	771
Total	125,528	146,185	1,207	1,229
Less: Allowance for doubtful accounts	(72,733)	(72,733)	(231)	(231)
Total trade receivables - related parties, net	52,795	73,452	976	998
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	44,335	36,436	153	2
Past due				
Up to 3 months	44,248	23,575	972	838
3 - 6 months	1,436	2,436	136	121
6 - 12 months	133	1,148	95	13
Over 12 months	11,209	10,923	64	251
Total	101,361	74,518	1,420	1,225
Less: Allowance for doubtful accounts	(10,557)	(10,557)	(7)	(8)
Total trade receivables - unrelated parties, net	90,804	63,961	1,413	1,217
Total trade receivables - net	143,599	137,413	2,389	2,215
<u>Other receivables</u>				
Other receivables - related parties	170,297	170,395	126,697	126,869
Other receivables - unrelated parties	22,765	22,373	12,378	13,664
Total	193,062	192,768	139,075	140,533
Less: Allowance for doubtful accounts	(182,707)	(182,363)	(134,123)	(133,512)
Total other receivables - net	10,355	10,405	4,952	7,021
Total trade and other receivables - net	153,954	147,818	7,341	9,236



Don - *W. Subeythan*

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				Transfer pricing policy
	30 September				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<u>Transactions with related companies</u>					
Sales of goods	58	93	1	1	Cost plus margins
Hire of work income	2	-	-	-	Cost plus margins
Other income	-	-	-	1	Cost plus margins or as indicated in the agreement
Purchases of goods	3	5	-	-	Cost plus margins
Public utilities expenses	2	2	-	-	As indicated in the agreement
Other expenses	6	3	-	-	As indicated in the agreement
<u>Transactions with related person</u>					
Interest expense	2	2	2	2	4.9% per annum

(Unit: Million Baht)

	For the nine-month periods ended				Transfer pricing policy
	30 September				
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	-	3	Cost plus margins
Dividend income	-	-	11	4	As declared
Purchases of goods	-	-	1	1	Cost plus margins
Interest expense	-	-	1	-	2.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	192	247	2	2	Cost plus margins
Hire of work income	2	-	-	-	Cost plus margins
Other income	1	1	-	1	Cost plus margins or as indicated in the agreement
Purchases of goods	10	9	-	-	Cost plus margins
Public utilities expenses	6	4	-	-	As indicated in the agreement
Other expenses	15	7	-	-	As indicated in the agreement
<u>Transactions with related person</u>					
Interest expense	4	4	4	4	4.9% per annum



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(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
<u>Trade and other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	88,124	89,005
Associates	92,162	92,144	172	153
Related companies (related by common shareholders and directors)	203,663	224,436	39,608	38,940
Total	295,825	316,580	127,904	128,098
Less: Allowance for doubtful accounts	(239,674)	(239,618)	(126,476)	(126,135)
Net	56,151	76,962	1,428	1,963
<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	-	-	7,585	6,606
Associates	1,093	643	290	289
Related companies (related by common shareholders)	25,383	24,898	6,042	5,779
Total	26,476	25,541	13,917	12,674

Short-term loans to related parties and others

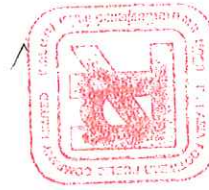
During the nine-month period ended 30 September 2017, the movements of short-term loans to related parties and other were as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	As at		As at
	1 January		30 September
	2017	Decrease	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



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As at	As at	Decrease
30 September	1 January	2017
2017		
90,140	90,140	-
10,700	10,700	-
9,540	9,540	-
110,380	110,380	-
2,109	2,109	-
2,109	2,109	-
112,489	112,489	-
(112,489)	(112,489)	-
-	-	-

(Unit: Thousand Baht)

Consolidated financial statements

During the nine-month period ended 30 September 2017, the movements of long-term

loans to related parties were as follows:

Long-term loans to related parties

As at	As at	Decrease
30 September	1 January	2017
2017		
4,600	4,600	-
-	875	(875)
4,600	5,475	(875)
5,450	6,325	(875)
(5,450)	(5,450)	-
-	875	(875)
293	333	(40)
293	1,208	(915)

(Unit: Thousand Baht)

Consolidated financial statements

Related companies

Thai Sung Shin New Material Co., Ltd.

Natural Art and Technology Co., Ltd.

Total

Total short-term loans to related parties

Less: Allowance for doubtful accounts

Total short-term loans to related parties, net

Short-term loans to others

Total short-term loans to related parties

and others, net

Associates

PA Capital Co., Ltd.

P. L. John Industries Co., Ltd.

Pek Engineering Co., Ltd.

Total

Related company

Rangsit Footwear Co., Ltd.

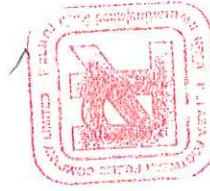
Total

Total long-term loans to related parties

Less: Allowance for doubtful accounts

Total long-term loans to related parties, net

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		Consolidated financial statements			Separate financial statements		
		As at	30 September	1 January	As at	30 September	
		2017	2017	2017	2017	2017	2017
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Short-term loans from related parties							
Subsidiaries							
Advantage Footwear Co., Ltd.	-	-	-	40,000	-	32,800	(7,200)
Excellent Rubber Co., Ltd.	-	-	-	11,000	-	12,500	-
Aphakorn Industries Co., Ltd.	-	-	-	5,000	-	10,000	-
Portex (Thailand) Co., Ltd.	-	-	-	5,000	-	10,000	-
Total	-	-	-	61,000	-	65,300	(7,200)
Related person							
Mr. Boonyasit Chokwatana	100,000	-	-	100,000	-	100,000	-
Total	100,000	-	-	100,000	-	100,000	-
Total short-term loans from related parties	100,000	-	-	161,000	-	165,300	(7,200)

(Unit: Thousand Baht)

loans from related parties were as follows:

During the nine-month period ended 30 September 2017, the movements of short-term

Short-term loans from related parties

		Consolidated financial statements			Separate financial statements		
		As at	30 September	1 January	As at	30 September	
		2017	2017	2017	2017	2017	2017
		Increase	Decrease	Increase	Decrease	Increase	Decrease
Long-term loans to related parties							
Subsidiaries							
Kabinburi Pan Asia Footwear Co., Ltd.	96,014	-	-	96,014	-	78,379	(17,635)
Phimai Footwear Co., Ltd.	21,650	-	-	21,650	-	21,650	-
Innovation Nakornluang Footwear Co., Ltd.	1,430	-	-	1,430	-	1,430	-
Total	119,094	-	-	119,094	-	101,459	(17,635)
Related company							
Rangsit Footwear Co., Ltd.	2,109	-	-	2,109	-	2,109	-
Total	2,109	-	-	2,109	-	2,109	-
Total long-term loans to related parties	121,203	-	-	121,203	-	103,568	(17,635)
Less: Allowance for doubtful accounts	(121,203)	-	-	(121,203)	-	(103,568)	17,635
Total long-term loans to related parties, net	-	-	-	-	-	-	(103,568)

(Unit: Thousand Baht)

(Unaudited but reviewed)





As at 30 September 2017, 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.

5. Restricted bank deposits

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	44,228	41,418
Less: Reversal of reduce cost to net realisable value of inventories account during the period	(25)	(25)
Balance as at 30 September 2017	44,203	41,393

(Unit: Thousand Baht)

Movements in the reduce cost to net realisable value of inventories account during the nine-month period ended 30 September 2017 are summarised below.

4. Reduce cost to net realisable value of inventories

The Company and its subsidiary have outstanding guarantee obligations with its related parties, as described in Note 19.2 a) to the financial statements.

Guarantee obligations with related parties

	2017	2016	2017	2016
Short-term employee benefits	22,086	13,789	7,514	6,516
Post-employment benefits	99	46	1	25
Total	22,185	13,835	7,515	6,541

(Unit: Thousand Baht)

During the nine-month periods ended 30 September 2017 and 2016, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

Directors and management's benefits

(Unaudited but reviewed)

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Investments in associates - net

investments
Less: Allowance for impairment of
Investments in associates - at cost

(64,559)	(64,559)
64,559	64,559
30 September 2017	31 December 2016

Separate financial statements
(Unit: Thousand Baht)

Investments in associates - equity method
Accumulated share of loss in associates
Investments in associates - at cost

(404,856)	(404,856)
404,856	404,856
30 September 2017	31 December 2016

Consolidated financial statements
(Unit: Thousand Baht)

7. Investments in associates

Company's name	Paid-up capital		Shareholding percentage		Cost	Allowance for impairment on investments	Net	Dividend received during the nine-month periods ended 30
	2017	2016	2017	2016				
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	(467,968)	-	-
International Curity Footwear Co., Ltd.	350,000	350,000	100	100	349,999	(349,999)	-	-
Kabhinburi Pan Asia Footwear Co., Ltd.	350,000	350,000	100	100	443,523	(443,523)	-	-
Excellent Rubber Co., Ltd.	370,000	370,000	100	100	385,887	(385,887)	-	-
Phimai Footwear Co., Ltd.	100,000	100,000	100	100	115,969	(115,969)	-	-
WBLP Co., Ltd.	30,000	30,000	100	100	43,371	-	43,371	-
Pantech R&D Co., Ltd. (registered its dissolution with the Ministry of Commerce on 13 May 2016)	150,000	150,000	100	100	149,998	(149,998)	-	-
Innovation Nakornluang Footwear Co., Ltd.	350,150	350,150	96	96	264,290	(264,290)	-	-
Pontex (Thailand) Co., Ltd.	60,800	60,800	93	96	122,112	(23,000)	102,869	99,112
Exact Q Co., Ltd.	16,000	16,000	100	100	15,997	-	15,997	-
Modern Technology Component Co., Ltd.	50,000	50,000	100	100	36,600	-	36,600	-
Advantage Footwear Co., Ltd.	91,750	91,750	79	65	63,330	-	63,330	7,258
Aphakorn Industries Co., Ltd.	21,905	21,905	66	66	21,326	-	21,326	3,599
Total					2,462,735	(2,200,634)	283,593	262,101
					2,484,227	(2,200,634)	283,593	10,657

as follows:

Details of investments in subsidiaries in subsidiaries are presented in separate financial statements are

6. Investments in subsidiaries

(Unaudited but reviewed)

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Company's name	30 September 2017		30 September 2016		30 September 2017		30 September 2016	
	Cost	Allowance for impairment of investments	Cost	Allowance for impairment of investments	Net	Dividend received during the nine-month periods ended 30 September	Cost	Allowance for impairment of investments
Sahapal Properties Co., Ltd.	1,050	-	1,050	-	1,050	20	1,050	-
Nutrition House Co., Ltd.	4,268	(300)	3,968	(300)	3,668	-	3,968	-
Thai Takaya Co., Ltd.	2,308	-	2,308	-	2,308	-	2,308	-
Sahachol Foods Supplies Co., Ltd.	3,000	-	3,000	-	3,000	-	3,000	-
Total	10,626	(300)	10,326	(300)	10,026	20	10,326	(300)

(Unit : Thousand Baht)

Company's name	30 September 2017		30 September 2016		30 September 2017		30 September 2016	
	Cost	Allowance for impairment of investments	Cost	Allowance for impairment of investments	Net	Dividend received during the nine-month periods ended 30 September	Cost	Allowance for impairment of investments
Sahapal Properties Co., Ltd.	500	-	500	-	500	20	500	-
Nutrition House Co., Ltd.	13,598	(8,532)	5,066	(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	-
Barapan Engineering and Holding Co., Ltd.	130,000	(130,000)	-	(130,000)	-	-	-	-
Pancomp International Co., Ltd.	2,000	(2,000)	-	(2,000)	-	-	-	-
Pan Technical Parts Co., Ltd.	720	(720)	-	(720)	-	-	-	-
Thai Sung Shin New Material Co., Ltd.	11,696	(11,696)	-	(11,696)	-	-	-	-
Sahachol Foods Supplies Co., Ltd.	5,000	-	5,000	-	5,000	-	5,000	-
Total	166,514	(152,948)	161,514	(152,948)	13,566	20	13,566	(8,566)

(Unit : Thousand Baht)

Details of investments in related parties are as follows:

8. Investments in related parties

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 nine-month period ended 30 September 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.

(Unaudited but reviewed)

(Unaudited but reviewed)

9. Investment properties

Movements in the investment properties account during the nine-month period ended 30 September 2017 are summarised below.

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	280,570	335,866
Disposal during the period - net book value at disposal date	(137)	(137)
Transferred from property, plant and equipment	475	475
Depreciation for the period	(1,807)	(2,831)
Balance as at 30 September 2017	279,101	333,373

As at 30 September 2017, the Company has mortgaged investment properties with net book value amounting to Baht 222 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 nine-month period ended 30 September 2017 are summarised below.

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	115,084	9,759
Acquisitions during the period - at cost	23,850	86
Disposals during the period - net book value at disposal date	(489)	-
Transferred to investment properties	(475)	(475)
Depreciation for the period	(16,533)	(1,992)
Balance as at 30 September 2017	121,437	7,378

As at 30 September 2017, the subsidiaries have mortgaged assets with net book value amounting to Baht 17 million (31 December 2016: Baht 18 million) as collaterals against credit facilities received from financial institutions.



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(Unaudited but reviewed)

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

Bank overdrafts from financial institutions of the Company are secured by the mortgage of investment properties of the Company. Bank overdrafts 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, 9 and 10 to the financial statements.

12. Trade and other payables

	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Trade payables - related parties	8,138	7,677	4,415	3,656
Trade payables - unrelated parties	51,089	52,173	899	908
Other payables - related parties	5,813	5,817	5,036	5,036
Other payables - unrelated parties	1,101	1,001	312	320
Accrued expenses - related parties	12,525	12,047	4,466	3,982
Accrued expenses - unrelated parties	34,999	27,297	6,516	3,256
Unearned revenue - unrelated parties	2,455	1,537	44	35
Total	116,120	107,549	21,688	17,193

(Unit: Thousand Baht)

13. Long-term provisions

	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Provision from guarantee for related companies	241	241	241	241
Provision for litigation	16,965	18,749	15,840	17,624
Total	17,206	18,990	16,081	17,865

(Unit: Thousand Baht)





(Unaudited but reviewed)

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.

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 30 September 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 and nine-month periods ended 30 September 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

For the three-month periods ended 30 September

	Consolidated		Separate	
	2017	2016	2017	2016
Current income tax:				
Interim corporate income tax charge	741	1,826	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(152)	(114)	41	44
Income tax expense reported in the statements of comprehensive income	589	1,712	41	44



Worachaiyaporn

(Unaudited but reviewed)

(Unit: Thousand Baht)

For the nine-month periods ended 30 September

	Consolidated		Separate	
	2017	2016	2017	2016
Current income tax:	5,171	4,856	-	-
Interim corporate income tax charge				
Deferred tax:				
Relating to origination and reversal of temporary differences	(516)	(640)	125	106
Income tax expense reported in the statements of comprehensive income	<u>4,655</u>	<u>4,216</u>	<u>125</u>	<u>106</u>

16. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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 access its performance. The chief operating decision maker has been identified as the Company's Board of Directors.

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 and nine-month periods ended 30 September 2017 and 2016, the Company and its subsidiaries have no significant activity in segments (2), (3) and (4). As a result, the manufacture and 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 nine-month period ended 30 September 2017, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 181 million (2016: Baht 94 million derived from 2 major customers).



Handwritten signature in blue ink.



a) As at 30 September 2017, 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)).

19.2 Guarantees

Payable:	30 September 2017		30 September 2016	
	Consolidated	Separate	Consolidated	Separate
In up to 1 year	7	-	19	-
In over 1 and up to 5 years	2	-	3	-

(Unit: Million Baht)

Future minimum lease payments were as follows.

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.

19.1 Operating lease commitments

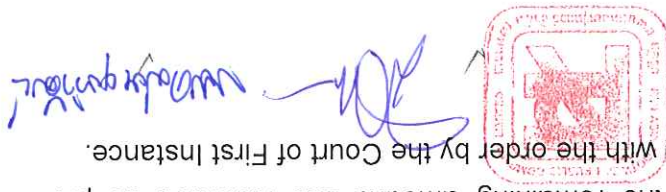
19. Commitments and contingent liabilities

Dividend	Dividends		Approved by	
	Total dividends	(Million Baht)	Total dividends	(Million Baht)
Final dividend for 2015	11	0.0204	12	0.0222
Annual General Meeting of the shareholders on 26 April 2016				
Final dividend for 2016	12	0.0222	11	0.0204
Annual General Meeting of the shareholders on 25 April 2017				

per share

18. Dividend paid

(Unaudited but reviewed)



accordance with the order by the Court of First Instance.

Therefore, the remaining amount was recorded as provision for litigation in request. The subsidiaries recorded a portion of such liabilities in their account. requesting for reconsideration of the court order, but the Court denied the at the rate of 7.5% per annum. In June 2016, these subsidiaries filed a petition ordered these subsidiaries to make payment totaling Baht 2.5 million plus interest damages for breach of the car rental agreements. The Court of First Instance has Two subsidiaries were sued by a related company for the unpaid rental and

c)

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

recorded provision for the litigation amounting to Baht 19 million as ordered by 2013 the Appeal Court affirmed the decision of the lower court. The Company interest charged 7.5% per annum to that related company. In addition, in July ordered the Company to make payment amounting to Baht 19 million plus countersued. The Court of First Instance dismissed the Company's suit and agreement, claiming compensation of Baht 34 million, and that company In 2010, the Company sued a related company in relation to the hire of work

b)

ordered by the Supreme Court. The Company then has already recorded provision for the litigation at the amount amounting to Baht 6 million plus interest at rates of 7.5% and 15% per annum. annum. In May 2017, the Supreme Court ordered the Company to make payment payment amounting to Baht 10 million plus interest at rates of 7.5% and 15% per countersuit. The Court of First Instance has ordered the Company to make demanding compensation totaling Baht 32 million, but the Company pursued a The Company faced a lawsuit in connection with the layoff its former executives,

a)

19.3 Legal cases

	Consolidated		Separate	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Guarantee electricity use	8	8	1	1
Other guarantees	-	4	-	-

(Unit: Million Baht)

b) The Company and its subsidiaries have outstanding bank guarantees as follows:

(Unaudited but reviewed)

(Unaudited but reviewed)

d) Three subsidiaries were sued by a related company for the unpaid rental and damages for breach of the car rental agreements amounting to Baht 4 million. In October 2016, the Court of First Instance dismissed the suit. Subsequently, during the second quarter of 2017, the Appeal Court affirmed the decision of the lower court on the judgement issued to these three subsidiaries.

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	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Financial assets	(Million)	(Million)	(Million)	(Million)	0.4	0.1
Financial liabilities	(Million)	(Million)	(Million)	(Million)	0.1	0.1
Average exchange rate					33.3684	35.8307

21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 9 November 2017.

The image shows a handwritten signature in blue ink and a red circular stamp. The stamp contains the Thai text 'บริษัท ไทยพาณิชย์ จำกัด (มหาชน)' (Public Company Limited by Guarantee) and 'คณะกรรมการบริษัท' (Board of Directors). The signature is written over the stamp.