

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017



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Independent Auditor's Report

To the Shareholders of Pan Asia Footwear Public Company Limited

Qualified Opinion

I have audited the accompanying consolidated financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Pan Asia Footwear Public Company Limited for the same period.

In my opinion, except for the possible effects on the matter described in the *Basis for Qualified Opinion* on the section of my report, the financial statements referred to above present fairly, in all material respects, the financial position of Pan Asia Footwear Public Company Limited and its subsidiaries and of Pan Asia Footwear Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

As discussed in Note 15 to the financial statements, the Company did not obtain the financial statements for the year ended 31 December 2017 of PA Capital Company Limited, the associated company, and its subsidiary companies. The latest financial statements of the associated company available to the Company were the financial statements for the year ended 31 December 2016, which were audited by its auditor, and only separate financial statements were presented, not consolidated financial statements. Thus, I was unable to audit the carrying amount of the investment in associate which is accounted for under the equity method in the consolidated statement of financial position and under cost method in the separate statement of financial position as at 31 December 2017 and I was unable to apply other auditing procedures to satisfy myself as to the value of such investment in associate, included the related accounts in the statement of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance. In addition, I issued the qualified opinion on the 2016 consolidated and separate financial statements due to the same reason and currently, I have not been furnished with the up-to-date consolidated financial statements of the associated company and its subsidiary companies as well for such period.



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Consequently, I was unable to determine whether and to what extent any adjustments were required to adjust the value of investment in associate, including the related accounts in the consolidated and separate financial statements for the years 2017 and 2016. If adjustments were necessary, they would affect the investment in associate and retained earnings in the consolidated and separate statement of financial position as at 31 December 2017 and 2016, and the share of profit from associate and relevant elements in the consolidated statement of comprehensive income and impairment loss on investment and relevant elements in the separate statement of comprehensive income for the years 2017 and 2016, including the relevant elements in the consolidated and separate statements of changes in shareholders' equity and cash flows for the years 2017 and 2016.

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements, regarding the ability of the Group to continue as a going concern. As presented in the separate statement of financial position as at 31 December 2017, the Company has current liabilities exceeded current assets by Baht 205 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 opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.



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I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

In addition to the matter described in *the Basis for Qualified Opinion and the Material Uncertainty Related to Going Concern* section, key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition

Revenue from sales is one of the significant accounting transactions of the Group, representing 93% of total revenue of the Group. The sales amount recorded in the accounts has a direct effect on the Group's operating results. In addition, the Group have sales to a large number of customers in several business sectors with a varying of commercial terms. There is therefore a risk related to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

- Assessing and testing the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- On a sampling basis, examining supporting documents for actual sales transactions occurring during the year and near the end of the accounting period to assess whether revenue recognition was consistent with the sales conditions, and whether it was in compliance with the Group's policy.
- Reviewing credit notes that the Group issued after the accounting period.
- Performing analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.



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Impairment of investments in subsidiaries

Because several subsidiaries have operating losses and several subsidiaries have large deficits, with indications of possible persistent losses in the future, the process of determining the impairment loss of investments in the subsidiaries, requires significant management judgement with respect to its projections of future operating performance of the subsidiaries, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of impairment loss recorded on investments in subsidiaries.

I gained an understanding of management's decision - making process and assessed the following:

- The assumptions applied in preparing 5-year plans and cash flow projections for the subsidiaries, based on the understanding I gained of the process by which the figures were arrived at comparison of past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections, and comparison of the long-term growth rate of the subsidiaries with economic and industry forecasts.
- The discount rate, based on comparison of the average cost of capital and other data with those used by comparable organisations.
- Considering the scope and probability of potential changes in the key assumptions

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.



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Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



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From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.

Manee Rattanabunnakit
Certified Public Accountant (Thailand) No. 5313

EY Office Limited
Bangkok: 28 February 2018

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	6	41,399,793	74,690,910	1,073,105	3,030,258
Current investments	7	13,045	6,515,947	-	-
Trade and other receivables	8	165,580,981	147,817,594	7,049,290	9,236,350
Short-term loans to related parties and others	9	282,969	1,207,969	-	-
Current biological assets	10	2,445,154	-	2,445,154	-
Inventories	11	92,095,351	89,325,971	476,846	-
Other current assets		6,163,064	8,304,599	1,004,408	1,445,849
Total current assets		307,980,357	327,862,990	12,048,803	13,712,457
Non-current assets					
Restricted bank deposits	12	6,512,355	6,443,449	1,349,000	1,349,000
Investments in available-for-sale securities	13	46,000	40,000	46,000	40,000
Investments in subsidiaries	14	-	-	228,799,427	262,101,092
Investments in associates	15	-	-	-	-
Investments in related parties	16	11,448,953	8,565,477	8,385,150	7,325,150
Long-term loans to related parties	9	-	-	-	-
Investment properties	17	278,259,565	280,569,891	332,190,499	335,866,294
Property, plant and equipment	18	106,819,958	115,084,342	7,489,872	9,759,125
Goodwill	19	-	-	-	-
Non-current biological assets	10	3,886,250	12,558,000	-	-
Receivables from guarantee - related parties	9	-	-	-	-
Deferred tax assets	26	868,263	267,641	-	-
Other non-current assets		6,712,101	9,207,863	1,732,549	4,492,003
Total non-current assets		414,553,445	432,736,663	579,992,497	620,932,664
Total assets		722,533,802	760,599,653	592,041,300	634,645,121

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 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	20	33,482,134	18,156,690	29,497,336	14,165,283
Trade and other payables	21	105,732,234	107,548,510	18,411,446	17,192,618
Short-term loans from related parties	9	100,000,000	100,000,000	169,300,000	161,000,000
Current portion of liabilities under finance					
lease agreements		4,800,544	2,857,171	-	-
Income tax payable		2,195,178	3,058,395	-	-
Other current liabilities		2,256,013	3,069,400	237,547	494,578
Total current liabilities		248,466,103	234,690,166	217,446,329	192,852,479
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		8,341,232	4,238,853	-	-
Provision for long-term employee benefits		12,935,030	7,804,548	579,200	560,504
Long-term provisions	22	13,207,994	18,990,110	12,082,497	17,864,613
Deferred tax liabilities	26	3,705,391	4,521,028	827,683	653,951
Other non-current liabilities		3,023,000	5,785,868	3,023,000	3,023,000
Total non-current liabilities		41,212,647	41,340,407	16,512,380	22,102,068
Total liabilities		289,678,750	276,030,573	233,958,709	214,954,547

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 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Shareholders' equity					
Share capital					
Registered					
540,000,000 ordinary shares of Baht 0.51 each		275,400,000	275,400,000	275,400,000	275,400,000
Issued and fully paid-up					
540,000,000 ordinary shares of Baht 0.51 each		275,400,000	275,400,000	275,400,000	275,400,000
The Company's shares held by subsidiaries		(17,552,525)	(17,552,525)	-	-
Retained earnings					
Appropriated - statutory reserve	24	13,028,470	13,028,470	13,028,470	13,028,470
Unappropriated		119,574,006	178,106,820	69,732,121	131,346,104
Other component of shareholders' equity		4,863,700	4,857,700	(78,000)	(84,000)
Equity attributable to owners of the Company		395,313,651	453,840,465	358,082,591	419,690,574
Non-controlling interests of the subsidiaries		37,541,401	30,728,615	-	-
Total shareholders' equity		432,855,052	484,569,080	358,082,591	419,690,574
Total liabilities and shareholders' equity		722,533,802	760,599,653	592,041,300	634,645,121

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



Directors

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		754,403,781	727,009,616	10,028,466	16,535,384
Revenues from hire of work		37,218,326	30,019,791	-	-
Interest income		497,747	714,699	13,414	105,257
Dividend income		21,500	350,000	10,879,480	3,948,500
Gain on sales of assets		1,737,140	24,525,432	247,186	15,704,838
Gain on sales of investments		-	6,412,851	-	230,650
Gain on debt restructuring		-	90,096,320	-	-
Other income		17,201,887	28,552,021	9,962,485	16,288,025
Total revenues		811,080,381	907,680,730	31,131,031	52,812,654
Expenses					
Cost of sales and hire of work		698,274,067	644,194,809	10,089,648	13,416,028
Selling expenses		15,088,340	12,202,809	3,126,198	2,135,422
Administrative expenses		97,891,065	120,441,545	21,261,992	29,684,112
Reversal of allowance for doubtful accounts		(288,606)	(130,793,680)	(19,604,781)	(28,752,974)
Impairment loss on investments		2,116,524	300,000	56,734,388	300,000
Impairment loss on fixed assets		11,622,849	74,212	-	-
Reversal of provision for litigation		-	(10,874,504)	-	(12,000,000)
Reversal of provision from guarantee for subsidiary		-	-	-	(31,699,757)
Loss arising from change in fair value of biological assets	10	9,699,190	-	1,027,440	-
Total expenses		834,403,429	635,545,191	72,634,885	(26,917,169)
Profit (loss) before share of profit from investments					
in associates, finance cost and income tax expenses		(23,323,048)	272,135,539	(41,503,854)	79,729,823
Share of profit from investments in associates	15.2	-	46,401	-	-
Profit (loss) before finance cost and income tax expenses		(23,323,048)	272,181,940	(41,503,854)	79,729,823
Finance cost		(7,275,395)	(11,179,313)	(7,949,627)	(6,446,345)
Profit (loss) before income tax expenses		(30,598,443)	261,002,627	(49,453,481)	73,283,478
Income tax expenses benefit	26	(4,954,243)	(6,299,181)	(173,732)	(150,808)
Profit (loss) for the year		(35,552,686)	254,703,446	(49,627,213)	73,132,670

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 comprehensive income (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Profit (loss) on change in value of available-for-sale investments					
- net of income tax		6,000	(10,000)	6,000	(10,000)
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax		(2,764,152)	(1,279,899)	-	-
Other comprehensive income for the year		(2,758,152)	(1,289,899)	6,000	(10,000)
Total comprehensive income for the year		(38,310,838)	253,413,547	(49,621,213)	73,122,670
Profit (loss) attributable to:					
Equity holders of the Company		(43,877,196)	242,364,415	(49,627,213)	73,132,670
Non-controlling interests of the subsidiaries		8,324,510	12,339,031		
		(35,552,686)	254,703,446		
Total comprehensive income attributable to:					
Equity holders of the Company		(46,619,936)	241,483,216	(49,621,213)	73,122,670
Non-controlling interests of the subsidiaries		8,309,098	11,930,331		
		(38,310,838)	253,413,547		
Basic earnings (loss) per share					
Profit (loss) attributable to equity holder of the Company	27	(0.08)	0.45	(0.09)	0.14

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

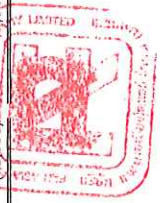


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Pan Asia Footwear Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Other components of shareholders' equity									
	Issued and paid-up share capital	The Company's shares held by subsidiaries	Retained earnings (deficit)	Surplus (deficit) 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	
Balance as at 1 January 2016	275,400,000	(17,552,525)	-	(39,416,599)	-	(74,000)	218,356,876	56,044,797	274,401,673	
Profit for the year	-	-	-	242,364,415	-	-	242,364,415	12,339,031	254,703,446	
Other comprehensive income for the year	-	-	-	(871,199)	-	(10,000)	(881,199)	(408,700)	(1,289,899)	
Total comprehensive income for the year	-	-	-	241,493,216	-	(10,000)	241,483,216	11,930,331	253,413,547	
Decrease in non-controlling interests of the subsidiaries	-	-	-	-	4,941,700	-	4,941,700	(37,195,513)	(32,253,813)	
Dividend paid (Note 30)	-	-	-	(11,014,742)	-	-	(11,014,742)	-	(11,014,742)	
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	73,415	-	-	73,415	-	73,415	
Dividend paid - net	-	-	-	(10,941,327)	-	-	(10,941,327)	-	(10,941,327)	
Transferred unappropriated retained earnings to statutory reserve	-	-	13,028,470	-	-	-	-	-	-	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	-	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	4,941,700	-	4,941,700	(51,000)	(46,058,300)	
Balance as at 31 December 2016	275,400,000	(17,552,525)	13,028,470	(84,000)	4,941,700	4,857,700	453,840,465	30,728,615	484,569,080	
Balance as at 1 January 2017	275,400,000	(17,552,525)	13,028,470	(84,000)	4,941,700	4,857,700	453,840,465	30,728,615	484,569,080	
Profit (loss) for the year	-	-	-	(43,877,196)	-	-	(43,877,196)	8,324,510	(35,552,686)	
Other comprehensive income for the year	-	-	-	(2,748,741)	-	6,000	(2,742,741)	(15,411)	(2,758,152)	
Total comprehensive income for the year	-	-	-	(46,625,937)	-	6,000	(46,619,937)	8,309,099	(38,310,838)	
Dividend paid (Note 30)	-	-	-	(11,986,770)	-	-	(11,986,770)	-	(11,986,770)	
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	79,893	-	-	79,893	-	79,893	
Dividend paid - net	-	-	-	(11,906,877)	-	-	(11,906,877)	-	(11,906,877)	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	(1,496,313)	(1,496,313)	
Balance as at 31 December 2017	275,400,000	(17,552,525)	13,028,470	(78,000)	4,941,700	4,863,700	395,313,651	37,541,401	432,855,052	



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

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Separate financial statements						Total shareholders' equity
	Issued and paid-up share capital	Retained earnings (deficit)		Other component of equity		Total	
		Appropriated - statutory reserve	Unappropriated	Other comprehensive income	Surplus (deficit) on changes in value of available-for-sale investments		
Balance as at 1 January 2016	275,400,000	-	82,256,645	(74,000)		357,582,645	
Profit for the year	-	-	73,132,670	-		73,132,670	
Other comprehensive income for the year	-	-	-	(10,000)		(10,000)	
Total comprehensive income for the year	-	-	73,132,670	(10,000)		73,122,670	
Dividend paid (Note 30)	-	-	(11,014,741)	-		(11,014,741)	
Transferred unappropriated retained earnings to statutory reserve	-	13,028,470	(13,028,470)	-		-	
Balance as at 31 December 2016	275,400,000	13,028,470	131,346,104	(84,000)		419,690,574	
Balance as at 1 January 2017	275,400,000	13,028,470	131,346,104	(84,000)		419,690,574	
Profit for the year	-	-	(49,627,213)	-		(49,627,213)	
Other comprehensive income for the year	-	-	-	6,000		6,000	
Total comprehensive income for the year	-	-	(49,627,213)	6,000		(49,621,213)	
Dividend paid (Note 30)	-	-	(11,986,770)	-		(11,986,770)	
Balance as at 31 December 2017	275,400,000	13,028,470	69,732,121	(78,000)		358,082,591	



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

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities				
Profit (loss) before tax	(30,598,443)	261,002,627	(49,453,481)	73,283,478
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	25,171,706	27,191,567	6,356,228	7,048,386
Reversal of allowance for doubtful accounts	(288,606)	(130,793,680)	(19,604,781)	(28,752,974)
Bad debt recovery	-	-	(841,605)	-
Reduce cost to net realisable value (reversal)	658,933	(98,919,168)	(46,252)	(58,649,865)
Allowance for impairment loss on assets	11,622,849	74,212	-	-
Gain on sales of property, plant and equipment	(1,494,640)	(11,648,721)	(4,686)	(10,876,588)
Gain on sales of investment properties	(242,500)	(12,876,711)	(242,500)	(4,828,250)
Loss arising from change in fair value of biological assets	9,699,190	-	1,027,440	-
Share of profit from investments in associates	-	(46,401)	-	-
Loss on fair value measurement of previously held equity interest	-	333,874	-	-
Gain from a bargain purchase of equity interest in a subsidiary	-	(6,478,852)	-	-
Gain on disposal of investment that classified as held for sales	-	(6,182,201)	-	-
Gain on disposal of investment in related party	-	(230,650)	-	(230,650)
Allowance for impairment loss on investments	2,116,524	300,000	56,734,388	300,000
Reversal of provision for litigation	-	(10,874,504)	-	(12,000,000)
Reversal of provision from guarantee for subsidiaries	-	-	-	(31,699,757)
Provision for long-term employee benefits	1,675,292	1,030,973	18,696	38,191
Gain on debt restructuring	-	(90,096,320)	-	-
Unrealised loss (gain) on exchange	15,620	(93,031)	(20,132)	(21,666)
Interest income	(497,747)	(714,699)	(13,414)	(105,257)
Dividend income	(21,500)	(350,000)	(10,879,480)	(3,948,500)
Interest expenses	7,275,395	11,179,313	7,949,627	6,446,345
Profit (loss) from operating activities before changes in operating assets and liabilities	25,092,073	(68,192,372)	(9,019,952)	(63,997,107)
Operating assets (increase) decrease				
Trade and other receivables	(17,565,252)	28,889,557	1,140,053	(5,494,394)
Inventories	(3,428,313)	93,949,386	(430,594)	61,350,285
Current biological assets	(3,472,594)	-	(3,472,594)	-
Other current assets	2,656,125	6,462,029	441,441	877,995
Other non-current assets	(1,168,640)	(8,047,283)	(136,674)	(78,500)

The accompanying notes are an integral part of the financial statements



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Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Operating liabilities increase (decrease)				
Trade and other payables	(1,763,161)	(37,919,070)	939,630	(13,591,087)
Other current liabilities	(813,387)	(696,990)	(257,031)	17,408
Cash paid for short-term provisions for litigation	(5,782,116)	-	(5,782,116)	-
Other non-current liabilities	(2,762,868)	-	-	-
Cash from (used in) operating activities	(9,008,133)	14,445,257	(16,577,837)	(20,915,400)
Cash paid for income tax	(9,118,472)	(9,626,094)	(511,061)	(488,078)
Income tax refunded	1,240,194	5,754,253	407,189	1,243,390
Net cash from (used in) operating activities	(16,886,411)	10,573,416	(16,681,709)	(20,160,088)
Cash flows from investing activities				
Increase in cash from change in status of associate to be subsidiary	-	11,512,746	-	-
Decrease (increase) in restricted bank deposits	(68,906)	160,288	-	-
Decrease in current investments	6,502,902	28,526,863	-	-
Cash receipt from short-term loans to related parties	925,000	1,560,000	-	-
Cash receipt from long-term loans to related parties	-	1,438,833	-	2,450,000
Proceeds from sales of investment in a related party	-	350,000	-	350,000
Advance payment for investment in a related party	-	(5,000,000)	-	(3,000,000)
Dividend received	21,500	350,000	10,879,480	3,948,500
Acquisition of property, plant and equipment	(18,126,048)	(19,875,064)	(548,788)	(2,031,556)
Proceeds from sales of property, plant and equipment	4,774,293	12,042,400	4,794	11,731,644
Proceeds from sales of investment properties	380,000	13,795,000	380,000	13,795,000
Interest income	519,483	912,887	13,414	105,257
Net cash from (used in) investing activities	(5,071,776)	45,773,953	10,728,900	27,348,845
Cash flows from financing activities				
Increase in bank overdrafts	15,325,444	10,927,349	15,332,053	10,930,973
Cash receipt from short-term loans from related parties	-	-	15,500,000	61,000,000
Repayment of short-term loans from related parties	-	-	(7,200,000)	-
Repayment of liabilities under finance lease agreements	(5,979,789)	(3,662,305)	-	-
Repayment of liabilities under debt settlement agreement	-	(81,977,897)	-	(81,977,897)
Dividend paid	(11,906,877)	(10,941,327)	(11,986,770)	(11,014,741)
Dividend paid for non-controlling interest of a subsidiary	(1,496,313)	(51,000)	-	-
Cash paid for interest expenses	(7,275,395)	(9,418,474)	(7,649,627)	(6,354,405)
Net cash from (used in) financing activities	(11,332,930)	(95,123,654)	3,995,656	(27,416,070)
Net decrease in cash and cash equivalents	(33,291,117)	(38,776,285)	(1,957,153)	(20,227,313)
Cash and cash equivalents at the beginning of year	74,690,910	113,467,195	3,030,258	23,257,571
Cash and cash equivalents at end of year	41,399,793	74,690,910	1,073,105	3,030,258

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Supplementary cash flows information:				
Non-cash transactions:				
Investment in subsidiary increased due to payment received from an account receivable - subsidiary	-	-	3,857,584	29,407,180
Investment in subsidiaries increased due to payment received from long-term loan to a subsidiary	-	-	17,635,139	-
Change in status of investment in associate to investment in subsidiary	-	13,396,359	-	-
Assets acquired under finance lease agreement	11,510,950	5,963,000	-	-
Biological asset increased due to payment received from an account receivable - associate	-	12,558,000	-	-
Investment properties increased due to payment received from an account receivable - associate	-	62,960,000	-	-
Transfer non-current assets to equipment	-	8,561,136	-	-
Transfer advance payment for share subscription to investment in related party	5,000,000	-	3,000,000	-

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 financial statements

For the year ended 31 December 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, distribution and export of footwear. However, the Company had restructured its business in 2013. Currently, the Company is principally engaged in investment in other companies (Holding company) and in 2017 the Company started an organic farming business. The registered office of the Company is at 620/5 Moo 11, Nongkharm, Sriracha, Chonburi.

1.2 Going concern

As presented in the separate statement of financial position as at 31 December 2017, the Company has current liabilities exceeded current assets by Baht 205 million. In addition, several subsidiaries have operating losses and several subsidiaries have large deficits, with indicators of possible persistent losses in the future. Several subsidiaries had ceased their operations. Although these conditions raise substantial doubt about their ability to continue as a going concern. However, the Company had restructured its business and the Company and its subsidiaries had entered into the debt restructuring and transfer agreement with a related company as described in Note 23 to the financial statements. For these reasons, the financial statements have been prepared on the going concern basis.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.



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2.2 Basis of consolidation

- a) These consolidated financial statements include the financial statements of Pan Asia Footwear Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2017 Percent	2016 Percent
<u>Subsidiaries directly held by the Company</u>				
Footwear Tech 1530 Company Limited	Ceased operation	Thailand	100.00	100.00
International Curity Footwear Company Limited	Ceased operation	Thailand	100.00	100.00
WBLP Company Limited	Manufacture of footwear and bag	Thailand	100.00	100.00
Phimai Footwear Company Limited	Ceased operation	Thailand	100.00	100.00
Excellent Rubber Company Limited	Ceased operation	Thailand	100.00	100.00
Kabinburi Pan Asia Footwear Company Limited	Ceased operation	Thailand	100.00	100.00
Modern Technology Component Company Limited	Manufacture of footwear parts	Thailand	100.00	100.00
Exact Q Company Limited	Dyeing of fabric	Thailand	99.98	99.98
Pontex (Thailand) Company Limited	Manufacture of plastic parts and injection	Thailand	96.27	92.53
Innovation Nakornluang Footwear Company Limited	Ceased operation	Thailand	96.07	96.07
Pan Tech R&D Company Limited (liquidated on 20 November 2017)	Completeness of liquidation	Thailand	-	100.00
Advantage Footwear Company Limited	Manufacture of footwear and footwear parts	Thailand	79.12	65.02
Aphakorn Industries Company Limited	Manufacture and repair of plastic injection molds	Thailand	65.71	65.71
<u>Subsidiaries held by Kabinburi Pan Asia Footwear Company Limited</u>				
Pan Component Company Limited (liquidated on 11 May 2017)	Completeness of liquidation	Thailand	-	100.00
Burirum Pan Footwear Company Limited	In the process of liquidation	Thailand	69.27	69.27

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.



- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the 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.

(b) Financial reporting standards that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.



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4.5 Investments

- a) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.
- b) Investments in non-marketable equity securities, which the Company and its subsidiary classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- c) Investments in associates are accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year.

The weighted average method is used for computation of the cost of investments.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.



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4.7 Property, plant and equipment/Depreciation

Land is stated at cost less allowance for diminution in value (if any). Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Land improvements	-	5 years
Plants and buildings	-	5 - 40 years
Machinery and equipment	-	3 - 15 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	5 - 10 years
Utilities	-	5 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and under construction.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.



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4.9 Agriculture

The Company and subsidiary's biological assets are organic vegetables and economic trees (Teak, Afzelia xylocarpa craib, Iron wood and Burmese Rosewood), which measure at their fair value less costs to sell.

The fair value of biological assets is determined based on fair value less estimated selling costs. Gains or losses on changes in fair value of biological assets are recognised in profit or loss.

4.10 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies, and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

4.11 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the assets.

Leases of property, plant and equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.12 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of the reporting period.



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Gains and losses on exchange are included in determining income.

4.13 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment review in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

4.14 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The subsidiaries and their employees have jointly established a provident fund. The fund is monthly contributed by employees and by the subsidiaries. The fund's assets are held in a separate trust fund and the subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan.



4.17 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:



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Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Allowance of diminution in value of inventory

In determining a reduce cost to net realisable value of inventories, the management needs to make judgement in estimating the losses that will be incurred on the sale of the inventory, taking into account net realisable value, aging profile of outstanding inventories and the stock-keeping conditions, among other factors.

Impairment of investments in subsidiaries

The Company will record impairment loss on investments in subsidiaries when the objective evidence of impairment exists. The determining impairment of investments in subsidiaries requires the management judgement with respect to its projections of future performance of the subsidiaries.

Property plant and equipment and investment property/Depreciation


In determining depreciation of plant and equipment and investment property, the management is required to make estimates of the useful lives and residual values of those assets and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment and investment property for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and recorded the provisions as described in Note 31.3 to the financial statements.




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6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	359	211	18	10
Bank deposits	41,041	74,480	1,055	3,020
Total	41,400	74,691	1,073	3,030

As at 31 December 2017, bank deposits in saving accounts carried interest at rates between 0.37% and 0.75% per annum (2016: 0.20% and 0.63% per annum) (Separate financial statements: 0.38% and 0.50% per annum (2016: 0.37% and 0.50% per annum)).

7. Current investments

As at 31 December 2017, the Company and its subsidiaries have fixed deposits between 3 months to 1 years, carried interest at rates 1.00% per annum (2016: 1.10% and 1.25% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	33,352	39,063	-	150
Past due				
Up to 3 months	10,073	31,111	95	308
3 - 6 months	3	2,386	-	-
6 - 12 months	1	901	1	-
Over 12 months	72,824	72,724	231	771
Total	116,253	146,185	327	1,229
Less: Allowance for doubtful accounts	(72,772)	(72,733)	(231)	(231)
Total trade receivables - related parties, net	43,481	73,452	96	998



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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	53,209	36,436	345	2
Past due				
Up to 3 months	55,618	23,575	755	838
3 - 6 months	2,589	2,436	47	121
6 - 12 months	166	1,148	73	13
Over 12 months	11,215	10,923	64	251
Total	122,797	74,518	1,284	1,225
Less: Allowance for doubtful accounts	(10,949)	(10,557)	(7)	(8)
Total trade receivables - unrelated parties, net	111,848	63,961	1,277	1,217
Total trade receivables - net	155,329	137,413	1,373	2,215
<u>Other receivables</u>				
Other receivables - related parties	170,332	170,395	127,467	126,869
Other receivables - unrelated parties	21,564	22,373	12,659	13,664
Total	191,896	192,768	140,126	140,533
Less: Allowance for doubtful accounts	(181,644)	(182,363)	(134,450)	(133,512)
Total other receivables - net	10,252	10,405	5,676	7,021
Total trade and other receivables - net	165,581	147,818	7,049	9,236

9. Related party transactions

During the years, 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)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	-	3	Cost plus margins
Interest income	-	-	-	9	2.5% - 7.5% per annum
Other income	-	-	-	1	Cost plus margins or as indicated in the agreement
Dividend income	-	-	11	4	As declared
Purchases of goods	-	-	1	1	Cost plus margins
Interest expense	-	-	2	-	2.5% per annum



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(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2017	2016	2017	2016	
<u>Transactions with related companies</u>					
Sales of goods	239	324	2	2	Cost plus margins
Other income	1	1	-	1	Cost plus margins or as indicated in the agreement
Purchases of goods	14	13	-	-	Cost plus margins
Public utilities expenses	7	6	-	-	As indicated in the agreement
Other expenses	20	16	-	-	As indicated in the agreement
<u>Transaction with related persons</u>					
Interest expenses	5	5	5	5	4.9% per annum

As at 31 December 2017 and 2016, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<u>Trade and other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	88,933	89,005
Associates	92,170	92,144	178	153
Related companies (related by common shareholders and directors)	194,415	224,436	38,683	38,940
Total	286,585	316,580	127,794	128,098
Less: Allowance for doubtful accounts	(239,752)	(239,618)	(126,680)	(126,135)
Net	46,833	76,962	1,114	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 21)</u>				
Subsidiaries	-	-	6,745	6,606
Associates	1,075	643	289	289
Related companies (related by common shareholders)	23,835	24,898	6,079	5,779
Total	24,910	25,541	13,113	12,674



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Short-term loans to related parties and others

As at 31 December 2017 and 2016, the balances of short-term loans to related parties and others and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2017	Decrease	As at 31 December 2017
<u>Short-term loans to related parties and others</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	(875)	-
Total	5,475	(875)	4,600
Total short-term loans to related parties	6,325	(875)	5,450
Less: Allowance for doubtful accounts	(5,450)	-	(5,450)
Total short-term loans to related parties - net	875	(875)	-
Short-term loans to others	333	(50)	283
Total short-term loans to related parties and others, net	1,208	(925)	283

Long-term loans to related parties

As at 31 December 2017 and 2016, the balances of long-term loans to related parties and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2017	Decrease	As at 31 December 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	-	-	-



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(Unit: Thousand Baht)

	Separate financial statements		
	As at		As at
	1 January 2017	Decrease	31 December 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	-	-	-

Short-term loans from related parties

As at 31 December 2017 and 2016, the balances of short-term loans from related parties and the movements are as follows:

	Consolidated financial statements			Separate financial statements		
	As at		As at	As at		As at
	1 January 2017	Increase (decrease)	31 December 2017	1 January 2017	Increase (decrease)	31 December 2017
<u>Short-term loans from related parties</u>						
Subsidiaries						
Advantage Footwear Co., Ltd.	-	-	-	40,000	(7,200)	32,800
Excellent Rubber Co., Ltd.	-	-	-	11,000	1,500	12,500
Aphakorn Industries Co., Ltd.	-	-	-	5,000	5,000	10,000
Pontex (Thailand) Co., Ltd.	-	-	-	5,000	9,000	14,000
Total	-	-	-	61,000	8,300	69,300
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	8,300	169,300



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Directors and management's benefits

During the years ended 31 December 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	22,790	15,433	5,833	6,586
Post-employment benefits	144	62	13	33
Total	<u>22,934</u>	<u>15,495</u>	<u>5,846</u>	<u>6,619</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with their related parties as described in Note 31.2 a) to the financial statements.

10. Biological assets

Movements of biological assets account for the year ended 31 December 2017, is summarised below.

(Unit: Thousand Baht)

	Consolidated			Separate
	financial statements			financial statements
	Economic trees	Organic vegetables	Total	Organic vegetables
Balance as at 1 January 2017	12,558	-	12,558	-
Loss arising from changes in fair value	(8,672)	(1,027)	(9,699)	(1,027)
Increase due to cultivate	-	12,863	12,863	12,863
Decrease due to harvest	-	(9,391)	(9,391)	(9,391)
Balance as at 31 December 2017	<u>3,886</u>	<u>2,445</u>	<u>6,331</u>	<u>2,445</u>

The value of economic trees that was recorded in the consolidated financial statements as at 31 December 2016 represented the value mutually agreed between a subsidiary and an associate, in accordance with the debt restructuring and transfer agreement. Such value was appraised by an independent appraiser. However, in the current year, the Company arranged for a new economic valuation by engaging another independent appraiser, and found that the fair value had decreased. The Company therefore recorded loss resulting from change in fair value of economic trees in the consolidated statement of comprehensive income of this year.



11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	41,322	30,191	(2,210)	(1,932)	39,112	28,259
Work in process	21,435	19,997	(220)	(220)	21,215	19,777
Raw materials	69,330	77,406	(42,456)	(42,076)	26,874	35,330
Raw materials in transit	1,315	3,029	-	-	1,315	3,029
Supplies	3,579	2,931	-	-	3,579	2,931
Total	136,981	133,554	(44,886)	(44,228)	92,095	89,326

(Unit: Thousand Baht)

Separated financial statements						
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	1,899	1,776	(1,730)	(1,776)	169	-
Raw materials	39,934	39,642	(39,641)	(39,642)	293	-
Supplies	15	-	-	-	15	-
Total	41,848	41,418	(41,371)	(41,418)	477	-

During the current year, the Company and its subsidiaries reduced cost of inventories amounting to Baht 1 million (2016: Nil) (Separate financial statement: Nil (2016: Nil)) to reflect the net realisable value. This was included in cost of sales.

12. Restricted bank deposits

As at 31 December 2017 and 2016, the Company and its subsidiaries had pledged the fixed deposits at financial institutions to secure loans and bank guarantee facilities issued by the banks on behalf of the Company and its subsidiaries.



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13. Investments in available-for-sale securities

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2017	2016
Boutique New City Public Company Limited	124	124
Bangkok Rubber Public Company Limited	758,294	758,294
Total investments - cost	758,418	758,418
Less: Deficit on changes in value of investment	(78)	(84)
Provision for impairment of investments	(758,294)	(758,294)
Investments in available-for-sale securities, net	46	40

The Company had set aside full provision for impairment of investments in the ordinary shares of Bangkok Rubber Public Company Limited. At present, the Court ordered the absolute receivership of the Company.

14. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment on investments		Net		Dividend received during the years	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)								
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	467,968	(467,968)	(467,968)	-	-	-	-
International Curiry												
Footwear Co., Ltd.	350,000	350,000	100	100	349,999	349,999	(349,999)	(349,999)	-	-	-	-
Kabinburi Pan Asia												
Footwear Co., Ltd.	350,000	350,000	100	100	443,523	443,523	(443,523)	(443,523)	-	-	-	-
Excellent Rubber Co., Ltd.	370,000	370,000	100	100	385,887	385,887	(385,887)	(385,887)	-	-	-	-
Phimai Footwear Co., Ltd.	100,000	100,000	100	100	115,969	115,969	(115,969)	(115,969)	-	-	-	-
WBLP Co., Ltd.	30,000	30,000	100	100	43,371	43,371	(43,371)	-	-	43,371	-	-
Modern Technology												
Component Co., Ltd.	50,000	50,000	100	100	36,600	36,600	-	-	36,600	36,600	-	-
Exact Q Co., Ltd.	16,000	16,000	100	100	15,997	15,997	(15,997)	-	-	15,997	-	-
Pantech R&D Co., Ltd.												
(liquidated on 20 November 2017)	-	150,000	-	100	-	149,998	-	(149,998)	-	-	-	-
Innovation Nakornluang												
Footwear Co., Ltd.	350,150	350,150	96	96	264,290	264,290	(264,290)	(264,290)	-	-	-	-
Pontex (Thailand) Co., Ltd.	60,800	60,800	96	93	125,970	122,112	(18,427)	(23,000)	107,543	99,112	-	-
Advantage Footwear Co., Ltd.	91,750	91,750	79	65	63,330	45,695	-	-	63,330	45,695	7,259	-
Aphakorn Industries Co., Ltd.	21,905	21,905	66	66	21,326	21,326	-	-	21,326	21,326	3,599	3,599
Total					2,334,230	2,462,735	(2,105,431)	(2,200,634)	228,799	262,101	10,858	3,599



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In March 2017, two subsidiaries transferred 2,272 ordinary shares of Pontex (Thailand) Co., Ltd. (PTX) and 517,463 ordinary shares of Advantage Footwear Co., Ltd. (AVF) to the Company for repayment of long-term loan. As a result, the shareholding of the Company in PTX and AVF has increased to 96% and 79%, respectively.

15. Investments in associates

15.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017 (%)	2016 (%)	2017	2016	2017	2016
PA Capital Co., Ltd.	Trading of fuel oil	Thailand	45.88	45.88	376,157	376,157	-	-
Nongchang Rubber Co., Ltd.	Ceased operations	Thailand	28.82	28.82	12,000	12,000	-	-
Uthai Bangkok Rubber Co., Ltd.	Ceased operations	Thailand	28.82	28.82	8,999	8,999	-	-
P.L. John Industries Co., Ltd.	In the process of liquidation	Thailand	19.25	19.25	7,700	7,700	-	-
Total					404,856	404,856	-	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments	Carrying amounts based on cost method - net		
			2017 (%)	2016 (%)	2017	2016	2017	2016	2017	2016
PA Capital Co., Ltd.	Trading of fuel oil	Thailand	8.07	8.07	64,559	64,559	(64,559)	(64,559)	-	-
Total					64,559	64,559	(64,559)	(64,559)	-	-

15.2 Share of comprehensive income

During the years, the Company has recognised its share of profit from investments in associates in the consolidated financial statements as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of profit from investments in associates during the year	
	2017	2016
Aphakorn Industries Co., Ltd.	-	46
Total	-	46



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15.3 Investment in associates with capital deficit

The Company and its subsidiaries recognised share of losses from investments in 4 associates, until the value of the investments approached zero. Subsequent losses incurred by those associates have not been recognised in the accounts of the Company and its subsidiaries since the Company and its subsidiaries have no obligations, whether legal or constructive, to make any payments on behalf of those associates.

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 year ended 31 December 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 were presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in this associate under the cost method and the equity method as equal to zero.

15.4 Summarised financial information about the associates

Financial information of the associates is summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the		Profit for the	
	as at		as at		as at		years ended		years ended	
	31 December 2017	2016	31 December 2017	2016	31 December 2017	2016	31 December 2017	2016	31 December 2017	2016
PA Capital Co., Ltd.	*	*	*	*	*	*	*	*	*	*
Nongchang Rubber Co., Ltd.	40	40	4	4	56	56	1	1	-	1
Uthai Bangkok Rubber Co., Ltd.	30	30	2	2	48	48	1	1	-	-

* The Company did not obtain the financial statements of PA Capital Co., Ltd. as discussed in Note 15.3.

P.L. John Industries Co., Ltd. is in the process of liquidation as discussed in Note 15.1.



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16. Investments in related parties

Details of investments in related parties are as follows:

(Unit : Thousand Baht)

Consolidated financial statements								
Company's name	Cost		Allowance for impairment of investments		Net		Dividend received during the years	
	2017	2016	2017	2016	2017	2016	2017	2016
Sahapat Properties Co., Ltd.	500	500	-	-	500	500	20	50
Nutrition House Co., Ltd.	13,598	13,598	(9,212)	(8,532)	4,386	5,066	-	-
Thai Takaya Co., Ltd.	2,000	2,000	(232)	-	1,768	2,000	-	300
Pan Biotech Co., Ltd.	1,000	1,000	-	-	1,000	1,000	-	-
Bampan 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	-	(1,205)	-	3,795	-	-	-
Total	166,514	161,514	(155,065)	(152,948)	11,449	8,566	20	350

(Unit : Thousand Baht)

Separate financial statements								
Company's name	Cost		Allowance for impairment of investments		Net		Dividend received during the years	
	2017	2016	2017	2016	2017	2016	2017	2016
Sahapat Properties Co., Ltd.	1,050	1,050	-	-	1,050	1,050	20	50
Nutrition House Co., Ltd.	4,268	4,268	(980)	(300)	3,288	3,968	-	-
Thai Takaya Co., Ltd.	2,308	2,308	(540)	-	1,768	2,308	-	300
Sahachol Foods Supplies Co., Ltd.	3,000	-	(720)	-	2,280	-	-	-
Total	10,626	7,626	(2,240)	(300)	8,386	7,326	20	350



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17. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land and land improvement	Building	Total	Land and land improvement	Building	Total
As at 31 December 2017						
Cost	276,806	12,798	289,604	285,345	73,273	358,618
<u>Less</u> Accumulated depreciation	(2,670)	(5,823)	(8,493)	(2,670)	(20,906)	(23,576)
<u>Less</u> Provision for impairment	-	(2,851)	(2,851)	-	(2,851)	(2,851)
Net book value	<u>274,136</u>	<u>4,124</u>	<u>278,260</u>	<u>282,675</u>	<u>49,516</u>	<u>332,191</u>
As at 31 December 2016						
Cost	276,944	12,798	289,742	285,482	73,273	358,755
<u>Less</u> Accumulated depreciation	(1,409)	(4,912)	(6,321)	(1,409)	(18,629)	(20,038)
<u>Less</u> Provision for impairment	-	(2,851)	(2,851)	-	(2,851)	(2,851)
Net book value	<u>275,535</u>	<u>5,035</u>	<u>280,570</u>	<u>284,073</u>	<u>51,793</u>	<u>335,866</u>

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	280,570	219,669	335,866	348,570
Additions due to payment receipt	-	62,960	-	-
Disposals	(137)	(918)	(137)	(8,967)
Depreciation for the year	<u>(2,173)</u>	<u>(1,141)</u>	<u>(3,538)</u>	<u>(3,737)</u>
Net book value at end of year	<u>278,260</u>	<u>280,570</u>	<u>332,191</u>	<u>335,866</u>



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The fair value of the investment properties as at 31 December 2017 and 2016 stated below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land awaiting sale	308	349	238	286
Land and building for rent	131	173	131	173

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting sale has been determined based on comparable market prices, while that of the land and building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

As at 31 December 2017, the Company has mortgaged investment properties with net book value amounting to Baht 221 million (2016: Baht 223 million) as collateral against loan from related person and credit facilities received from financial institutions.



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18. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	
Cost								
1 January 2016	10,977	35,837	895,321	150,597	12,197	5,739	759	1,111,427
Increase from change in status of associate to be subsidiary	-	-	48,581	8,859	1,003	147	-	58,590
Additions	-	768	13,192	6,571	1,468	742	391	23,132
Transfer from other non-current assets	-	-	15,349	-	-	-	-	15,349
Disposals/written off	-	(571)	(152,645)	(8,275)	(809)	-	(878)	(163,178)
Transfers in (out)	-	267	-	-	-	-	(267)	-
31 December 2016	10,977	36,301	819,798	157,752	13,859	6,628	5	1,045,320
Additions	-	665	12,000	3,074	732	516	12,650	29,637
Disposals/written off	-	(941)	(122,120)	(34,972)	-	-	(5)	(158,038)
Transfers in (out)	-	-	11,997	59	-	-	(12,056)	-
31 December 2017	10,977	36,025	721,675	125,913	14,591	7,144	594	916,919
Accumulated depreciation								
1 January 2016	247	27,644	774,548	128,652	9,391	4,574	5	945,061
Increase from change in status of associate to be subsidiary	-	-	32,787	7,758	585	131	-	41,261
Depreciation for the year	-	674	13,928	3,497	736	428	-	19,263
Transfer from other non-current assets	-	-	6,788	-	-	-	-	6,788
Depreciation of disposals/written off	-	(339)	(116,466)	(8,259)	(809)	-	-	(125,873)
31 December 2016	247	27,979	711,585	131,648	9,903	5,133	5	886,500
Depreciation for the year	-	281	17,675	3,819	747	477	-	22,999
Depreciation of disposals/written off	-	(941)	(112,505)	(34,948)	-	-	(5)	(148,399)
31 December 2017	247	27,319	616,755	100,519	10,650	5,610	-	761,100



(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	Total
Provision for impairment								
1 January 2016	-	2,852	80,423	27	-	-	-	83,302
Increase during the year	-	-	-	74	-	-	-	74
Decrease during the year	-	(2,852)	(36,788)	-	-	-	-	(39,640)
31 December 2016	-	-	43,635	101	-	-	-	43,736
Increase during the year	-	-	11,623	-	-	-	-	11,623
Decrease during the year	-	-	(6,358)	(2)	-	-	-	(6,360)
31 December 2017	-	-	48,900	99	-	-	-	48,999
Net book value								
31 December 2016	10,730	8,322	64,578	26,003	3,956	1,495	-	115,084
31 December 2017	10,730	8,706	56,020	25,295	3,941	1,534	594	106,820
Depreciation for the year								
2016 (Baht 16.3 million included in manufacturing cost, and the balance in selling and administrative expenses)								19,263
2017 (Baht 18.2 million included in manufacturing cost, and the balance in selling and administrative expenses)								22,999



(Unit: Thousand Baht)

Separate financial statements

	Separate financial statements					Assets under		Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	installation and under construction	
Cost								
1 January 2016	-	4,866	263,182	44,184	7,002	1,374	755	321,363
Additions	-	-	770	339	-	655	267	2,031
Disposals/written off	-	-	(114,111)	(339)	(809)	-	(755)	(116,014)
Transfers in (out)	-	267	-	-	-	-	(267)	-
31 December 2016	-	5,133	149,841	44,184	6,193	2,029	-	207,380
Additions	-	-	195	99	65	-	190	549
Disposals/written off	-	-	-	(1,721)	-	-	-	(1,721)
31 December 2017	-	5,133	150,036	42,562	6,258	2,029	190	206,208
Accumulated depreciation								
1 January 2016	-	1,859	192,857	41,326	5,715	276	-	242,033
Depreciation for the year	-	437	1,266	970	289	349	-	3,311
Depreciation of disposals/written off	-	-	(77,947)	(338)	(809)	-	-	(79,094)
31 December 2016	-	2,296	116,176	41,958	5,195	625	-	166,250
Depreciation for the year	-	442	904	775	292	405	-	2,818
Depreciation of disposals/written off	-	-	-	(1,721)	-	-	-	(1,721)
31 December 2017	-	2,738	117,080	41,012	5,487	1,030	-	167,347



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(Unit: Thousand Baht)

Separate financial statements

	Buildings and				Furniture, fixtures and office equipment		Motor vehicles		Infrastructure		Assets under installation and under construction		Total
	Land and land improvement	building improvement	Machinery and equipment	building improvement	equipment	office equipment	Motor vehicles	Infrastructure	under construction	under construction	Total		
Provision for impairment													
1 January 2016	-	-	67,436	-	-	-	-	-	-	-	-	-	67,436
Decrease during the year	-	-	(36,065)	-	-	-	-	-	-	-	-	-	(36,065)
31 December 2016	-	-	31,371	-	-	-	-	-	-	-	-	-	31,371
31 December 2017	-	-	31,371	-	-	-	-	-	-	-	-	-	31,371
Net book value													
31 December 2016	-	2,837	2,294	2,226	998	1,404	-	-	-	-	-	-	9,759
31 December 2017	-	2,395	1,585	1,550	771	999	190	-	-	-	-	-	7,490

Depreciation for the year

2016 (Baht 1.3 million included in manufacturing cost, and the balance in selling and administrative expenses)

2017 (Baht 1.5 million included in manufacturing cost, and the balance in selling and administrative expenses)



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As at 31 December 2017, the subsidiaries had machinery and motor vehicles with net book value of Baht 20 million (2016: Baht 12 million) which were acquired under finance lease agreements.

As at 31 December 2017, the Company and its subsidiaries had certain items of plant and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 528 million (2016: Baht 685 million) (Separate financial statements: Baht 155 million (2016: Baht 144 million)).

The subsidiaries have pledged their property, plant and equipment amounting to approximately Baht 17 million (2016: Baht 18 million) as collateral against credit facilities received from financial institutions.

19. Goodwill

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2017</u>	<u>2016</u>
Goodwill	12,047	12,047
Less: Provision for impairment of goodwill	<u>(12,047)</u>	<u>(12,047)</u>
Net	<u>-</u>	<u>-</u>

20. Bank overdrafts

		(Unit: Thousand Baht)			
		Consolidated		Separate	
	Interest rate	financial statements		financial statements	
	(% per annum)	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Bank overdrafts	MOR, MLR	<u>33,482</u>	<u>18,157</u>	<u>29,497</u>	<u>14,165</u>

Bank overdrafts of the Company are secured by the mortgage of land and construction thereon. Bank overdrafts of subsidiaries are secured by the guarantees of the Company, the pledge of machinery, and the mortgage of land and construction thereon of subsidiaries as described in Notes 17 and 18 to the financial statements.



21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2017	2016	2017	2016
Trade accounts payable - related parties	7,939	7,677	3,484	3,656
Trade accounts payable - unrelated parties	48,677	52,173	885	908
Other payables - related parties	5,817	5,817	5,036	5,036
Other payables - unrelated parties	1,289	1,001	506	320
Accrued expenses - related parties	11,154	12,047	4,593	3,982
Accrued expenses - unrelated parties	29,431	27,297	3,863	3,256
Unearned revenue - unrelated parties	1,425	1,537	44	35
Total	105,732	107,549	18,411	17,193

22. Provisions


(Unit: Thousand Baht)


	Consolidated financial statements		
	Provisions from	Provisions from	Total
	guarantee	litigation	
1 January 2016	241	29,624	29,865
Increase	-	1,125	1,125
Reversal of provisions	-	(12,000)	(12,000)
31 December 2016	241	18,749	18,990
Reversal of provisions	-	(5,782)	(5,782)
31 December 2017	241	12,967	13,208

(Unit: Thousand Baht)

	Separate financial statements		
	Provisions from	Provisions from	Total
	guarantee	litigation	
1 January 2016	31,940	29,624	61,564
Reversal of provisions	(31,699)	(12,000)	(43,699)
31 December 2016	241	17,624	17,865
Reversal of provisions	-	(5,782)	(5,782)
31 December 2017	241	11,842	12,083







23. Debt restructuring and transfer agreement between the Company, 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 No. 1 and No. 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. The debt under article 3 is still outstanding.

24. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries, wages and other employees				
benefit expenses	285,705	277,273	13,499	17,494
Depreciation and amortisation	25,172	27,192	6,356	7,048
Raw materials and consumables used	404,340	289,663	3,030	-
Changes in inventories of finished goods				
and work in progress	4,074	19,953	1,990	3,081



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26. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge	5,679	7,063	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(725)	(764)	174	151
Income tax expenses reported in the statements of comprehensive income	<u>4,954</u>	<u>6,299</u>	<u>174</u>	<u>151</u>

Reconciliation between accounting profit and income tax expenses is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit (loss) before tax	(30,598)	261,003	(49,453)	73,283
Applicable tax rate of the Company	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(6,120)	52,201	(9,891)	14,657
Deferred tax assets for which have not been recognised during the year because future taxable profits may not be sufficient	8,999	14,771	3,589	11,521
Utilisation of previously unrecognised deferred tax assets	(2,742)	(19,815)	-	-
Effects of preparing the consolidated financial statements	5,797	(23,205)	-	-
Share of profit from investments in associates	-	(10)	-	-
Effects of:				
Tax exempt revenue	(5,758)	(53,060)	(4,409)	(28,617)
Non-deductible expenses	6,863	36,648	11,619	3,471
Additional expense deductions allowed	(2,063)	(1,217)	(734)	(881)
Others	(22)	(14)	-	-
Total	<u>(980)</u>	<u>(17,643)</u>	<u>6,476</u>	<u>(26,027)</u>
Income tax expenses reported in the statement of comprehensive income	<u>4,954</u>	<u>6,299</u>	<u>174</u>	<u>151</u>



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The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax assets				
Provision for long-term employee benefits	2,471	1,449	-	-
Total	<u>2,471</u>	<u>1,449</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities				
Accumulated depreciation - building	(1,658)	(4,279)	(828)	(654)
Accumulated depreciation - machinery and equipment	(3,650)	(1,423)	-	-
Total	<u>(5,308)</u>	<u>(5,702)</u>	<u>(828)</u>	<u>(654)</u>

As at 31 December 2017, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 1,107 million (2016: Baht 1,636 million) (Separate financial statements: Baht 720 million (2016: Baht 899 million)) will expire by 2022. No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

27. Earnings per share

Basic earnings per share is calculated by dividing profit for the year 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 year.

28. Segment information

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



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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 years 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 year 2017, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 252 million (2016: Baht 135 million derived from 1 major customer).

29. Provident fund

The subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The subsidiaries and their employees contribute to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2017 amounting to approximately Baht 2 million (2016: Baht 2 million) were recognised as expenses.

30. Dividend paid

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



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31. Commitments and contingent liabilities

31.1 Operating lease commitments

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

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements	financial statements	2017	2016
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	20	19	-	-
In over 1 and up to 5 years	2	3	-	-

31.2 Guarantees

- a) As at 31 December 2017, the Company and its subsidiaries have obligations under its guarantees of loans and credit facilities provided to their related parties by banks and financial institutions totaling Baht 101 million (2016: Baht 96 million) (Separate financial statements: Baht 100 million (2016: Baht 96 million)).
- b) As at 31 December 2017, the Company and its subsidiaries have outstanding bank guarantees as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Guarantee electricity use	8	8	1	1
Other guarantees	-	4	-	-



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31.3 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. In May 2017, the Supreme Court ordered the Company to make payment amounting to Baht 6 million plus interest at rates of 7.5% and 15% per annum. The Company then has already recorded provision for the litigation at the amount ordered by the Supreme 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 the Court.

In 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.

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.



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32. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated financial statements							
	Level 1		Level 2		Level 3		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets measured at fair value								
Biological assets	-	-	-	-	6	13	6	13
Assets for which fair are disclosed								
Investment properties	-	-	-	-	439	522	439	522

(Unit: Million Baht)

	Separate financial statements							
	Level 1		Level 2		Level 3		Total	
	2017	2016	2017	2016	2017	2016	2017	2016
Assets measured at fair value								
Biological assets	-	-	-	-	2	-	2	-
Assets for which fair are disclosed								
Investment properties	-	-	-	-	369	459	369	459

33. Financial instruments

33.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade accounts receivable, loans, restricted bank deposits, short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade, other receivable and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, loans and other receivables as stated in the statement of financial position.



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Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to its cash at financial institutions, bank overdrafts, short-term and long-term borrowings. Most financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2017						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	-	-	15	26	41	0.37 - 0.75
Trade and other receivables	-	-	-	166	166	-
Restricted bank deposits	5	-	2	-	7	0.38 - 1.38
	5	-	17	192	214	
Financial liabilities						
Bank overdrafts	-	-	33	-	33	MOR, MLR
Trade and other payables	-	-	-	106	106	-
Short-term loans from related parties	100	-	-	-	100	4.90
Liabilities under finance lease agreements	5	8	-	-	13	5.31 - 8.32
	105	8	33	106	252	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial assets						
Cash and cash equivalents	-	-	57	18	75	0.20 - 0.63
Current investments	3	-	-	-	3	1.10 - 1.25
Trade and other receivables	-	-	-	148	148	-
Short-term loans to related parties and others	1	-	-	-	1	7.50 - 8.63
Restricted bank deposits	10	-	-	-	10	0.40 - 1.50
	14	-	57	166	237	



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(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	Within 1 year	1-5 years				
Financial liabilities						
Bank overdrafts	-	-	18	-	18	MOR, MLR
Trade and other payables	-	-	-	108	108	-
Short-term loans from related parties	100	-	-	-	100	4.90
Liabilities under finance lease agreements	3	4	-	-	7	5.31 - 10.48
	<u>103</u>	<u>4</u>	<u>18</u>	<u>108</u>	<u>233</u>	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2017

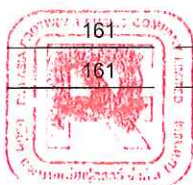
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	1	-	1	0.38 - 0.50
Trade and other receivables	-	-	7	7	-
Restricted bank deposits	-	1	-	1	0.40
	<u>-</u>	<u>2</u>	<u>7</u>	<u>9</u>	
Financial liabilities					
Bank overdrafts	-	30	-	30	MLR
Trade and other payables	-	-	18	18	-
Short-term loan from related parties	169	-	-	169	2.50 - 4.90
	<u>169</u>	<u>30</u>	<u>18</u>	<u>217</u>	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	2	1	3	0.37 - 0.50
Trade and other receivables	-	-	9	9	-
Restricted bank deposits	-	1	-	1	0.40
	<u>-</u>	<u>3</u>	<u>10</u>	<u>13</u>	
Financial liabilities					
Bank overdrafts	-	14	-	14	MLR
Trade and other payables	-	-	17	17	-
Short-term loan from related parties	161	-	-	161	2.50 - 4.90
	<u>161</u>	<u>14</u>	<u>17</u>	<u>192</u>	



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Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions. 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 as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Million)	<u>2016</u> (Million)	<u>2017</u> (Baht per 1 foreign currency unit)	<u>2016</u>
USD	0.7	0.4	0.1	0.1	32.6809	35.8307

33.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature and loan to and borrowings carry interest at rates close to the market interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

34. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.67:1 (2016: 0.57:1) and the Company's was 0.65:1 (2016: 0.51:1).

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2018.

