

Pan Asia Footwear Public Company Limited  
and its subsidiaries  
Review report and consolidated interim financial statements  
For the three-month and six-month periods ended  
30 June 2018

## **Independent Auditor's Report on Review of Interim Financial Information**

To the Shareholders of Pan Asia Footwear Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pan Asia Footwear Public Company Limited and its subsidiaries as at 30 June 2018, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pan Asia Footwear Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Basis for qualified conclusion**

As discussed in Note 7 to the financial statements, the Company did not obtain the consolidated and separate financial statements for the six-month period ended 30 June 2018 of PA Capital Co., Ltd., the associated company, and its subsidiary companies. The Company obtained only the separate financial statements of the associated company as at 31 December 2017, which were audited by its auditor. I was unable to apply other reviewing procedures to satisfy myself as to the value of such investment in associate, including the related accounts in the statement of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance. In addition, for the review of financial statements for the second quarter of 2017

and the audit of financial statements for the year 2017, I was not furnished with the up-to-date financial statements of the associated company and its subsidiary companies for such periods as well. I therefore issued the qualified conclusion on the financial statements for the second quarter of 2017 and issued the qualified opinion on the financial statements for the year 2017 for such matter.

Since I was unable to determine whether and to what extent any adjustments were required to adjust the value of investment in associate as at 30 June 2018 and 31 December 2017, including the related accounts in the statements of comprehensive income for the second quarter of 2018 and 2017. My conclusion on the current period's financial statements is qualified as the matter may affect the operating results and the financial position for the current period and comparative figures.

#### **Qualified conclusion**

Based on my review, except for any adjustments that might be required to the interim financial information for the three-month and six-month periods ended 30 June 2018 as a result of the matter discussed in the basis for qualified conclusion paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

#### **Emphasis of matter**

I draw attention to Note 1.2 to the financial statements, regarding the ability of the Company and its subsidiaries to continue as a going concern. As presented in the separate statement of financial position as at 30 June 2018, the Company has current liabilities exceeded current assets by Baht 211 million. In addition, several subsidiaries have operating loss, several subsidiaries have large deficits, and there are indicators of possible persistent losses in the future. Several subsidiaries ceased their operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. My conclusion is not qualified in respect of this matter.



Manee Rattanabunnakit  
Certified Public Accountant (Thailand) No. 5313

EY Office Limited  
Bangkok: 9 August 2018

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018	31 December 2017	30 June 2018	31 December 2017
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		19,478	41,400	1,072	1,073
Current investments		13	13	-	-
Trade and other receivables	2	184,095	165,581	5,389	7,049
Short-term loans to related parties and others	3	283	283	4,000	-
Current biological assets		2,296	2,445	2,296	2,445
Inventories	4	86,894	92,095	443	477
Other current assets		9,375	6,163	1,333	1,005
<b>Total current assets</b>		<b>302,434</b>	<b>307,980</b>	<b>14,533</b>	<b>12,049</b>
<b>Non-current assets</b>					
Restricted bank deposits	5	6,512	6,512	1,349	1,349
Investments in available-for-sale securities		43	46	43	46
Investments in subsidiaries	6	-	-	240,535	228,799
Investments in associates	7	-	-	-	-
Investments in related parties	8	11,449	11,449	8,385	8,385
Long-term loans to related parties	3	-	-	-	-
Investment properties	9	269,716	278,260	322,964	332,190
Property, plant and equipment	10	104,500	106,820	7,032	7,490
Goodwill		-	-	-	-
Non-current biological assets		3,886	3,886	-	-
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		936	868	-	-
Other non-current assets		6,875	6,712	2,161	1,733
<b>Total non-current assets</b>		<b>403,917</b>	<b>414,553</b>	<b>582,469</b>	<b>579,992</b>
<b>Total assets</b>		<b>706,351</b>	<b>722,533</b>	<b>597,002</b>	<b>592,041</b>

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2018

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	11	30,019	33,482	23,397	29,497
Trade and other payables	12	118,656	105,732	30,901	18,411
Short-term loans from related parties	3	100,000	100,000	171,300	169,300
Current portion of liabilities under finance lease agreements		4,981	4,801	-	-
Income tax payable		573	2,195	-	-
Other current liabilities		2,366	2,256	123	238
<b>Total current liabilities</b>		<b>256,595</b>	<b>248,466</b>	<b>225,721</b>	<b>217,446</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements, net of current portion		6,650	8,341	-	-
Provision for long-term employee benefits		13,654	12,935	582	579
Long-term provisions	13	1,366	13,208	241	12,083
Deferred tax liabilities		3,365	3,706	912	828
Other non-current liabilities		3,023	3,023	3,023	3,023
<b>Total non-current liabilities</b>		<b>28,058</b>	<b>41,213</b>	<b>4,758</b>	<b>16,513</b>
<b>Total liabilities</b>		<b>284,653</b>	<b>289,679</b>	<b>230,479</b>	<b>233,959</b>

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)	30 June 2018 (Unaudited but reviewed)	31 December 2017 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
Issued and fully paid-up				
540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
The Company's shares held by subsidiaries	(17,553)	(17,553)	-	-
Retained earnings				
Appropriated - statutory reserve	13,028	13,028	13,028	13,028
Unappropriated	106,107	119,574	78,176	69,732
Other component of shareholders' equity	4,861	4,864	(81)	(78)
Equity attributable to owners of the Company	381,843	395,313	366,523	358,082
Non-controlling interests of the subsidiaries	39,855	37,541	-	-
<b>Total shareholders' equity</b>	<b>421,698</b>	<b>432,854</b>	<b>366,523</b>	<b>358,082</b>
<b>Total liabilities and shareholders' equity</b>	<b>706,351</b>	<b>722,533</b>	<b>597,002</b>	<b>592,041</b>

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

Directors



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		179,161	192,338	3,355	2,640
Revenues from hire of work		10,254	8,957	-	-
Dividend income	6, 8	41	22	6,041	10,879
Gain on sales of assets		854	784	-	-
Other income		15,479	3,491	14,810	3,109
<b>Total revenues</b>		<b>205,789</b>	<b>205,592</b>	<b>24,206</b>	<b>16,628</b>
<b>Expenses</b>					
Cost of sales and hire of work		172,920	174,449	4,497	2,675
Selling expenses		4,737	3,231	820	484
Administrative expenses		25,758	27,396	7,071	7,909
Bad debts and allowance for doubtful accounts		68	135	126	1,064
Loss arising from change in fair value of biological assets		685	161	685	161
<b>Total expenses</b>		<b>204,168</b>	<b>205,372</b>	<b>13,199</b>	<b>12,293</b>
<b>Profit before finance cost and income tax expenses</b>		<b>1,621</b>	<b>220</b>	<b>11,007</b>	<b>4,335</b>
Finance cost		(1,940)	(1,671)	(2,071)	(1,937)
<b>Profit (loss) before income tax expenses</b>		<b>(319)</b>	<b>(1,451)</b>	<b>8,936</b>	<b>2,398</b>
Income tax expenses	15	(286)	(1,950)	(43)	(43)
<b>Profit (loss) for the period</b>		<b>(605)</b>	<b>(3,401)</b>	<b>8,893</b>	<b>2,355</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments					
- net of income tax		(9)	17	(9)	17
<b>Other comprehensive income for the period</b>		<b>(9)</b>	<b>17</b>	<b>(9)</b>	<b>17</b>
<b>Total comprehensive income for the period</b>		<b>(614)</b>	<b>(3,384)</b>	<b>8,884</b>	<b>2,372</b>

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2018

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

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(2,323)	(5,608)	8,893	2,355
Non-controlling interests of the subsidiaries		1,718	2,207		
		<u>(605)</u>	<u>(3,401)</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(2,332)	(5,591)	8,884	2,372
Non-controlling interests of the subsidiaries		1,718	2,207		
		<u>(614)</u>	<u>(3,384)</u>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	16	<u>(0.004)</u>	<u>(0.010)</u>	<u>0.016</u>	<u>0.004</u>

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





(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		359,708	378,407	6,299	5,669
Revenues from hire of work		21,279	15,519	-	-
Dividend income	6, 8	41	22	12,865	10,879
Gain on sales of assets		1,097	1,769	-	-
Other income		21,608	9,018	19,337	5,383
<b>Total revenues</b>		<b>403,733</b>	<b>404,735</b>	<b>38,501</b>	<b>21,931</b>
<b>Expenses</b>					
Cost of sales and hire of work		348,171	336,928	9,582	4,651
Selling expenses		8,248	6,200	1,367	866
Administrative expenses		51,379	53,430	13,807	15,037
Bad debts and allowance for doubtful accounts (reversal)		356	311	284	(20,054)
Loss arising from change in fair value of biological assets		750	24	750	24
<b>Total expenses</b>		<b>408,904</b>	<b>396,893</b>	<b>25,790</b>	<b>524</b>
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>(5,171)</b>	<b>7,842</b>	<b>12,711</b>	<b>21,407</b>
Finance cost		(3,882)	(3,439)	(4,183)	(3,798)
<b>Profit (loss) before income tax expenses</b>		<b>(9,053)</b>	<b>4,403</b>	<b>8,528</b>	<b>17,609</b>
Income tax expenses	15	(741)	(4,066)	(84)	(84)
<b>Profit (loss) for the period</b>		<b>(9,794)</b>	<b>337</b>	<b>8,444</b>	<b>17,525</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments					
- net of income tax		(3)	12	(3)	12
<b>Other comprehensive income for the period</b>		<b>(3)</b>	<b>12</b>	<b>(3)</b>	<b>12</b>
<b>Total comprehensive income for the period</b>		<b>(9,797)</b>	<b>349</b>	<b>8,441</b>	<b>17,537</b>

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries  
Statement of comprehensive income (continued)  
For the six-month period ended 30 June 2018

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

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		(13,467)	(3,787)	8,444	17,525
Non-controlling interests of the subsidiaries		3,673	4,124		
		<u>(9,794)</u>	<u>337</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		(13,470)	(3,775)	8,441	17,537
Non-controlling interests of the subsidiaries		3,673	4,124		
		<u>(9,797)</u>	<u>349</u>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	16	<u>(0.025)</u>	<u>(0.007)</u>	<u>0.016</u>	<u>0.032</u>

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

Consolidated financial statements																
Equity attributable to owners of the Company																
Other components of shareholders' equity																
Other																
comprehensive income																
	The Company's shares held by its subsidiaries		Retained earnings		Gain (loss) on changes in value of available-for-sale investments		Difference resulting from change in shareholding in subsidiaries		Total other components of shareholders' equity		Total equity attributable to owners of the Company		Equity attributable to non-controlling interests of the subsidiaries		Total shareholders' equity	
	Issued and paid-up share capital	shares held by its subsidiaries	Appropriated - statutory reserve	Unappropriated	changes in value of available-for-sale investments	shareholding in subsidiaries	components of shareholders' equity	attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total						
<b>Balance as at 1 January 2017</b>	275,400	(17,553)	13,028	178,107	(84)	4,942	4,868	453,840	30,729	484,569						
Profit (loss) for the period	-	-	-	(3,787)	-	-	-	(3,787)	4,124	337						
Other comprehensive income for the period	-	-	-	-	12	-	12	12	-	12						
Total comprehensive income for the period	-	-	-	-	12	-	12	(3,775)	4,124	349						
Dividend paid (Note 18)	-	-	-	(11,987)	-	-	-	(11,987)	-	(11,987)						
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	80	-	-	-	80	-	80						
Dividend paid - net	-	-	-	(11,907)	-	-	-	(11,907)	-	(11,907)						
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	-	(1,496)	(1,496)						
<b>Balance as at 30 June 2017</b>	275,400	(17,553)	13,028	162,413	(72)	4,942	4,870	438,158	33,357	471,515						
<b>Balance as at 1 January 2018</b>	275,400	(17,553)	13,028	119,574	(78)	4,942	4,864	395,313	37,541	432,854						
Profit (loss) for the period	-	-	-	(13,467)	-	-	-	(13,467)	3,673	(9,794)						
Other comprehensive income for the period	-	-	-	-	-	(3)	(3)	(3)	-	(3)						
Total comprehensive income for the period	-	-	-	(13,467)	-	(3)	(3)	(13,470)	3,673	(9,797)						
Decrease in non-controlling interests of the subsidiaries from dividend payment of the subsidiaries	-	-	-	-	-	-	-	-	(1,359)	(1,359)						
<b>Balance as at 30 June 2018</b>	275,400	(17,553)	13,028	106,107	(78)	4,939	4,861	381,843	39,855	421,698						

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

Separate financial statements

	Retained earnings		Unappropriated	Other comprehensive income	Total shareholders' equity
	Appropriated - statutory reserve	Unappropriated			
Balance as at 1 January 2017	13,028	131,346	(84)		419,690
Profit for the period	-	17,525	-		17,525
Other comprehensive income for the period	-	-	12		12
Total comprehensive income for the period	-	17,525	12		17,537
Dividend paid (Note 18)	-	(11,987)	-		(11,987)
Balance as at 30 June 2017	13,028	136,884	(72)		425,240

Balance as at 1 January 2018	13,028	69,732	(78)		358,082
Profit for the period	-	8,444	-		8,444
Other comprehensive income for the period	-	-	(3)		(3)
Total comprehensive income for the period	-	8,444	(3)		8,441
Balance as at 30 June 2018	13,028	78,176	(81)		366,523



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Date: *[Handwritten Date]*

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

(Unaudited but reviewed)

## Pan Asia Footwear Public Company Limited and its subsidiaries

## Cash flows statement

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	(9,053)	4,403	8,528	17,609
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	10,915	12,222	3,110	3,280
Bad debts and allowance for doubtful accounts (reversal)	356	311	284	(20,054)
Bad debts recovery	-	-	-	(841)
Reversal of reduction of inventories to net realisable value	(41,562)	(12)	(41,371)	(12)
Gain on disposal of property, plant and equipment	(1,097)	(1,769)	-	-
Loss from change in fair value of biological assets	750	24	750	24
Provision for litigation	318	-	318	-
Provision for long-term employee benefits	814	769	3	3
Unrealised loss (gain) on exchange rate	(141)	11	(1)	(8)
Dividend income	(41)	(22)	(12,865)	(10,879)
Interest expenses	3,882	3,439	4,183	3,798
Gain (loss) from operating activities before changes in operating assets and liabilities	(34,859)	19,376	(37,061)	(7,080)
Operating assets (increase) decrease				
Trade and other receivables	(18,488)	(20,091)	1,376	434
Inventories	46,763	(12,302)	41,405	12
Current biological assets	(601)	(691)	(601)	(691)
Other current assets	(3,242)	(2,558)	(328)	(293)
Other non-current assets	208	(3,489)	4	-
Operating liabilities increase (decrease)				
Trade and other payables	12,682	5,119	2,334	3,793
Other current liabilities	110	347	(115)	(366)
Provision for long-term employee benefits	(95)	-	-	-
Long-term provisions	(4,698)	-	(4,698)	-
Other non-current liabilities	-	(2,763)	-	-
Cash from (used in) operating activities	(2,220)	(17,052)	2,316	(4,191)
Cash paid for corporate income tax	(4,072)	(4,655)	(432)	(294)
Income tax refunded	930	448	-	407
<b>Net cash flows from (used in) operating activities</b>	<b>(5,362)</b>	<b>(21,259)</b>	<b>1,884</b>	<b>(4,078)</b>

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



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(Unaudited but reviewed)

## Pan Asia Footwear Public Company Limited and its subsidiaries

## Cash flows statement (continued)

For the six-month period ended 30 June 2018

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from investing activities</b>				
Decrease in current investments	-	6,216	-	-
Increase in investment in subsidiary	-	-	(1,766)	-
Increase in short-term loans to related parties	-	-	(4,000)	-
Cash receipt from short-term loan to related parties and others	-	780	-	-
Dividend received	41	22	12,865	10,879
Purchase of property, plant and equipment	(6,396)	(9,328)	(888)	(83)
Proceeds from disposal of property, plant and equipment	1,101	1,890	-	-
<b>Net cash flows from (used in) investing activities</b>	<b>(5,254)</b>	<b>(420)</b>	<b>6,211</b>	<b>10,796</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts	(3,463)	3,999	(6,100)	3,707
Cash receipt from short-term loans from related parties	-	-	5,000	11,500
Repayment of short-term loans from related parties	-	-	(3,000)	(7,200)
Repayment of liabilities under finance lease agreements	(2,632)	(1,436)	-	-
Dividend paid	-	(11,907)	-	(11,987)
Dividend paid for non-controlling interest of a subsidiary	(1,359)	(1,496)	-	-
Cash paid for interest expenses	(3,852)	(3,439)	(3,996)	(3,657)
<b>Net cash flows used in financing activities</b>	<b>(11,306)</b>	<b>(14,279)</b>	<b>(8,096)</b>	<b>(7,637)</b>
Net decrease in cash and cash equivalents	(21,922)	(35,958)	(1)	(919)
Cash and cash equivalents at the beginning of period	41,400	74,691	1,073	3,030
<b>Cash and cash equivalents at end of period</b>	<b>19,478</b>	<b>38,733</b>	<b>1,072</b>	<b>2,111</b>

## Supplementary cash flows information:

## Non-cash transactions:

Assets acquired under finance lease agreement	1,121	-	-	-
Transfer investment properties for payment of liability from litigation	7,462	-	7,462	-
Investment in subsidiaries increased due to payment received from an subsidiary	-	-	-	3,857
Investment in subsidiaries increased due to payment received from long-term loan to a subsidiary	-	-	-	17,635
Transfer advance payment for share subscription to investment in related party	-	5,000	-	3,000
Unpaid investment in a subsidiary	-	-	9,970	-

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



**Pan Asia Footwear Public Company Limited and its subsidiaries**  
**Notes to consolidated interim financial statements**  
**For the three-month and six-month periods ended 30 June 2018**

**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 investment in other companies (Holding company) and an organic farming business. The registered office of the Company is at 620/5 Moo 11, Nongkharm, Siracha, Chonburi.

**1.2 Going concern**

As presented in the separate financial statements as at 30 June 2018, the Company’s current liabilities exceeded its current assets by Baht 211 million. In addition, several subsidiaries have operating loss, several subsidiaries have large deficits, and there are indicators of possible persistent losses in the future. Several subsidiaries ceased their operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern, the Company has restructured its business and majority of subsidiaries still have profit from operations. For these reasons, the financial statements have been prepared on the going concern basis.

**1.3 Basis of preparation of interim financial statements**

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

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

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



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#### 1.4 Basis of interim consolidation

The consolidated interim financial statements include the financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017, with no structural changes related to subsidiaries occurring during the current period.

#### 1.5 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

##### TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.



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## 1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017.

## 2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	32,712	33,352	-	-
Past due				
Up to 3 months	16,988	10,073	-	95
3 - 6 months	124	3	1	-
6 - 12 months	33	1	44	1
Over 12 months	72,824	72,824	231	231
Total	122,681	116,253	276	327
Less: Allowance for doubtful accounts	(72,772)	(72,772)	(231)	(231)
Total trade receivables - related parties, net	49,909	43,481	45	96
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	54,761	53,209	597	345
Past due				
Up to 3 months	59,711	55,618	1,314	755
3 - 6 months	9,487	2,589	35	47
6 - 12 months	473	166	95	73
Over 12 months	11,274	11,215	143	64
Total	135,706	122,797	2,184	1,284
Less: Allowance for doubtful accounts	(11,168)	(10,949)	(7)	(7)
Total trade receivables - unrelated parties, net	124,538	111,848	2,177	1,277
Total trade receivables - net	174,447	155,329	2,222	1,373
<u>Other receivables</u>				
Other receivables - related parties	169,989	170,332	126,717	127,467
Other receivables - unrelated parties	21,000	21,564	10,744	12,659
Total	190,989	191,896	137,461	140,126
Less: Allowance for doubtful accounts	(181,341)	(181,644)	(134,294)	(134,450)
Total other receivables - net	9,648	10,252	3,167	5,676
Total trade and other receivables - net	184,095	165,581	5,389	7,049



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(Unaudited but reviewed)

### 3. Related party transactions

During the periods, the Company and its subsidiaries had significant business transactions with individual or related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and subsidiaries and those related parties.

(Unit: Million Baht)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	-	1	Cost plus margins
Dividend income	-	-	6	11	As declared
Interest expenses	-	-	1	-	2.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	53	60	-	-	Cost plus margins
Other income	-	1	-	-	Cost plus margins or as indicated in the agreement
Purchases of goods	4	3	-	-	Cost plus margins
Utilities expenses	2	2	-	-	As indicated in the agreement
Other expenses	6	4	-	-	As indicated in the agreement
<u>Transaction with related person</u>					
Interest expenses	1	1	1	1	4.9% per annum

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2018	2017	2018	2017	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Purchases of goods	-	-	-	1	Cost plus margins
Dividend income	-	-	13	11	As declared
Interest expense	-	-	1	1	2.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	106	134	-	1	Cost plus margins
Other income	-	1	-	-	Cost plus margins or as indicated in the agreement
Purchases of goods	6	7	-	-	Cost plus margins
Utilities expenses	4	4	-	-	As indicated in the agreement
Other expenses	11	9	-	-	As indicated in the agreement
<u>Transaction with related person</u>					
Interest expenses	2	2	2	2	4.9% per annum



(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 June	31 December	30 June	31 December	
2018	2017	2018	2017	
<b><u>Trade and other receivables - related parties (Note 2)</u></b>				
Subsidiaries	-	-	88,668	88,933
Associates	92,171	92,170	180	178
Related companies (related by common shareholders and directors)	200,499	194,415	38,145	38,683
Total	292,670	286,585	126,993	127,794
Less: Allowance for doubtful accounts	(239,259)	(239,752)	(126,344)	(126,680)
Net	53,411	46,833	649	1,114
<b><u>Receivables from guarantee - related parties</u></b>				
Subsidiaries	-	-	21,119	21,119
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	72,139
Less: Allowance for doubtful accounts	(51,020)	(51,020)	(72,139)	(72,139)
Net	-	-	-	-
<b><u>Trade and other payables - related parties (Note 12)</u></b>				
Subsidiaries	-	-	16,902	6,745
Associates	1,077	1,075	289	289
Related companies (related by common shareholders)	24,739	23,835	6,151	6,079
Total	25,816	24,910	23,342	13,113



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(Unaudited but reviewed)

Short-term loans to related parties and others

During the six-month period ended 30 June 2018, the movements of short-term loans to related parties and others were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2018	Increase (Decrease)	As at 30 June 2018
<b><u>Short-term loans to related parties and others</u></b>			
Short-term loans to related parties			
Associate			
Nongchang Rubber Co., Ltd.	850	-	850
Related company			
Thai Sung Shin New Material Co., Ltd.	4,600	-	4,600
Total short-term loans to related parties	5,450	-	5,450
Less: Allowance for doubtful accounts	(5,450)	-	(5,450)
Total short-term loans to related parties, net	-	-	-
Short-term loans to others	283	-	283
Total short-term loans to related parties and others, net	283	-	283

(Unit: Thousand Baht)

	Separate financial statements		
	As at 1 January 2018	Increase (Decrease)	As at 30 June 2018
<b><u>Short-term loan to related parties</u></b>			
Subsidiaries			
Exact Q Co., Ltd.	-	2,000	2,000
WBLP Co., Ltd.	-	2,000	2,000
Total short-term loan to related parties	-	4,000	4,000



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(Unaudited but reviewed)

Long-term loans to related parties

During the six-month period ended 30 June 2018, the movements of long-term loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2018	Increase (Decrease)	As at 30 June 2018
<b><u>Long-term loans to related parties</u></b>			
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	(20,240)	90,140
Related company			
Rangsit Footwear Co., Ltd.	2,109	(2,109)	-
Total	2,109	(2,109)	-
Total long-term loans to related parties	112,489	(22,349)	90,140
Less: Allowance for doubtful accounts	(112,489)	22,349	(90,140)
Total long-term loans to related parties, net	-	-	-

(Unit: Thousand Baht)

	Separate financial statements		
	As at 1 January 2018	Increase (Decrease)	As at 30 June 2018
<b><u>Long-term loans to related parties</u></b>			
Subsidiaries			
Kabinburi Pan Asia Footwear Co., Ltd.	78,379	-	78,379
Phimai Footwear Co., Ltd.	21,650	-	21,650
Innovation Nakornluang Footwear Co., Ltd.	1,430	-	1,430
Total	101,459	-	101,459
Related company			
Rangsit Footwear Co., Ltd.	2,109	(2,109)	-
Total	2,109	(2,109)	-
Total long-term loans to related parties	103,568	(2,109)	101,459
Less: Allowance for doubtful accounts	(103,568)	2,109	(101,459)
Total long-term loans to related parties, net	-	-	-



(Unaudited but reviewed)

### Short-term loans from related parties

During the six-month period ended 30 June 2018, the movements of short-term loans from related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 1 January 2018	Increase (decrease)	As at 30 June 2018	As at 1 January 2018	Increase (decrease)	As at 30 June 2018
<b><u>Short-term loans from related parties</u></b>						
Subsidiaries						
Advantage Footwear Co., Ltd.	-	-	-	32,800	(3,000)	29,800
Excellent Rubber Co., Ltd.	-	-	-	12,500	5,000	17,500
Aphakorn Industries Co., Ltd.	-	-	-	10,000	-	10,000
Pontex (Thailand) Co., Ltd.	-	-	-	14,000	-	14,000
Total	-	-	-	69,300	2,000	71,300
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	169,300	2,000	171,300

### Directors and management's benefits

During the six-month periods ended 30 June 2018 and 2017, 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	financial statements	financial statements
	2018	2017	2018	2017
Short-term employee benefits	14,224	13,794	5,073	5,006
Post-employment benefits	123	66	1	1
Total	14,347	13,860	5,074	5,007

### Guarantee obligations with related parties

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



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#### 4. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	44,886	41,371
Less: Reversal of reduce cost to net realisable value of inventories account during the period	(41,562)	(41,371)
Balance as at 30 June 2018	<u>3,324</u>	<u>-</u>

#### 5. Restricted bank deposits

As at 30 June 2018, the Company and its subsidiaries had pledged the fixed deposits at financial institutions to secure credit facilities and bank guarantee facilities issued by the banks on behalf of the Company and its subsidiaries.

#### 6. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment on investments		Net		Dividend received during the six-month periods ended	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June 2018	31 December 2017	30 June	
			(%)	(%)							2018	2017
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	467,968	(467,968)	(467,968)	-	-	-	-
International Curity Footwear Co., Ltd.	350,000	350,000	100	100	349,999	349,999	(349,999)	(349,999)	-	-	-	-
Kabinburi Pan Asia Footwear Co., Ltd.	350,000	350,000	100	100	443,523	443,523	(443,523)	(443,523)	-	-	-	-
Excellent Rubber Co., Ltd.	370,000	370,000	100	100	385,887	385,887	(385,887)	(385,887)	-	-	-	-
Phimai Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on 2 May 2018)	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	6,000	-
Exact Q Co., Ltd.	16,000	16,000	100	100	15,997	15,997	(15,997)	(15,997)	-	-	-	-
Innovation Nakornluang Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on 2 May 2018)	350,150	350,150	96	96	264,290	264,290	(264,290)	(264,290)	-	-	-	-
Pontex (Thailand) Co., Ltd.	60,800	60,800	96	96	125,970	125,970	(18,427)	(18,427)	107,543	107,543	-	-
Advantage Footwear Co., Ltd.	91,330	91,760	79	79	63,330	63,330	-	-	63,330	63,330	6,824	7,258
Aphakorn Industries Co., Ltd.	28,905	21,905	99	66	33,062	21,326	-	-	33,062	21,326	-	3,599
<b>Total</b>					<u>2,345,966</u>	<u>2,334,230</u>	<u>(2,105,431)</u>	<u>(2,105,431)</u>	<u>240,535</u>	<u>228,799</u>	<u>12,824</u>	<u>10,857</u>



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(Unaudited but reviewed)

In March 2018, the Company acquired 7,307 ordinary shares of Aphakorn Industries Co., Ltd. (APK) from Pontex (Thailand) Co., Ltd. at Baht 1,606 each, totaling to Baht 11.74 million. As a result, the shareholding of the Company in APK has increased from 66% to 99%.

## 7. Investments in associates

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2018	31 December 2017
Investments in associates - at cost	404,856	404,856
Accumulated share of loss in associates	(404,856)	(404,856)
Investments in associates - equity method	-	-

(Unit: Thousand Baht)

	Separate financial statements	
	30 June 2018	31 December 2017
Investments in associates - at cost	64,559	64,559
Less: Allowance for impairment of investments	(64,559)	(64,559)
Investments in associates - net	-	-

Partial of investments in associates in the consolidated financial statements at cost of Baht 376 million (Separate financial statements: Baht 65 million) was investment in PA Capital Co., Ltd. ("the associate"), the Company did not obtain the financial statements for the six-month period ended 30 June 2018 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 2017, which were audited by its auditor, and only separate financial statements was presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in the associate under the cost method and the equity method as equal to zero.





## 8. Investments in related parties

Details of investments in related parties are as follows:

(Unit : Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment of investments		Net		Dividend received during the six-month periods ended 30 June	
	30 June	31 December	30 June	31 December	30 June	31 December	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017
Sahapat Properties Co., Ltd.	500	500	-	-	500	500	40	20
Nutrition House Co., Ltd.	13,598	13,598	(9,212)	(9,212)	4,386	4,386	-	-
Thai Takaya Co., Ltd.	2,000	2,000	(232)	(232)	1,768	1,768	-	-
Pan Biotech Co., Ltd.	1,000	1,000	-	-	1,000	1,000	-	-
Barnpan Engineering and Holding Co., Ltd.	130,000	130,000	(130,000)	(130,000)	-	-	-	-
Pancomp International Co., Ltd.	2,000	2,000	(2,000)	(2,000)	-	-	-	-
Pan Technical Parts Co., Ltd.	720	720	(720)	(720)	-	-	-	-
Thai Sung Shin New Material Co., Ltd.	11,696	11,696	(11,696)	(11,696)	-	-	-	-
Sahachol Foods Supplies Co., Ltd.	5,000	5,000	(1,205)	(1,205)	3,795	3,795	-	-
<b>Total</b>	<b>166,514</b>	<b>166,514</b>	<b>(155,065)</b>	<b>(155,065)</b>	<b>11,449</b>	<b>11,449</b>	<b>40</b>	<b>20</b>

(Unit : Thousand Baht)

Company's name	Separate financial statements							
	Cost		Allowance for impairment of investments		Net		Dividend received during the six-month periods ended 30 June	
	30 June	31 December	30 June	31 December	30 June	31 December	2018	2017
	2018	2017	2018	2017	2018	2017	2018	2017
Sahapat Properties Co., Ltd.	1,050	1,050	-	-	1,050	1,050	40	20
Nutrition House Co., Ltd.	4,267	4,267	(980)	(980)	3,287	3,287	-	-
Thai Takaya Co., Ltd.	2,308	2,308	(540)	(540)	1,768	1,768	-	-
Sahachol Foods Supplies Co., Ltd.	3,000	3,000	(720)	(720)	2,280	2,280	-	-
<b>Total</b>	<b>10,625</b>	<b>10,625</b>	<b>(2,240)</b>	<b>(2,240)</b>	<b>8,385</b>	<b>8,385</b>	<b>40</b>	<b>20</b>



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(Unaudited but reviewed)

## 9. Investment properties

Movements in the investment properties account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	278,260	332,190
Depreciation for the period	(1,082)	(1,764)
Transfer to payment of liability from litigation	(7,462)	(7,462)
Balance as at 30 June 2018	<u>269,716</u>	<u>322,964</u>

As at 30 June 2018, the Company has mortgaged investment properties with net book value amounting to Baht 220 million (31 December 2017: Baht 221 million) as collateral against loan from related person and credit facilities received from financial institutions.

## 10. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	106,820	7,490
Acquisitions during the period - at cost	7,517	888
Disposal during the period	(4)	-
Depreciation for the period	(9,833)	(1,346)
Balance as at 30 June 2018	<u>104,500</u>	<u>7,032</u>

As at 30 June 2018, the subsidiaries have mortgaged assets with net book value amounting to Baht 17 million (31 December 2017: Baht 17 million) as collaterals against credit facilities received from financial institutions.

## 11. Bank overdrafts from financial institutions

Bank overdrafts from financial institutions of the Company are secured by the mortgage of properties and plants of the Company as described in Note 9 to the financial statements. Bank overdrafts from financial institutions of subsidiaries are secured by the guarantees of the Company, the pledge of machines, and the mortgage of land and construction thereon of subsidiaries as described in Note 10 to the financial statements.



(Unaudited but reviewed)

**12. Trade and other payables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Trade payables - related parties	8,714	7,939	3,483	3,484
Trade payables - unrelated parties	58,998	48,677	893	885
Other payables - related parties	5,811	5,817	15,003	5,036
Other payables - unrelated parties	1,079	1,289	304	506
Accrued expenses - related parties	11,291	11,154	4,856	4,593
Accrued expenses - unrelated parties	30,928	29,431	6,318	3,863
Unearned revenue - unrelated parties	1,835	1,425	44	44
<b>Total</b>	<b>118,656</b>	<b>105,732</b>	<b>30,901</b>	<b>18,411</b>

**13. Long-term provisions**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Provision from guarantee for related companies	241	241	241	241
Provision for litigation	1,125	12,967	-	11,842
<b>Total</b>	<b>1,366</b>	<b>13,208</b>	<b>241</b>	<b>12,083</b>

**14. Debt restructuring agreement between a subsidiary and an associate**

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

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

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



(Unaudited but reviewed)

In December 2016, PA transferred the plots of land and the ordinary shares under article 1 and article 2 to MTC to settle its debt with MTC, and MTC therefore reversed allowance for doubtful accounts amounting to Baht 13.9 million in profit or loss in the consolidated financial statements for the year 2016. The debt under article 3 is still outstanding.

## 15. Income tax

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

Income tax expense for the three-month and six-month periods ended 30 June 2018 and 2017 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	488	2,128	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(202)	(178)	43	43
<b>Income tax expense reported in the statements of comprehensive income</b>	<u>286</u>	<u>1,950</u>	<u>43</u>	<u>43</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	1,149	4,430	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(408)	(364)	84	84
<b>Income tax expense reported in the statements of comprehensive income</b>	<u>741</u>	<u>4,066</u>	<u>84</u>	<u>84</u>



*[Handwritten signatures and initials]*

## 16. Earnings per share

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

## 17. Segment information

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

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have four reportable segments as follows:

- The manufacture and distribution of footwear and bag.
- The manufacture of soles and parts for footwear.
- Production support business, consisting of plastic parts injection, molds manufacture and repair, fabric manufacture and dyeing.
- The organic farming business and others.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and on a basis consistent with that used to measure operating profit or loss in the financial statements.

The Company and its subsidiaries operate in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

For the six-month period ended 30 June 2018, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 142 million (2017: Baht 116 million derived from 2 major customers).

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.



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(Unaudited but reviewed)

The following tables present revenue and profit or loss information regarding the Company's and its subsidiaries' operating segments for the three-month and six-month periods ended 30 June 2018 and 2017, respectively

(Unit: Million Baht)

	For the three-month periods ended 30 June											
	The manufacture and distribution of footwear and bag		The manufacture of shoe soles and parts for footwear		Production support business		The organic farming business and others		Elimination		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	12	14	122	139	52	45	3	3	-	-	189	201
Inter-segment revenue	-	-	12	10	4	4	1	-	(17)	(14)	-	-
Total revenue	12	14	134	149	56	49	4	3	(17)	(14)	189	201
Cost of sale and services	(12)	(12)	(128)	(132)	(45)	(42)	(6)	(2)	17	14	(174)	(174)
Segment operating profit (loss)	-	2	6	17	11	7	(2)	1	-	-	15	27
Gain on sales of assets											1	1
Other income											15	3
Selling expenses											(4)	(3)
Administrative expenses											(25)	(28)
Finance cost											(2)	(2)
Income tax expenses											(1)	(2)
Loss for the period											(1)	(4)



*Signature*

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	The manufacture and distribution of footwear and bag		The manufacture of shoe soles and parts for footwear		Production support business		The organic farming business and others		Elimination		Consolidated financial statements	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	25	25	255	272	95	91	6	6	-	-	381	394
Inter-segment revenue	-	-	25	20	8	8	1	-	(34)	(28)	-	-
Total revenue	25	25	280	292	103	99	7	6	(34)	(28)	381	394
Cost of sale and services	(24)	(22)	(263)	(256)	(85)	(83)	(11)	(4)	34	28	(349)	(337)
Segment operating profit (loss)	1	3	17	36	18	16	(4)	2	-	-	32	57
Gain on sales of assets											1	2
Other income											21	9
Selling expenses											(8)	(6)
Administrative expenses											(51)	(54)
Finance cost											(4)	(4)
Income tax expenses											(1)	(4)
Loss for the period											(10)	-



*[Handwritten signature]*

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(Unaudited but reviewed)

## 18. Dividend paid

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

## 19. Commitments and contingent liabilities

### 19.1 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. The terms of the agreements are generally between 1 and 5 years. These operating lease contracts are non-cancellable contracts.

Future minimum lease payments were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Payable:				
In up to 1 year	12.1	19.7	0.2	0.2
In over 1 and up to 5 years	1.7	1.7	0.1	0.2

### 19.2 Guarantees

- a) As at 30 June 2018, the Company and its subsidiary have obligations under their guarantees of loans and credit facilities provided to their related parties by financial institutions totaling Baht 101 million (31 December 2017: Baht 101 million) (Separate financial statements: Baht 100 million (31 December 2017: Baht 100 million)).
- b) The Company and its subsidiaries have outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2018	31 December 2017	30 June 2018	31 December 2017
Guarantee electricity use	8	8	1	1



*[Handwritten signatures]*



### 19.3 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. The Company has paid the amount in full in the current quarter.
- 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.

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

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



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(Unaudited but reviewed)

## 20. Financial instruments

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June 2018 (Million)	31 December 2017 (Million)	30 June 2018 (Million)	31 December 2017 (Million)	30 June 2018 (Baht per 1 foreign currency unit)	31 December 2017 (Baht per 1 foreign currency unit)
US dollar	0.5	0.7	0.2	0.1	33.1672	32.6809

## 21. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 9 August 2018.

