

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and six-month periods ended
30 June 2019



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pan Asia Footwear Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pan Asia Footwear Public Company Limited and its subsidiaries as at 30 June 2019, 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 2019 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 2018, 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 2018 and the audit of financial statements for the year 2018, 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 2018 and issued the qualified opinion on the financial statements for the year 2018 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 2019 and 31 December 2018, including the related accounts in the statements of comprehensive income for the second quarters of 2019 and 2018. 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 2019 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 2019, the Company has current liabilities exceeded current assets by Baht 190 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: 7 August 2019

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		49,558	60,087	1,065	1,071
Current investments		13	13	-	-
Trade and other receivables	2	155,382	133,002	5,896	4,639
Short-term loans to related parties and others	3	278	283	4,500	2,000
Current portion of long-term loans to related parties	3	4,200	-	-	-
Inventories	4	93,139	96,191	1,315	1,270
Current biological assets		2,276	1,557	2,276	1,557
Other current assets		5,503	5,847	1,342	1,129
Total current assets		310,349	296,980	16,394	11,666
Non-current assets					
Restricted bank deposits	5	14,086	6,578	1,349	1,349
Investments in available-for-sale securities		36	38	36	38
Investments in subsidiaries	6	-	-	172,535	172,535
Investments in associates	7	-	12,099	-	-
Investments in related parties	8	10,294	10,294	7,439	7,439
Long-term loans to related parties - net					
of current portion	3	1,900	-	-	-
Investment properties	9	318,787	319,868	319,423	321,188
Property, plant and equipment	10	82,484	83,328	4,645	5,695
Goodwill		-	-	-	-
Non-current biological assets		3,886	3,886	-	-
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		2,114	1,265	-	-
Withholding tax deducted at source		5,078	4,135	1,971	1,734
Other non-current assets		5,369	6,016	239	249
Total non-current assets		444,034	447,507	507,637	510,227
Total assets		754,383	744,487	524,031	521,893

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



Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	11	18,705	12,857	14,591	8,863
Trade and other payables	12	104,504	107,896	27,894	25,393
Short-term loans from related parties	3	100,000	100,000	163,400	166,300
Current portion of liabilities under finance lease agreements		3,970	3,707	-	-
Income tax payable		998	801	-	-
Other current liabilities		2,177	1,780	156	413
Total current liabilities		230,354	227,041	206,041	200,969
Non-current liabilities					
Liabilities under finance lease agreements, net of current portion		5,095	3,896	-	-
Provision for long-term employee benefits		23,298	16,909	2,909	2,231
Long-term provisions		1,366	1,366	241	241
Deferred tax liabilities		2,813	3,016	1,115	1,021
Other non-current liabilities		3,023	3,023	3,023	3,023
Total non-current liabilities		35,595	28,210	7,288	6,516
Total liabilities		265,949	255,251	213,329	207,485

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

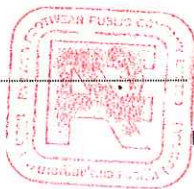
Statement of financial position (continued)

As at 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 June 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
Shareholders' equity				
Share capital				
Registered				
540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
Issued and fully paid-up				
540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
The Company's shares held by subsidiaries	(17,553)	(17,553)	-	-
Retained earnings				
Appropriated - statutory reserve	13,028	13,028	13,028	13,028
Unappropriated	158,634	169,878	22,362	26,066
Other component of shareholders' equity	4,854	4,856	(88)	(86)
Equity attributable to owners of the Company	434,363	445,609	310,702	314,408
Non-controlling interests of the subsidiaries	54,071	43,627	-	-
Total shareholders' equity	488,434	489,236	310,702	314,408
Total liabilities and shareholders' equity	754,383	744,487	524,031	521,893

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



Directors

(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		174,406	179,161	5,503	3,355
Revenues from hire of work		2,140	10,254	-	-
Dividend income	6, 8	51	41	2,955	6,041
Gain on sales of assets		-	854	-	-
Other income		4,228	15,479	2,784	14,810
Total revenues		180,825	205,789	11,242	24,206
Expenses					
Cost of sales and hire of work		166,327	172,920	7,017	4,497
Selling and distribution expenses		5,616	4,737	1,175	820
Administrative expenses		26,917	25,758	7,231	7,071
Allowance for doubtful accounts (reversal)		(125)	68	215	126
Loss arising from change in fair value of biological assets		924	685	924	685
Total expenses		199,659	204,168	16,562	13,199
Profit (loss) before finance cost and income tax expenses		(18,834)	1,621	(5,320)	11,007
Finance cost		(1,583)	(1,940)	(1,783)	(2,071)
Profit (loss) before income tax expenses		(20,417)	(319)	(7,103)	8,936
Income tax benefits (expenses)	13	561	(286)	(48)	(43)
Profit (loss) for the period		(19,856)	(605)	(7,151)	8,893
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments					
- net of income tax		-	(9)	-	(9)
Other comprehensive income for the period		-	(9)	-	(9)
Total comprehensive income for the period		(19,856)	(614)	(7,151)	8,884

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 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit (loss) attributable to:					
Equity holders of the Company		(21,997)	(2,323)	(7,151)	8,893
Non-controlling interests of the subsidiaries		2,141	1,718		
		<u>(19,856)</u>	<u>(605)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(21,997)	(2,332)	(7,151)	8,884
Non-controlling interests of the subsidiaries		2,141	1,718		
		<u>(19,856)</u>	<u>(614)</u>		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	14	<u>(0.041)</u>	<u>(0.004)</u>	<u>(0.013)</u>	<u>0.016</u>

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the six-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit or loss:					
Revenues					
Sales		376,273	359,708	10,573	6,299
Revenues from hire of work		4,386	21,279	-	-
Dividend income	6, 8	51	41	6,955	12,865
Gain on sales of assets		178	1,097	280	-
Other income		27,082	21,608	10,804	19,337
Total revenues		<u>407,970</u>	<u>403,733</u>	<u>28,612</u>	<u>38,501</u>
Expenses					
Cost of sales and hire of work		351,682	348,171	12,971	9,582
Selling and distribution expenses		9,004	8,248	1,705	1,367
Administrative expenses		51,045	51,379	13,486	13,807
Allowance for doubtful accounts (reversal)		(179)	356	338	284
Loss arising from change in fair value of biological assets		162	750	162	750
Total expenses		<u>411,714</u>	<u>408,904</u>	<u>28,662</u>	<u>25,790</u>
Profit (loss) before share of profit from investment					
in associate of finance cost and income tax expense		(3,744)	(5,171)	(50)	12,711
Share of profit from investment in associate		144	-	-	-
Profit (loss) before finance cost and income tax expenses		<u>(3,600)</u>	<u>(5,171)</u>	<u>(50)</u>	<u>12,711</u>
Finance cost		(3,139)	(3,882)	(3,560)	(4,183)
Profit (loss) before income tax expenses		<u>(6,739)</u>	<u>(9,053)</u>	<u>(3,610)</u>	<u>8,528</u>
Income tax benefits (expenses)	13	205	(741)	(94)	(84)
Profit (loss) for the period		<u>(6,534)</u>	<u>(9,794)</u>	<u>(3,704)</u>	<u>8,444</u>
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments					
- net of income tax		(2)	(3)	(2)	(3)
Other comprehensive income for the period		<u>(2)</u>	<u>(3)</u>	<u>(2)</u>	<u>(3)</u>
Total comprehensive income for the period		<u>(6,536)</u>	<u>(9,797)</u>	<u>(3,706)</u>	<u>8,441</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 (continued)

For the six-month period ended 30 June 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
Profit (loss) attributable to:					
Equity holders of the Company		(11,244)	(13,467)	(3,704)	8,444
Non-controlling interests of the subsidiaries		4,710	3,673		
		<u>(6,534)</u>	<u>(9,794)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(11,246)	(13,470)	(3,706)	8,441
Non-controlling interests of the subsidiaries		4,710	3,673		
		<u>(6,536)</u>	<u>(9,797)</u>		
Basic earnings per share					
Profit (loss) attributable to equity holders of the Company	14	<u>(0.021)</u>	<u>(0.025)</u>	<u>(0.007)</u>	<u>0.016</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 (continued)

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

Separate financial statements

	Retained earnings		Unappropriated	Loss on changes in value of		Total shareholders' equity
	in value of			available-for-sale		
	Appropriated - statutory reserve	Unappropriated		investments	investments	
Issued and paid-up share capital						
	275,400	13,028	69,732	(78)	358,082	
Balance as at 1 January 2018			8,444	-	8,444	
Profit for the period	-	-	-	(3)	(3)	
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	275,400	13,028	78,176	(81)	366,523	
Balance as at 1 January 2019	275,400	13,028	26,066	(86)	314,408	
Loss for the period	-	-	(3,704)	-	(3,704)	
Other comprehensive income for the period	-	-	-	(2)	(2)	
Total comprehensive income for the period			(3,704)	(2)	(3,706)	
Balance as at 30 June 2019	275,400	13,028	22,362	(88)	310,702	



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

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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement

For the six-month period ended 30 June 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from operating activities				
Profit (loss) before tax	(6,739)	(9,053)	(3,610)	8,528
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	12,416	10,915	3,047	3,110
Allowance for doubtful accounts (reversal)	(179)	356	338	284
Reversal of reduction of inventories to net realisable value	(2,076)	(41,562)	-	(41,371)
Allowance for impairment loss on property, plant and equipment	609	-	-	-
Gain on disposal of property, plant and equipment	(178)	(1,097)	(280)	-
Loss arising from change in fair value of biological assets	162	750	162	750
Share of profit from investment in associate	(144)	-	-	-
Gain from a bargain purchase of equity interest in a subsidiary	(10,391)	-	-	-
Provision for litigation	-	318	-	318
Provision for long-term employee benefits	5,652	814	678	3
Unrealised loss (gain) on exchange rate	342	(141)	(44)	(1)
Dividend income	(51)	(41)	(6,955)	(12,865)
Interest expenses	3,139	3,882	3,560	4,183
Profit (loss) from operating activities before changes in operating assets and liabilities	2,562	(34,859)	(3,104)	(37,061)
Operating assets (increase) decrease				
Trade and other receivables	(18,025)	(18,488)	(1,595)	1,376
Inventories	10,221	46,763	(45)	41,405
Current biological assets	(881)	(601)	(881)	(601)
Other current assets	(254)	(3,242)	(213)	(328)
Other non-current assets	298	208	10	4
Operating liabilities increase (decrease)				
Trade and other payables	(5,032)	12,682	2,353	2,334
Other current liabilities	274	110	(257)	(115)
Provision for long-term employee benefits	-	(95)	-	-
Long-term provisions	-	(4,698)	-	(4,698)
Cash from (used in) operating activities	(10,837)	(2,220)	(3,732)	2,316
Cash paid for corporate income tax	(1,999)	(4,072)	(237)	(432)
Income tax refunded	2,188	930	-	-
Net cash flows from (used in) operating activities	(10,648)	(5,362)	(3,969)	1,884

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 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
Cash flows from investing activities				
Increase in cash from change in status of associate to be subsidiary	7,484	-	-	-
Cash paid for investment in subsidiaries	(5,600)	-	-	(1,766)
Increase in short-term loan to a related party	-	-	(2,500)	(4,000)
Cash receipt from short-term loan to other	5	-	-	-
Cash receipt from long-term loan to a related party	500	-	-	-
Dividend received	51	41	6,955	12,865
Purchase of property, plant and equipment	(2,198)	(6,396)	(232)	(888)
Proceeds from disposal of property, plant and equipment	520	1,101	280	-
Net cash flows from (used in) investing activities	762	(5,254)	4,503	6,211
Cash flows from financing activities				
Increase (decrease) in bank overdrafts	5,848	(3,463)	5,728	(6,100)
Cash receipt from short-term loans from related parties	-	-	-	5,000
Repayment of short-term loans from related parties	-	-	(2,900)	(3,000)
Repayment of liabilities under finance lease agreements	(2,776)	(2,632)	-	-
Dividend paid for non-controlling interest of a subsidiary	(576)	(1,359)	-	-
Cash paid for interest expenses	(3,139)	(3,852)	(3,368)	(3,996)
Net cash flows used in financing activities	(643)	(11,306)	(540)	(8,096)
Net decrease in cash and cash equivalents	(10,529)	(21,922)	(6)	(1)
Cash and cash equivalents at the beginning of period	60,087	41,400	1,071	1,073
Cash and cash equivalents at end of period	49,558	19,478	1,065	1,072

Supplementary cash flows information:

Non-cash transactions:

Assets acquired under finance lease agreement	3,875	1,121	-	-
Transfer investment properties for payment of liability from litigation	-	7,462	-	7,462
Unpaid investment in a subsidiary	-	-	-	9,970
Change in status of investment in associate to investment in subsidiary	12,243	-	-	-

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 2019

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 2019, the Company's current liabilities exceeded its current assets by Baht 190 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. However, the Company had 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 2018, with no structural changes related to subsidiaries occurring during the current period, except that the status of Pek Industry Co., Ltd. changes from an associate to a subsidiary, as described in Note 7 to the financial statements.

1.5 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the revised (revised 2018) and new financial reporting standards and interpretations which are effective for fiscal periods beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Company's and its subsidiaries' financial statements. However, the new standard involves changes to key principles, which are summarised below:

IFRS 15 Revenue from Contracts with Customers

IFRS 15 supersedes the following accounting standards together with related interpretations.

TAS 11 (revised 2017)	Construction Contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

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.



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This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

(b) Financial reporting standards that became effective for fiscal years beginning on or after 1 January 2020

The Federation of Accounting Professions issued a number of new financial reporting standards and interpretations, which are effective for fiscal years beginning on or after 1 January 2020. These new standards involve changes to key principles, which are summarised below.

Financial reporting standards related to financial instruments

A set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.



IFRS 16 Leases

IFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under IFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

The management of the Company and its subsidiaries is currently evaluating the impact of this standard on the financial statements in the year when it is adopted.

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 2018.

2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	22,348	21,845	-	25
Past due				
Up to 3 months	12,667	8,856	-	-
3 - 6 months	5,586	4,678	25	-
6 - 12 months	1,023	2	-	1
Over 12 months	76,347	72,824	276	275
Total	117,971	108,205	301	301
Less: Allowance for doubtful accounts	(76,294)	(72,772)	(231)	(231)
Total trade receivables - related parties, net	41,677	35,433	70	70

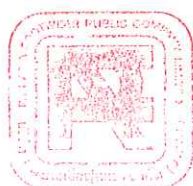


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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	53,752	48,427	1,089	685
Past due				
Up to 3 months	39,418	35,355	1,574	984
3 - 6 months	6,801	3,660	292	32
6 - 12 months	1,334	1,088	141	55
Over 12 months	12,454	11,494	253	195
Total	113,759	100,024	3,349	1,951
Less: Allowance for doubtful accounts	(11,975)	(11,335)	(168)	(168)
Total trade receivables - unrelated parties, net	101,784	88,689	3,181	1,783
Total trade receivables - net	143,461	124,122	3,251	1,853
<u>Other receivables</u>				
Other receivables - related parties	102,275	93,395	98,938	98,567
Other receivables - unrelated parties	23,229	19,929	9,514	9,688
Total	125,504	113,324	108,452	108,255
Less: Allowance for doubtful accounts	(113,583)	(104,444)	(105,807)	(105,469)
Total other receivables - net	11,921	8,880	2,645	2,786
Total trade and other receivables - net	155,382	133,002	5,896	4,639



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	
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from consolidated financial statements)					
Dividend income	-	-	3	6	As declared
Interest expenses	-	-	1	1	2.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	35	53	-	-	Cost plus margins
Purchases of goods	3	4	-	-	Cost plus margins
Utilities expenses	1	2	-	-	As indicated in the agreement
Other expenses	4	6	-	-	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	
	2019	2018	2019	2018	
<u>Transactions with subsidiaries</u>					
(eliminated from consolidated financial statements)					
Dividend income	-	-	7	13	As declared
Interest expense	-	-	1	1	2.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	77	106	-	-	Cost plus margins
Purchases of goods	6	6	-	-	Cost plus margins
Utilities expenses	2	4	-	-	As indicated in the agreement
Other expenses	7	11	-	-	As indicated in the agreement
<u>Transaction with related person</u>					
Interest expenses	2	2	2	2	4.9% per annum
Purchases of investments in subsidiary	6	-	-	-	As indicated in the agreement



(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	
2019	2018	2019	2018	
<u>Trade and other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	89,566	89,298
Associates	49,171	44,639	180	180
Related companies (related by common shareholders and directors)	171,075	156,961	9,493	9,390
Total	220,246	201,600	99,239	98,868
Less: Allowance for doubtful accounts	(174,890)	(162,619)	(97,945)	(97,787)
Net	45,356	38,981	1,294	1,081
<u>Receivables from guarantee - related parties</u>				
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	-	-	-	-
<u>Trade and other payables - related parties (Note 12)</u>				
Subsidiaries	-	-	17,339	17,112
Associates	393	1,082	289	289
Related companies (related by common shareholders)	17,922	19,167	2,516	2,440
Total	18,315	20,249	20,144	19,841

Short-term loans to related parties and others

During the six-month period ended 30 June 2019, the movements of short-term loans to related parties and others were as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	As at	Increase	As at
1 January	(Decrease)	30 June	
2019		2019	
<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



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(Unit: Thousand Baht)

	Consolidated financial statements		
	As at		As at
	1 January	Increase	30 June
	2019	(Decrease)	2019
Related companies			
Thai Sung Shin New Material Co., Ltd.	4,600	-	4,600
Total	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 other	283	(5)	278
Total short-term loans to related parties and others, net	283	(5)	278

(Unit: Thousand Baht)

	Separate financial statements		
	As at		As at
	1 January	Increase	30 June
	2019	(Decrease)	2019
<u>Short-term loans to related parties</u>			
Subsidiaries			
WBLP Co., Ltd.	2,000	-	2,000
Modern Technology Component Co., Ltd.	-	2,500	2,500
Total short-term loans to related parties	2,000	2,500	4,500

Long-term loans to a related party

During the year 2019, the repayment period of short-term loan to Natural Art and Technology Co., Ltd. was extended from repayable at call to monthly installments of Baht 0.2 million per month from June to December 2019 and Baht 0.5 million per month from January 2020 onwards.

During the six-month period ended 30 June 2019, the movements of long-term loans to a related party were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements
<u>Long-term loan to a related party</u>	
Balance as at 1 January 2019	-
Increase	6,600
Decrease	(500)
Total	6,100
Less: current portion	(4,200)
Balance as at 30 June 2019 - net	1,900



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(Unit: Thousand Baht)

	Separate financial statements		
	As at	Increase	As at
	1 January	(Decrease)	30 June
	2019		2019
<u>Long-term loans to related parties</u>			
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
Less: Allowance for doubtful accounts	(101,459)	-	(101,459)
Total long-term loans to related parties, net	-	-	-

Short-term loans from related parties

During the six-month period ended 30 June 2019, the movements of short-term loans from related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	Increase	As at	As at	Increase	As at
	1 January	(Decrease)	30 June	1 January	(Decrease)	30 June
	2019		2019	2019		2019
<u>Short-term loans from related parties</u>						
Subsidiaries						
Advantage Footwear Co., Ltd.	-	-	-	29,800	(2,900)	26,900
Excellent Rubber Co., Ltd.	-	-	-	17,500	-	17,500
Aphakorn Industries Co., Ltd.*	-	-	-	10,000	(10,000)	-
Pontex (Thailand) Co., Ltd.*	-	-	-	9,000	10,000	19,000
Total	-	-	-	66,300	(2,900)	63,400
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	166,300	(2,900)	163,400

* In January 2019, Pontex (Thailand) Company Limited and Aphakorn Industries Company Limited have entered into business combination and established new company named "Pontex (Thailand) Company Limited" as described in Note 6 to the financial statements.



Boonyasit Chokwatana

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Directors and management's benefits

During the three-month and six-month periods ended 30 June 2019 and 2018, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	7,323	7,225	2,518	2,553
Post-employment benefits	180	42	33	1
Total	<u>7,503</u>	<u>7,267</u>	<u>2,551</u>	<u>2,554</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	13,695	14,224	5,036	5,073
Post-employment benefits	282	123	67	1
Total	<u>13,977</u>	<u>14,347</u>	<u>5,103</u>	<u>5,074</u>

Guarantee obligations with related parties

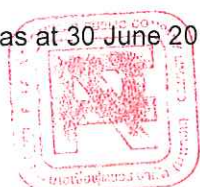
The Company has outstanding guarantee obligations with its related parties, as described in Note 16.2 a) to the financial statements.

4. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account during the six-month period ended 30 June 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2019	4,606	-
Less: Reversal of reduce cost to net realisable value of inventories account during the period	<u>(2,076)</u>	<u>-</u>
Balance as at 30 June 2019	<u>2,530</u>	<u>-</u>



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5. Restricted bank deposits

As at 30 June 2019, 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		(Unit: Thousand Baht) Dividend received during the six-month periods ended	
	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018	30 June 2019	31 Dec 2018	30 June	
											2019	2018
			(%)	(%)								
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. (registered its dissolution with the Ministry of commerce on 29 April 2019)	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	4,000	6,000
Exact Q Co., Ltd.	18,000	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.	82,705	60,800	97	96	159,032	125,970	(86,427)	(86,427)	72,605	39,543	-	-
Advantage Footwear Co., Ltd.	91,750	91,750	79	79	63,330	63,330	-	-	63,330	63,330	2,904	6,824
Aphakorn Industries Co., Ltd.	-	21,905	-	99	-	33,062	-	-	-	33,062	-	-
Total					<u>2,345,966</u>	<u>2,345,966</u>	<u>(2,173,431)</u>	<u>(2,173,431)</u>	<u>172,535</u>	<u>172,535</u>	<u>6,904</u>	<u>12,824</u>

Business combination of subsidiaries

On 12 November 2018, a meeting of the Company's Board of Directors passed a resolution to approve the restructuring of the group of the Company by combining the business of its two subsidiaries, Pontex (Thailand) Company Limited and Aphakorn Industries Company Limited. The new company (named "Pontex (Thailand) Company Limited") will receive the assets and liabilities at net book values, rights and obligations of the two subsidiaries. The business combination process was completed and the new company was registered with the Ministry of Commerce in January 2019.



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7. Investments in associates

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2019	31 December 2018
Investments in associates - at cost	404,856	417,750
Accumulated share of loss in associates	(404,856)	(405,651)
Investments in associates - equity method	-	12,099

(Unit: Thousand Baht)

	Separate financial statements	
	30 June 2019	31 December 2018
Investments in associates - at cost	64,559	64,559
Less: Allowance for impairment of investments	(64,559)	(64,559)
Investments in associates - net	-	-

As at 31 December 2018, investment in associate in the consolidated financial statements of Baht 12 million was an investment in Pek Industry Co., Ltd. (PEI) which represented a 35.44% interest. However, in February 2019 two subsidiaries purchased 6,993 ordinary shares of PEI from a director at Baht 801 per share, or for a total of Baht 5.6 million. As a result, the group's shareholding in PEI has increased from 35.44% to 81.73% and the status of PEI has changed from an associate to a subsidiary of the group. As at the date of the change in status, PEI had an outstanding balance of cash and cash equivalents of Baht 7 million, and the Company has therefore presented this as "Increase in cash from change in status of associate to subsidiary" in the consolidated cash flow statement for the six-month period ended 30 June 2019.

The acquisition cost of PEI's shares was approximately Baht 10 million lower than the proportionate net fair value of the identifiable assets, liabilities and contingent liabilities of that company, and this amount was recorded as negative goodwill in other income in the consolidated statement of comprehensive income for the current period.



(Unaudited but reviewed)

The values of assets acquired, and liabilities assumed from Pek Industry Co., Ltd. as at the date its status changed are summarised below.

	(Unit: Thousand Baht)	
	Fair values as at status changed date	Carrying values as at status changed date
Cash and cash equivalents	7,484	7,484
Trade and other receivables	4,607	4,607
Inventories	5,093	5,093
Other current assets	363	363
Short-term loan to related party	6,600	6,600
Restricted bank deposits	7,508	7,508
Building improvement and equipment	5,369	3,616
Intangible assets	424	-
Other non-current assets	600	600
Trade and other payables	(1,728)	(1,728)
Current portion of liabilities under financial lease agreements	(219)	(219)
Other current liabilities	(123)	(123)
Income tax payable	(348)	(348)
Liabilities under finance lease agreements, net of current portion	(144)	(144)
Provision for long-term employee benefits	(737)	(737)
Deferred tax liabilities	(203)	-
Net assets of the subsidiary	<u>34,546</u>	<u>32,572</u>
Net assets in the portion held by the Group (81.73%)	28,234	26,621
Less: Investment in associate at the status changed date	(12,243)	(12,243)
The difference between the cash payment for purchase of investments and the net assets of the subsidiary in the Group's proportion	<u>(10,391)</u>	<u>(8,778)</u>
Net cash payment for purchase of investment in subsidiary	<u>5,600</u>	<u>5,600</u>

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 2019 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 2018, which were audited by its auditor, and only separate financial statements was presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in the associate under the cost method and the equity method as equal to zero.



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8. Investments in related parties

Details of investments in related parties are as follows:

(Unit : Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment of investments		Net		Dividend received during the six-month periods end 30 June	
	30 June	31 December	30 June	31 December	30 June	31 December	2019	2018
	2019	2018	2019	2018	2019	2018		
Sahapat Properties Co., Ltd.	500	500	-	-	500	500	50	40
Nutrition House Co., Ltd.	13,598	13,598	(9,704)	(9,704)	3,894	3,894	-	-
Thai Takaya Co., Ltd.	2,000	2,000	(368)	(368)	1,632	1,632	-	-
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	(1,732)	(1,732)	3,268	3,268	-	-
Total	166,514	166,514	(156,220)	(156,220)	10,294	10,294	50	40

(Unit : Thousand Baht)

Company's name	Separate financial statements							
	Cost		Allowance for impairment of investments		Net		Dividend received during the six-month periods end 30 June	
	30 June	31 December	30 June	31 December	30 June	31 December	2019	2018
	2019	2018	2019	2018	2019	2018		
Sahapat Properties Co., Ltd.	1,050	1,050	-	-	1,050	1,050	50	40
Nutrition House Co., Ltd.	4,267	4,267	(1,472)	(1,472)	2,795	2,795	-	-
Thai Takaya Co., Ltd.	2,308	2,308	(675)	(675)	1,633	1,633	-	-
Sahachol Foods Supplies Co., Ltd.	3,000	3,000	(1,039)	(1,039)	1,961	1,961	-	-
Total	10,625	10,625	(3,186)	(3,186)	7,439	7,439	50	40

9. Investment properties

Movements in the investment properties account during the six-month period ended 30 June 2019 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	319,868	321,188
Depreciation for the period	(1,081)	(1,765)
Balance as at 30 June 2019	<u>318,787</u>	<u>319,423</u>

As at 30 June 2019, the Company has mortgaged investment properties with net book value amounting to Baht 218 million (31 December 2018: Baht 219 million) as collateral against loan from related person and credit facilities received from financial institutions.



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10. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2019 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	83,328	5,695
Increase from change in status of associate to be subsidiary	5,369	-
Acquisitions during the period - at cost	6,073	232
Disposal during the period	(342)	-
Provision for impairment	(609)	-
Depreciation for the period	(11,335)	(1,282)
Balance as at 30 June 2019	82,484	4,645

As at 30 June 2019, the subsidiaries have mortgaged assets with net book value amounting to Baht 17 million (31 December 2018: Baht 17 million) as collaterals against credit facilities received from financial institutions.

11. Bank overdrafts

Bank overdrafts of the Company are secured by the mortgage of land and construction thereon of the Company as described in Note 9 to the financial statements. Bank overdrafts 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.

12. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2019	2018	2019	2018
Trade payables - related parties	6,650	7,977	3,483	3,509
Trade payables - unrelated parties	52,601	55,834	955	1,105
Other payables - related parties	5,810	5,810	15,002	15,002
Other payables - unrelated parties	1,534	1,126	315	390
Accrued expenses - related parties	5,855	6,462	1,659	1,330
Accrued expenses - unrelated parties	29,159	28,559	6,436	4,013
Unearned revenue - unrelated parties	2,895	2,128	44	44
Total	104,504	107,896	27,894	25,393



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13. 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 2019 and 2018 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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	545	488	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,106)	(202)	48	43
Income tax expenses (benefits) reported in the statements of comprehensive income	<u>(561)</u>	<u>286</u>	<u>48</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>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current income tax:				
Interim corporate income tax charge	1,050	1,149	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,255)	(408)	94	84
Income tax expenses (benefits) reported in the statements of comprehensive income	<u>(205)</u>	<u>741</u>	<u>94</u>	<u>84</u>

14. 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.






15. Segment information

Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decisions about allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as 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, manufacture of polypropylene cutting boards and eyelet.
- 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.

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 2019 and 2018, respectively

(Unit: Million Baht)

For the three-month periods ended 30 June

	The manufacture and distribution of footwear and bag		The manufacture of soles and parts for footwear		Production support business		The organic farming business and others		Elimination		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from external customers	11	12	115	122	46	52	5	3	-	-	177	189
Inter-segment revenue	-	-	16	12	-	4	-	1	(16)	(17)	-	-
Total revenue	11	12	131	134	46	56	5	4	(16)	(17)	177	189
Cost of sale and services	(11)	(12)	(127)	(128)	(38)	(45)	(8)	(6)	17	17	(167)	(174)
Segment operating profit (loss)	-	-	4	6	8	11	(3)	(2)	1	-	10	15
Gain on sales of assets											-	1
Other income											4	15
Selling and distribution expenses											(6)	(4)
Administrative expenses											(26)	(25)
Loss arising from change in fair value of biological assets											(1)	-
Finance cost											(1)	(2)
Income tax expenses											-	(1)
Loss for the period											(20)	(1)



W. Subongkorn

(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 soles and parts for footwear		Production support business		The organic farming business and others		Elimination		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from external customers	27	25	259	255	85	95	10	6	-	-	381	381
Inter-segment revenue	-	-	35	25	1	8	-	1	(36)	(34)	-	-
Total revenue	27	25	294	280	86	103	10	7	(36)	(34)	381	381
Cost of sale and services	(25)	(24)	(281)	(263)	(68)	(85)	(13)	(11)	35	34	(352)	(349)
Segment operating profit (loss)	2	1	13	17	18	18	(3)	(4)	(1)	-	29	32
Gain on sales of assets											-	1
Other income											27	21
Selling and distribution expenses											(9)	(8)
Administrative expenses											(51)	(51)
Finance cost											(3)	(4)
Income tax expenses											-	(1)
Loss for the period											(7)	(10)



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16. Commitments and contingent liabilities

16.1 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 2019	31 December 2018	30 June 2019	31 December 2018
Payable:				
In up to 1 year	10	15	-	-
In over 1 and up to 5 years	2	2	-	-

16.2 Guarantees

- a) As at 30 June 2019, 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 96 million (31 December 2018: Baht 101 million) (Separate financial statements: Baht 97 million (31 December 2018: Baht 97 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 2019	31 December 2018	30 June 2019	31 December 2018
Guarantee electricity use	8	8	1	1



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17. 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	31 December	30 June	31 December	30 June	31 December
	2019	2018	2019	2018	2019	2018
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.6	0.5	0.1	0.5	30.7443	32.4498

18. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 7 August 2019.



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