

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2018

Independent Auditor's Report

To the Shareholders of Pan Asia Footwear Public Company Limited

Qualified Opinion

I have audited the accompanying consolidated financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Pan Asia Footwear Public Company Limited for the same period.

In my opinion, except for the possible effects on the matter described in the *Basis for Qualified Opinion* on the section of my report, the financial statements referred to above present fairly, in all material respects, the financial position of Pan Asia Footwear Public Company Limited and its subsidiaries and of Pan Asia Footwear Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Qualified Opinion

As discussed in Note 14 to the financial statements, the Company did not obtain the financial statements for the year ended 31 December 2018 of PA Capital Company Limited, the associated company, and its subsidiary companies. The latest financial statements of the associated company available to the Company were the financial statements for the year ended 31 December 2017, which were audited by its auditor, and only separate financial statements were presented, not consolidated financial statements. Thus, I was unable to audit the carrying amount of the investment in associate which is accounted for under the equity method in the consolidated statement of financial position and under cost method in the separate statement of financial position as at 31 December 2018 and I was unable to apply other auditing procedures to satisfy myself as to the value of such investment in associate, included the related accounts in the statement of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance. In addition, I issued the qualified opinion on the 2017 consolidated and separate financial statements due to the same reason and currently, I have not been furnished with the up-to-date consolidated financial statements of the associated company and its subsidiary companies as well for such period.

Consequently, I was unable to determine whether and to what extent any adjustments were required to adjust the value of investment in associate, including the related accounts in the consolidated and separate financial statements for the years 2018 and 2017. If adjustments were necessary, they would affect the investment in associate and retained earnings in the consolidated and separate statement of financial position as at 31 December 2018 and 2017, and the share of profit from associate and relevant elements in the consolidated statement of comprehensive income and impairment loss on investment and relevant elements in the separate statement of comprehensive income for the years 2018 and 2017, including the relevant elements in the consolidated and separate statements of changes in shareholders' equity and cash flows for the years 2018 and 2017.

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

Material Uncertainty Related to Going Concern

I draw attention to Note 1.2 to the financial statements, regarding the ability of the Group to continue as a going concern. As presented in the separate statement of financial position as at 31 December 2018, the Company has current liabilities exceeded current assets by Baht 189 million. In addition, several subsidiaries have operating loss, several subsidiaries have large deficits, and there are indicators of possible persistent losses in the future. Several subsidiaries ceased their operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. My opinion is not modified in respect of this matter.

Key Audit Matters

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

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

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

Revenue recognition

Revenue from sales is one of the significant accounting transactions of the Group, representing 87% of total revenue of the Group. The sales amount recorded in the accounts has a direct effect on the Group's operating results. In addition, the Group have sales to a large number of customers in several business sectors with a varying of commercial terms. There is therefore a risk related to the amount and timing of revenue recognition.

I have examined the revenue recognition of the Group by

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

Impairment of investments in subsidiaries

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

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

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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



Manee Rattanabunnakit
Certified Public Accountant (Thailand) No. 5313

EY Office Limited
Bangkok: 27 February 2019

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	6	60,086,830	41,399,793	1,070,665	1,073,105
Current investments		13,454	13,045	-	-
Trade and other receivables	7	133,002,015	165,580,981	4,639,440	7,049,290
Short-term loans to related parties and others	8	282,969	282,969	2,000,000	-
Inventories	9	96,190,461	92,095,351	1,270,415	476,846
Current biological assets	10	1,557,051	2,445,154	1,557,051	2,445,154
Other current assets		5,846,558	6,163,064	1,128,869	1,004,408
Total current assets		296,979,338	307,980,357	11,666,440	12,048,803
Non-current assets					
Restricted bank deposits	11	6,577,893	6,512,355	1,349,000	1,349,000
Investments in available-for-sale securities	12	38,200	46,000	38,200	46,000
Investments in subsidiaries	13	-	-	172,534,980	228,799,427
Investments in associates	14	12,098,990	-	-	-
Investments in related parties	15	10,294,048	11,448,953	7,438,495	8,385,150
Long-term loans to related parties	8	-	-	-	-
Investment properties	16	319,868,356	278,259,565	321,187,871	332,190,499
Property, plant and equipment	17	83,328,174	106,819,958	5,694,753	7,489,872
Goodwill	18	-	-	-	-
Non-current biological assets	10	3,886,250	3,886,250	-	-
Receivables from guarantee - related parties	8	-	-	-	-
Deferred tax assets	26	1,265,240	868,263	-	-
Withholding tax deducted at source		4,134,546	2,536,243	1,733,650	999,139
Other non-current assets		6,015,536	4,175,858	249,474	733,410
Total non-current assets		447,507,233	414,553,445	510,226,423	579,992,497
Total assets		744,486,571	722,533,802	521,892,863	592,041,300

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts	19	12,856,699	33,482,134	8,862,505	29,497,336
Trade and other payables	20	107,895,917	105,732,234	25,393,226	18,411,446
Short-term loans from related parties	8	100,000,000	100,000,000	166,300,000	169,300,000
Current portion of liabilities under finance					
lease agreements		3,707,316	4,800,544	-	-
Income tax payable		800,857	2,195,178	-	-
Other current liabilities		1,779,522	2,256,013	413,513	237,547
Total current liabilities		227,040,311	248,466,103	200,969,244	217,446,329
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		3,896,186	8,341,232	-	-
Provision for long-term employee benefits	21	16,908,557	12,935,030	2,230,713	579,200
Long-term provisions	22	1,366,063	13,207,994	240,567	12,082,497
Deferred tax liabilities	26	3,015,509	3,705,391	1,020,955	827,683
Other non-current liabilities		3,023,000	3,023,000	3,023,000	3,023,000
Total non-current liabilities		28,209,315	41,212,647	6,515,235	16,512,380
Total liabilities		255,249,626	289,678,750	207,484,479	233,958,709

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 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Shareholders' equity					
Share capital					
Registered					
540,000,000 ordinary shares of Baht 0.51 each		275,400,000	275,400,000	275,400,000	275,400,000
Issued and fully paid-up					
540,000,000 ordinary shares of Baht 0.51 each		275,400,000	275,400,000	275,400,000	275,400,000
The Company's shares held by subsidiaries		(17,552,525)	(17,552,525)	-	-
Retained earnings					
Appropriated - statutory reserve	24	13,028,470	13,028,470	13,028,470	13,028,470
Unappropriated		169,877,995	119,574,006	26,065,714	69,732,121
Other component of shareholders' equity		4,855,900	4,863,700	(85,800)	(78,000)
Equity attributable to owners of the Company		445,609,840	395,313,651	314,408,384	358,082,591
Non-controlling interests of the subsidiaries		43,627,105	37,541,401	-	-
Total shareholders' equity		489,236,945	432,855,052	314,408,384	358,082,591
Total liabilities and shareholders' equity		744,486,571	722,533,802	521,892,863	592,041,300

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

Directors



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit or loss:					
Revenues					
Sales		725,988,505	754,403,781	12,829,884	10,028,466
Revenues from hire of work		30,844,840	37,218,326	-	-
Interest income		498,474	497,747	184,522	13,414
Dividend income		41,000	21,500	18,290,140	10,879,480
Gain on sales of assets		18,314,402	1,737,140	-	247,186
Other income		62,673,669	17,201,887	54,727,875	9,962,485
Total revenues		838,360,890	811,080,381	86,032,421	31,131,031
Expenses					
Cost of sales and hire of work		699,631,792	698,274,067	21,130,097	10,089,648
Selling and distribution expenses		17,912,514	15,088,340	3,925,624	3,126,198
Administrative expenses		97,515,517	97,891,065	23,958,396	21,261,992
Allowance for doubtful accounts (reversal)		(63,894,182)	(288,606)	708,589	(19,604,781)
Impairment loss on investments		1,154,905	2,116,524	68,946,655	56,734,388
Impairment loss on fixed assets		15,000,000	11,622,849	-	-
Loss arising from change in fair value of biological assets	10	827,761	9,699,190	827,761	1,027,440
Total expenses		768,148,307	834,403,429	119,497,122	72,634,885
Profit (loss) before share of loss from investments					
in associates, finance cost and income tax expenses		70,212,583	(23,323,048)	(33,464,701)	(41,503,854)
Share of loss from investments in associates	14.2	(910,064)	-	-	-
Profit (loss) before finance cost and income tax expenses		69,302,519	(23,323,048)	(33,464,701)	(41,503,854)
Finance cost		(7,714,522)	(7,275,395)	(8,361,678)	(7,949,627)
Profit (loss) before income tax expenses		61,587,997	(30,598,443)	(41,826,379)	(49,453,481)
Income tax expenses	26	(882,248)	(4,954,243)	(193,272)	(173,732)
Profit (loss) for the year		60,705,749	(35,552,686)	(42,019,651)	(49,627,213)

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



Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Profit (loss) on change in value of available-for-sale investments					
- net of income tax		(7,800)	6,000	(7,800)	6,000
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial loss - net of income tax		(2,906,441)	(2,764,152)	(1,646,756)	-
Other comprehensive income for the year		(2,914,241)	(2,758,152)	(1,654,556)	6,000
Total comprehensive income for the year		57,791,508	(38,310,838)	(43,674,207)	(49,621,213)
Profit (loss) attributable to:					
Equity holders of the Company		53,056,732	(43,877,196)	(42,019,651)	(49,627,213)
Non-controlling interests of the subsidiaries		7,649,017	8,324,510		
		<u>60,705,749</u>	<u>(35,552,686)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		50,296,190	(46,619,936)	(43,674,207)	(49,621,213)
Non-controlling interests of the subsidiaries		7,495,318	8,309,098		
		<u>57,791,508</u>	<u>(38,310,838)</u>		
Basic earnings (loss) per share					
Profit (loss) attributable to equity holder of the Company	27	0.10	(0.08)	(0.08)	(0.09)

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



Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Other components of shareholders' equity									
	Other comprehensive income									
	Issued and paid-up share capital	The Company's shares held by subsidiaries	Retained earnings (deficit)	Surplus (deficit) on changes in value of available-for-sale investments	Difference resulting from change in shareholding in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	shareholders' equity
		Appropriated - statutory reserve	Unappropriated							
Balance as at 1 January 2017	275,400,000	(17,552,525)	13,028,470	178,106,820	4,941,700	4,857,700	453,840,465	30,728,615	484,569,080	
Profit (loss) for the year	-	-	-	(43,877,196)	-	-	(43,877,196)	8,324,510	(35,552,686)	
Other comprehensive income for the year	-	-	-	(2,748,741)	-	6,000	(2,742,741)	(15,411)	(2,758,152)	
Total comprehensive income for the year	-	-	-	(46,625,937)	-	6,000	(46,619,937)	8,309,099	(38,310,838)	
Dividend paid (Note 30)	-	-	-	(11,986,770)	-	-	(11,986,770)	-	(11,986,770)	
Less: Dividend paid in respect of the Company's shares held by subsidiaries	-	-	-	79,893	-	-	79,893	-	79,893	
Dividend paid - net	-	-	-	(11,906,877)	-	-	(11,906,877)	-	(11,906,877)	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	(1,496,313)	(1,496,313)	
Balance as at 31 December 2017	275,400,000	(17,552,525)	13,028,470	119,574,006	4,941,700	4,863,700	395,313,651	37,541,401	432,855,052	
Balance as at 1 January 2018	275,400,000	(17,552,525)	13,028,470	119,574,006	4,941,700	4,863,700	395,313,651	37,541,401	432,855,052	
Profit for the year	-	-	-	53,056,732	-	-	53,056,732	7,649,017	60,705,749	
Other comprehensive income for the year	-	-	-	(2,752,743)	-	(7,800)	(2,760,543)	(153,698)	(2,914,241)	
Total comprehensive income for the year	-	-	-	50,303,989	-	(7,800)	50,296,189	7,495,319	57,791,508	
Decrease in non-controlling interests of the subsidiary from dividend payment of the subsidiary	-	-	-	-	-	-	-	(1,409,615)	(1,409,615)	
Balance as at 31 December 2018	275,400,000	(17,552,525)	13,028,470	169,877,995	4,941,700	4,855,900	445,609,840	43,627,105	489,236,945	

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Retained earnings (deficit)		Other component of equity	Total shareholders' equity
		Appropriated - statutory reserve	Unappropriated		
	Surplus (deficit) on changes in value of available-for-sale investments				
Balance as at 1 January 2017	275,400,000	13,028,470	131,346,104	(84,000)	419,690,574
Loss for the year	-	-	(49,627,213)	-	(49,627,213)
Other comprehensive income for the year	-	-	-	6,000	6,000
Total comprehensive income for the year	-	-	(49,627,213)	6,000	(49,621,213)
Dividend paid (Note 30)	-	-	(11,986,770)	-	(11,986,770)
Balance as at 31 December 2017	275,400,000	13,028,470	69,732,121	(78,000)	358,082,591
Balance as at 1 January 2018	275,400,000	13,028,470	69,732,121	(78,000)	358,082,591
Loss for the year	-	-	(42,019,651)	-	(42,019,651)
Other comprehensive income for the year	-	-	(1,646,756)	(7,800)	(1,654,556)
Total comprehensive income for the year	-	-	(43,666,407)	(7,800)	(43,674,207)
Balance as at 31 December 2018	275,400,000	13,028,470	26,065,714	(85,800)	314,408,384

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before tax	61,587,997	(30,598,443)	(41,826,379)	(49,453,481)
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	22,928,341	25,171,706	6,285,072	6,356,228
Allowance for doubtful accounts (reversal)	(63,894,182)	(288,606)	708,589	(19,604,781)
Bad debt recovery	-	-	-	(841,605)
Reduce cost to net realisable value (reversal)	(40,281,368)	658,933	(41,371,390)	(46,252)
Allowance for impairment loss on assets	15,000,000	11,622,849	-	-
Loss (gain) on sales of property, plant and equipment	(18,314,402)	(1,494,640)	12,260	(4,686)
Gain on sales of investment properties	-	(242,500)	-	(242,500)
Loss arising from change in fair value of biological assets	827,761	9,699,190	827,761	1,027,440
Share of loss from investments in associates	910,064	-	-	-
Allowance for impairment loss on investments	1,154,904	2,116,524	68,946,655	56,734,388
Provision for litigation	317,580	-	317,580	-
Provision for long-term employee benefits	1,426,219	1,675,292	4,757	18,696
Unrealised loss (gain) on exchange	(49,116)	15,620	(24,218)	(20,132)
Interest income	(498,474)	(497,747)	(184,522)	(13,414)
Dividend income	(41,000)	(21,500)	(18,290,140)	(10,879,480)
Interest expenses	7,714,522	7,275,395	8,361,678	7,949,627
Profit (loss) from operating activities before changes in operating assets and liabilities	(11,211,154)	25,092,073	(16,232,297)	(9,019,952)
Operating assets (increase) decrease				
Trade and other receivables	32,022,569	(17,565,252)	2,085,766	1,140,053
Inventories	36,186,258	(3,428,313)	40,577,821	(430,594)
Current biological assets	60,342	(3,472,594)	60,342	(3,472,594)
Other current assets	286,597	2,656,125	(412,850)	441,441
Other non-current assets	(1,809,387)	(1,168,640)	483,936	(136,674)
Operating liabilities increase (decrease)				
Trade and other payables	2,328,415	(1,763,161)	(3,346,306)	939,630
Other current liabilities	(959,301)	(813,387)	175,966	(257,031)
Cash paid for long-term provisions	(4,697,010)	(5,782,116)	(4,697,010)	(5,782,116)
Cash paid for long-term employee benefits	(335,513)	-	-	-
Other non-current liabilities	-	(2,762,868)	-	-
Cash from (used in) operating activities	51,871,816	(9,008,133)	18,695,368	(16,577,837)
Cash paid for income tax	(5,598,003)	(9,118,472)	(734,511)	(511,061)
Income tax refunded	949,754	1,240,194	-	407,189
Net cash from (used in) operating activities	47,223,567	(16,886,411)	17,960,857	(16,681,709)

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2018

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities				
Increase in restricted bank deposits	(65,538)	(68,906)	-	-
Increase in investment in subsidiary	-	-	(1,766,453)	-
Decrease (increase) in current investments	(409)	6,502,902	-	-
Increase in short-term loans to related parties	-	-	(4,000,000)	-
Cash receipt from short-term loans to related parties	-	925,000	2,000,000	-
Cash receipt from long-term loans to related parties	1,372	-	-	-
Dividend received	41,000	21,500	18,290,140	10,879,480
Acquisition of property, plant and equipment	(10,513,965)	(18,126,048)	(1,139,655)	(548,788)
Proceeds from sales of property, plant and equipment	18,781,423	4,774,293	177,570	4,794
Proceeds from sales of investment properties	-	380,000	-	380,000
Interest income	662,566	519,483	88,357	13,414
Net cash from (used in) investing activities	8,906,449	(5,071,776)	13,649,959	10,728,900
Cash flows from financing activities				
Increase (decrease) in bank overdrafts	(20,625,435)	15,325,444	(20,634,831)	15,332,053
Cash receipt from short-term loans from related parties	-	-	5,000,000	15,500,000
Repayment of short-term loans from related parties	-	-	(8,000,000)	(7,200,000)
Repayment of liabilities under finance lease agreements	(7,753,227)	(5,979,789)	-	-
Dividend paid	-	(11,906,877)	-	(11,986,770)
Dividend paid for non-controlling interest of a subsidiary	(1,409,615)	(1,496,313)	-	-
Cash paid for interest expenses	(7,654,702)	(7,275,395)	(7,978,425)	(7,649,627)
Net cash from (used in) financing activities	(37,442,979)	(11,332,930)	(31,613,256)	3,995,656
Net increase (decrease) in cash and cash equivalents	18,687,037	(33,291,117)	(2,440)	(1,957,153)
Cash and cash equivalents at the beginning of year	41,399,793	74,690,910	1,073,105	3,030,258
Cash and cash equivalents at end of year	60,086,830	41,399,793	1,070,665	1,073,105

Supplementary cash flows information:

Non-cash transactions:

Assets acquired under finance lease agreement	2,214,953	11,510,950	-	-
Transfer investment properties to payment debt from litigations	7,462,500	-	7,462,500	-
Unpaid investment in a subsidiary	-	-	9,969,100	-
Investment in subsidiary increased due to payment received from an account receivable - subsidiary	-	-	-	3,857,584
Investment in associate increased due to payment received from an account receivable - associate	12,893,639	-	-	-
Investment in subsidiaries increased due to payment received from long-term loan to a subsidiary	-	-	-	17,635,139
Investment properties increased due to payment received from an account receivable - associate	51,245,950	-	-	-
Transfer advance payment for share subscription to investment in related party	-	5,000,000	-	3,000,000

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Notes to consolidated financial statements

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

1.2 Going concern

As presented in the separate statement of financial position as at 31 December 2018, the Company has current liabilities exceeded current assets by Baht 189 million. In addition, several subsidiaries have operating losses and several subsidiaries have large deficits, with indicators of possible persistent losses in the future. Several subsidiaries had ceased their operations. Although these conditions raise substantial doubt about their ability to continue as a going concern. However, the Company had restructured its business and its subsidiaries had entered into the debt restructuring and transfer agreements with a related company as described in Note 23 to the financial statements. For these reasons, the financial statements have been prepared on the going concern basis.

2. Basis of preparation

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

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

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



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2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2018 Percent	2017 Percent
<u>Subsidiaries directly held by the Company</u>				
Footwear Tech 1530 Company Limited	Ceased operation	Thailand	100.00	100.00
International Curity Footwear Company Limited	Ceased operation	Thailand	100.00	100.00
WBLP Company Limited	Manufacture of footwear and bag	Thailand	100.00	100.00
Phimai Footwear Company Limited (registered its dissolution with the Ministry of Commerce on 2 May 2018)	In the process of liquidation	Thailand	100.00	100.00
Excellent Rubber Company Limited	Ceased operation	Thailand	100.00	100.00
Kabinburi Pan Asia Footwear Company Limited	Ceased operation	Thailand	100.00	100.00
Modern Technology Component Company Limited	Manufacture of footwear parts	Thailand	100.00	100.00
Pontex (Thailand) Company Limited	Manufacture of plastic parts and injection	Thailand	96.27	96.27
Innovation Nakornluang Footwear Company Limited (registered its dissolution with the Ministry of Commerce on 2 May 2018)	In the process of liquidation	Thailand	96.07	96.07
Exact Q Company Limited	Ceased operation	Thailand	99.98	99.98
Advantage Footwear Company Limited	Manufacture of footwear and footwear parts	Thailand	79.12	79.12
Aphakorn Industries Company Limited	Manufacture and repair of plastic injection molds	Thailand	99.07	65.71
<u>Subsidiaries held by Kabinburi Pan Asia Footwear Company Limited</u>				
Burirum Pan Footwear Company Limited	In the process of liquidation	Thailand	69.27	69.27

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



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

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

During the year, the Company and its subsidiaries have adopted the 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 standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) which are effective for fiscal years 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 management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.



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TFRS 15 Revenue from Contracts with Customers

TFRS 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 recognized 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.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which 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



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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.

4. Significant accounting policies

4.1 Revenue recognition

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade accounts receivable

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.



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4.4 Inventories

Finished goods and work in process are valued at the lower of cost (under the average method) and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost, and includes all production costs and attributable factory overheads.

Raw material and supplies are valued at the lower of cost (under the average method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

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

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

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

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

4.6 Investment properties

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

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

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



4.7 Property, plant and equipment/Depreciation

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

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

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

Depreciation is included in determining income.

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

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

4.8 Goodwill

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

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

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



4.9 Agriculture

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

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

4.10 Related party transactions

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

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

4.11 Long-term leases

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

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

4.12 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.



4.13 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

4.14 Employee benefits

Short-term employee benefits

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


Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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



The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

4.15 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.16 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.



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4.17 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgements and estimates

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

Allowance for doubtful accounts

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



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Allowance of diminution in value of inventory

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

Impairment of investments in subsidiaries

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

Property plant and equipment and investment property/Depreciation

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

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

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

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



6. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	260	359	9	18
Bank deposits	59,827	41,041	1,062	1,055
Total	60,087	41,400	1,071	1,073

As at 31 December 2018 and 2017, bank deposits in saving accounts carried interest at rates between 0.37% and 0.75% per annum (Separate financial statements: 0.38% and 0.50% per annum).

7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	21,845	33,352	25	-
Past due				
Up to 3 months	8,856	10,073	-	95
3 - 6 months	4,678	3	-	-
6 - 12 months	2	1	1	1
Over 12 months	72,824	72,824	275	231
Total	108,205	116,253	301	327
Less: Allowance for doubtful accounts	(72,772)	(72,772)	(231)	(231)
Total trade receivables - related parties, net	35,433	43,481	70	96
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	48,427	53,209	685	345
Past due				
Up to 3 months	35,355	55,618	984	755
3 - 6 months	3,660	2,589	32	47
6 - 12 months	1,088	166	55	73
Over 12 months	11,494	11,215	195	64
Total	100,024	122,797	1,951	1,284
Less: Allowance for doubtful accounts	(11,335)	(10,949)	(168)	(7)
Total trade receivables - unrelated parties, net	88,689	111,848	1,783	1,277
Total trade receivables - net	124,122	155,329	1,853	1,373



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(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Other receivables</u>				
Other receivables - related parties	93,395	170,332	98,567	127,467
Other receivables - unrelated parties	19,929	21,564	9,688	12,659
Total	113,324	191,896	108,255	140,126
Less: Allowance for doubtful accounts	(104,444)	(181,644)	(105,469)	(134,450)
Total other receivables - net	8,880	10,252	2,786	5,676
Total trade and other receivables - net	133,002	165,581	4,639	7,049

8. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Dividend income	-	-	18	11	As declared
Purchases of goods	-	-	-	1	Cost plus margins
Interest expense	-	-	2	2	2.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	190	239	-	2	Cost plus margins
Other income	-	1	-	-	Cost plus margins or as indicated in the agreement
Gain on sales of assets	15	-	-	-	Market price and negotiation
Purchases of goods	11	14	-	-	Cost plus margins
Public utilities expenses	6	7	-	-	As indicated in the agreement
Other expenses	19	20	-	-	As indicated in the agreement
<u>Transaction with related persons</u>					
Interest expenses	5	5	5	5	4.9% per annum



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As at 31 December 2018 and 2017, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2018	2017	2018	2017
<u>Trade and other receivables - related parties (Note 7)</u>				
Subsidiaries	-	-	89,298	88,933
Associates	44,639	92,170	180	178
Related companies (related by common shareholders and directors)	156,961	194,415	9,390	38,683
Total	201,600	286,585	98,868	127,794
Less: Allowance for doubtful accounts	(162,619)	(239,752)	(97,787)	(126,680)
Net	38,981	46,833	1,081	1,114
<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 20)</u>				
Subsidiaries	-	-	17,112	6,745
Associates	1,082	1,075	289	289
Related companies (related by common shareholders)	19,167	23,835	2,440	6,079
Total	20,249	24,910	19,841	13,113

Short-term loans to related parties and others

As at 31 December 2018 and 2017, the balances of short-term loans to related parties and others and the movements are as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	As at 1 January 2018	Increase (Decrease)	As at 31 December 2018
<u>Short-term loans to related parties and others</u>			
Short-term loans to related parties			
Associate			
Nongchang Rubber Co., Ltd.	850	-	850
Total	850	-	850
Related companies			
Thai Sung Shin New Material Co., Ltd.	4,600	-	4,600
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 others	283	-	283
Total short-term loans to related parties and others, net	283	-	283



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(Unit: Thousand Baht)

	Separate financial statement			
	As at			As at
	1 January 2018	Increase	(Decrease)	31 December 2018
<u>Short-term loans to related parties</u>				
Subsidiaries				
Exact Q Company Limited	-	2,000	(2,000)	-
WBLP Company Limited	-	2,000	-	2,000
Total short-term loans to related parties	-	4,000	(2,000)	2,000

Long-term loans to related parties

As at 31 December 2018 and 2017, the balances of long-term loans to related parties and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at	Increase	As at
	1 January 2018	(Decrease)	31 December 2018
<u>Long-term loans to related parties</u>			
Associates			
PA Capital Co., Ltd.	90,140	(90,140)	-
P.L. John Industries Co., Ltd.	10,700	(10,700)	-
Pek Engineering Co., Ltd.	9,540	(9,540)	-
Total	110,380	(110,380)	-
Related company			
Rangsit Footwear Co., Ltd.	2,109	(2,109)	-
Total	2,109	(2,109)	-
Total long-term loans to related parties	112,489	(112,489)	-
Less: Allowance for doubtful accounts	(112,489)	112,489	-
Total long-term loans to related parties, net	-	-	-

(Unit: Thousand Baht)

	Separate financial statements		
	As at	Increase	As at
	1 January 2018	(Decrease)	31 December 2018
<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



(Unit: Thousand Baht)

	Separate financial statements		
	As at	Increase	As at
	1 January 2018	(Decrease)	31 December 2018
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	-	-	-

Short-term loans from related parties

As at 31 December 2018 and 2017, the balances of short-term loans from related parties and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at	Increase	As at	As at	Increase	As at
	1 January 2018	(decrease)	31 December 2018	1 January 2018	(Decrease)	31 December 2018
Short-term loans from related parties						
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	(5,000)	9,000
Total	-	-	-	69,300	(3,000)	66,300
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	(3,000)	166,300

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term employee benefits	21,416	22,790	7,016	5,833
Post-employment benefits	2,571	144	1,059	13
Total	23,987	22,934	8,075	5,846



Guarantee obligations with related parties

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

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements

	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	30,732	41,322	(1,045)	(2,210)	29,687	39,112
Work in process	28,415	21,435	(220)	(220)	28,195	21,215
Raw materials	32,837	69,330	(3,340)	(42,456)	29,497	26,874
Raw materials in transit	5,185	1,315	-	-	5,185	1,315
Supplies	3,627	3,579	-	-	3,627	3,579
Total	100,796	136,981	(4,605)	(44,886)	96,191	92,095

(Unit: Thousand Baht)

Separated financial statements

	Cost		Reduce cost to net realisable value		Inventories-net	
	2018	2017	2018	2017	2018	2017
Finished goods	41	1,899	-	(1,730)	41	169
Raw materials	912	39,934	-	(39,641)	912	293
Supplies	317	15	-	-	317	15
Total	1,270	41,848	-	(41,371)	1,270	477

During the current year, the Company and its subsidiaries reduced cost of inventories amounting to Baht 1 million (2017: Baht 1 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write - down of cost of inventories by Baht 42 million (2017: Nil) (Separate financial statement: Baht 41 million (2017: Nil)), and reduced the amount of inventories recognised as expenses during the year.



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10. Biological assets

Movements of biological assets account for the years ended 31 December 2018 and 2017, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements						Separate financial statements	
	Economic trees		Organic vegetables		Total		Organic vegetables	
	2018	2017	2018	2017	2018	2017	2018	2017
Balance as at 1 January	3,886	12,558	2,445	-	6,331	12,558	2,445	-
Loss arising from changes in fair value	-	(8,672)	(828)	(1,027)	(828)	(9,699)	(828)	(1,027)
Increase due to cultivate	-	-	17,419	12,863	17,419	12,863	17,419	12,863
Decrease due to harvest	-	-	(17,479)	(9,391)	(17,479)	(9,391)	(17,479)	(9,391)
Balance as at 31 December	<u>3,886</u>	<u>3,886</u>	<u>1,557</u>	<u>2,445</u>	<u>5,443</u>	<u>6,331</u>	<u>1,557</u>	<u>2,445</u>

In the year 2017, the Company arranged for a new economic valuation by engaging another independent appraiser, and found that the fair value had decreased. The Company therefore recorded loss resulting from change in fair value of economic trees in the consolidated statement of comprehensive income of year 2017.

11. Restricted bank deposits

As at 31 December 2018 and 2017, the Company and its subsidiaries had pledged the fixed deposits at financial institutions to secure loans and bank guarantee facilities issued by the banks on behalf of the Company and its subsidiaries.

12. Investments in available-for-sale securities

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2018	2017
Boutique New City Public Company Limited	124	124
Bangkok Rubber Public Company Limited	758,294	758,294
Total investments - cost	758,418	758,418
Less: Deficit on changes in value of investment	(86)	(78)
Provision for impairment of investments	(758,294)	(758,294)
Investments in available-for-sale securities, net	<u>38</u>	<u>46</u>



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

13. Investments in subsidiaries

Details of investments in subsidiaries as presented in the 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 years	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	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 Nakhonluang 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	(86,427)	(18,427)	39,543	107,543	-	-
Advantage Footwear Co., Ltd.	91,750	91,750	79	79	63,330	63,330	-	-	63,330	63,330	6,824	7,259
Aphakorn Industries Co., Ltd.	21,905	21,905	99	66	33,062	21,326	-	-	33,062	21,326	5,425	3,599
Total					<u>2,345,966</u>	<u>2,334,230</u>	<u>(2,173,431)</u>	<u>(2,105,431)</u>	<u>172,535</u>	<u>228,799</u>	<u>18,249</u>	<u>10,858</u>

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%.



Exact Q Company Limited

A meeting of the subsidiary's Board of Directors held on 10 September 2018 passed a resolution approving the sale of fixed assets of the subsidiary, namely machinery, tools, factory equipment and utility systems, to a related party for a total of Baht 17 million, and the cessation of the subsidiary's business operations from 1 October 2018. On 5 October 2018 the subsidiary sold fixed assets and received the proceeds from the sale of these fixed assets in full amount.

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 (PTX) and Aphakorn Industries Company Limited (APK). The new company (named "Pontex (Thailand) Company Limited") will receive the assets, liabilities, rights and obligations of the two subsidiaries, and the business combination process was completed in January 2019.

14. Investments in associates

14.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements						Carrying amounts based on equity method	
			Shareholding percentage		Cost					
			2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017
PA Capital Co., Ltd.	Trading of fuel oil	Thailand	45.88	45.88	376,157	376,157	-	-	-	-
Nongchang Rubber Co., Ltd.	Ceased operations	Thailand	28.82	28.82	12,000	12,000	-	-	-	-
Uthai Bangkok Rubber Co., Ltd.	Ceased operations	Thailand	28.82	28.82	8,999	8,999	-	-	-	-
P.L. John Industries Co., Ltd.	In the process of liquidation	Thailand	19.25	19.25	7,700	7,700	-	-	-	-
Pek Industry Co., Ltd.	Manufacture of polypropylene cutting boards and eyelet	Thailand	35.44	-	12,894	-	12,099	-	-	-
Total					417,750	404,856	12,099	-	-	-

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements						Carrying amounts based on cost method - net	
			Shareholding percentage		Cost		Allowance for impairment of investments			
			2018 (%)	2017 (%)	2018	2017	2018	2017	2018	2017
PA Capital Co., Ltd.	Trading of fuel oil	Thailand	8.07	8.07	64,559	64,559	(64,559)	(64,559)	-	-
Total					64,559	64,559	(64,559)	(64,559)	-	-



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As described in Note 23 to the financial statements, in December 2018 an associate made transfers of 4,961 ordinary shares of Pek Industry Co., Ltd. (PEI), representing 35.44%, of the issued and paid-up share capital of that company in order to settle debts with two subsidiaries. As a result, PEI is an associated company of the group.

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	9,039	9,039
Trade and other receivables	8,518	8,518
Inventories	6,936	6,936
Other current assets	924	924
Long-term loan to related party	6,900	6,900
Property, plant and equipment	6,002	3,782
Intangible assets	456	-
Other non-current assets	651	651
Trade and other payables	(1,646)	(1,646)
Other current liabilities	(2,400)	(2,400)
Provision for long-term employee benefits	(727)	(727)
Deferred tax liabilities	(535)	-
Net assets of the associate	34,118	31,977
Net assets in the portion held by the Group (35.44%)	12,091	11,333
Add: The difference between the debt settlement and the net assets of the subsidiary in the company's proportion	-	1,561
Add: Goodwill	803	-
Receipt of settlement in the form of investment in associate	12,894	12,894

The Company wrote off goodwill from the consolidated financial statements and recognised it as expenses in the statement of comprehensive income for the year 2018, as the Company determined that such goodwill was immaterial to the consolidated financial statements.



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14.2 Share of comprehensive income

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements			
	Share of loss from investments		Share of other comprehensive	
	in associates during the year		income from investment in	
	2018	2017	2018	2017
Pek Industry Co., Ltd.	(910)	-	115	-
Total	(910)	-	115	-

14.3 Investment in associates with capital deficit

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

Partial of investments in associates in the consolidated financial statements at cost of Baht 376 million (Separate financial statements: Baht 65 million) was investment in PA Capital Co., Ltd. ("the associate"), the Company did not obtain the financial statements for the year ended 31 December 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 were presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in this associate under the cost method and the equity method as equal to zero.



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14.4 Summarised financial information about the associates

Financial information of the associates are summarised below.

(Unit: Million Baht)

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues for the		Profit (loss) for the	
	as at		as at		as at		years ended		years ended	
	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December	31 December
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
PA Capital Co., Ltd.	*	1,054	*	37	*	202	*	35	*	(15)
Nongchang Rubber Co., Ltd.	40	40	4	4	56	56	1	1	-	-
Uthai Bangkok Rubber Co., Ltd.	30	30	3	2	48	48	1	1	1	-
Pek Industry Co., Ltd.	14	14	36	39	5	10	51	56	3	2

* The Company did not obtain the financial statements of PA Capital Co., Ltd. as discussed in Note 14.3.

P.L. John Industries Co., Ltd. is in the process of liquidation as discussed in Note 14.1.

15. Investments in related parties

Details of investments in related parties are as follows:

(Unit : Thousand Baht)

Consolidated financial statements								
Company's name	Cost		Allowance for impairment of investments		Net		Dividend received during the years	
	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	(9,704)	(9,212)	3,894	4,386	-	-
Thai Takaya Co., Ltd.	2,000	2,000	(368)	(232)	1,632	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	(1,732)	(1,205)	3,268	3,795	-	-
Total	166,514	166,514	(156,220)	(155,065)	10,294	11,449	40	20



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(Unit: Thousand Baht)

Separate financial statements								
Company's name	Cost		Allowance for impairment of investments		Net		Dividend received during the years	
	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	(1,472)	(980)	2,795	3,287	-	-
Thai Takaya Co., Ltd.	2,308	2,308	(675)	(540)	1,633	1,768	-	-
Sahachol Foods Supplies Co., Ltd.	3,000	3,000	(1,039)	(720)	1,961	2,280	-	-
Total	10,625	10,625	(3,186)	(2,240)	7,439	8,385	40	20

16. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land and land improvement	Building	Total	Land and land improvement	Building	Total
As at 31 December 2018						
Cost	320,590	12,798	333,388	277,883	73,273	351,156
Less Accumulated depreciation	(3,930)	(6,739)	(10,669)	(3,930)	(23,187)	(27,117)
Less Provision for impairment	-	(2,851)	(2,851)	-	(2,851)	(2,851)
Net book value	316,660	3,208	319,868	273,953	47,235	321,188
As at 31 December 2017						
Cost	276,806	12,798	289,604	285,345	73,273	358,618
Less Accumulated depreciation	(2,670)	(5,823)	(8,493)	(2,670)	(20,907)	(23,577)
Less Provision for impairment	-	(2,851)	(2,851)	-	(2,851)	(2,851)
Net book value	274,136	4,124	278,260	282,675	49,515	332,190

A reconciliation of the net book value of investment properties for the years 2018 and 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Net book value at beginning of year	278,260	280,570	332,190	335,866
Additions due to payment receipt	51,246	-	-	-
Transfer to payment of liability from litigation	(7,462)	-	(7,462)	-
Disposals	-	(137)	-	(137)
Depreciation for the year	(2,176)	(2,173)	(3,540)	(3,539)
Net book value at end of year	319,868	278,260	321,188	332,190



The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land awaiting sale	358	308	236	238
Land and building for rent	166	131	166	131

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting sale has been determined based on comparable market prices, while that of the land and building held for rent has been determined using the Replacement Cost New method.

As at 31 December 2018, the Company has mortgaged investment properties with net book value amounting to Baht 219 million (2017: Baht 221 million) as collateral against loan from related person and credit facilities received from financial institutions.



17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						Assets under installation and under construction	Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure		
Cost								
1 January 2017	10,977	36,301	819,798	157,752	13,859	6,628	5	1,045,320
Additions	-	665	12,000	3,074	732	516	12,650	29,637
Disposals/written off	-	(941)	(122,120)	(34,972)	-	-	(5)	(158,038)
Transfers in (out)	-	-	11,997	59	-	-	(12,056)	-
31 December 2017	10,977	36,025	721,675	125,913	14,591	7,144	594	916,919
Additions	-	518	4,838	2,682	2,836	-	1,854	12,728
Disposals/written off	-	-	(31,858)	(1,863)	(7,187)	-	(255)	(41,163)
Transfers in (out)	-	-	889	339	-	-	(1,228)	-
31 December 2018	10,977	36,543	695,544	127,071	10,240	7,144	965	888,484
Accumulated depreciation								
1 January 2017	247	27,979	711,585	131,648	9,903	5,133	5	886,500
Depreciation for the year	-	281	17,675	3,819	747	477	-	22,999
Depreciation of disposals/written off	-	(941)	(112,505)	(34,948)	-	-	(5)	(148,399)
31 December 2017	247	27,319	616,755	100,519	10,650	5,610	-	761,100
Depreciation for the year	-	347	14,991	3,972	915	527	-	20,752
Depreciation of disposals/written off	-	-	(24,697)	(1,744)	(7,179)	-	-	(33,620)
31 December 2018	247	27,666	607,049	102,748	4,386	6,137	-	748,232



Wanabun

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	Total
Provision for impairment								
1 January 2017	-	-	43,635	101	-	-	-	43,736
Increase during the year	-	-	11,623	-	-	-	-	11,623
Decrease during the year	-	-	(6,358)	(2)	-	-	-	(6,360)
31 December 2017	-	-	48,900	99	-	-	-	48,999
Increase during the year	-	-	15,000	-	-	-	-	15,000
Decrease during the year	-	-	(6,980)	(95)	-	-	-	(7,075)
31 December 2018	-	-	56,920	4	-	-	-	56,924
Net book value								
31 December 2017	10,730	8,706	56,020	25,295	3,941	1,534	594	106,820
31 December 2018	10,730	8,877	31,576	24,319	5,854	1,007	965	83,328
Depreciation for the year								
2017 (Baht 18.2 million included in manufacturing cost, and the balance in selling and administrative expenses)								22,999
2018 (Baht 19.3 million included in manufacturing cost, and the balance in selling and administrative expenses)								20,752



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	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	Total
Cost							
1 January 2017	5,133	149,841	44,184	6,193	2,029	-	207,380
Additions	-	195	99	65	-	190	549
Disposals/written off	-	-	(1,721)	-	-	-	(1,721)
31 December 2017	5,133	150,036	42,562	6,258	2,029	190	206,208
Additions	518	450	172	-	-	-	1,140
Disposals/written off	-	-	-	(549)	-	(190)	(739)
31 December 2018	5,651	150,486	42,734	5,709	2,029	-	206,609
Accumulated depreciation							
1 January 2017	2,296	116,176	41,958	5,195	625	-	166,250
Depreciation for the year	442	904	775	292	405	-	2,818
Depreciation of disposals/written off	-	-	(1,721)	-	-	-	(1,721)
31 December 2017	2,738	117,080	41,012	5,487	1,030	-	167,347
Depreciation for the year	507	800	730	302	406	-	2,745
Depreciation of disposals/written off	-	-	-	(549)	-	-	(549)
31 December 2018	3,245	117,880	41,742	5,240	1,436	-	169,543

for attachment

(Unit: Thousand Baht)

Separate financial statements

	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	Total
Provision for impairment							
31 December 2017	-	31,371	-	-	-	-	31,371
31 December 2018	-	31,371	-	-	-	-	31,371
Net book value							
31 December 2017	2,395	1,585	1,550	771	999	190	7,490
31 December 2018	2,406	1,235	992	469	593	-	5,695
Depreciation for the year							
2017 (Baht 1.5 million included in manufacturing cost, and the balance in selling and administrative expenses)							2,818
2018 (Baht 1.7 million included in manufacturing cost, and the balance in selling and administrative expenses)							2,745



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As at 31 December 2018, the subsidiaries had machinery and motor vehicles with net book value of Baht 15 million (2017: Baht 20 million) which were acquired under finance lease agreements.

As at 31 December 2018, the Company and its subsidiaries had certain items of plant and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 512 million (2017: Baht 528 million) (Separate financial statements: Baht 160 million (2017: Baht 155 million)).

The subsidiaries have pledged their property, plant and equipment amounting to approximately Baht 17 million (2017: Baht 17 million) as collateral against credit facilities received from financial institutions.

18. Goodwill

		(Unit: Thousand Baht)	
		Consolidated	
		financial statements	
		<u>2018</u>	<u>2017</u>
Goodwill		12,047	12,047
Less: Provision for impairment of goodwill		<u>(12,047)</u>	<u>(12,047)</u>
Net		<u>-</u>	<u>-</u>

19. Bank overdrafts

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Bank overdrafts	MOR, MLR	<u>12,857</u>	<u>33,482</u>	<u>8,863</u>	<u>29,497</u>

Bank overdrafts of the Company are secured by the mortgage of land and construction thereon of the Company as described in Note 16 to the financial statements. Bank overdrafts of subsidiaries are secured by the guarantees of the Company, the pledge of machinery, and the mortgage of land and construction thereon of subsidiaries as described in Notes 17 to the financial statements.



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20. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade accounts payable - related parties	7,977	7,939	3,509	3,484
Trade accounts payable - unrelated parties	55,834	48,677	1,105	885
Other payables - related parties	5,810	5,817	15,002	5,036
Other payables - unrelated parties	1,126	1,289	390	506
Accrued expenses - related parties	6,462	11,154	1,330	4,593
Accrued expenses - unrelated parties	28,559	29,431	4,013	3,863
Unearned revenue - unrelated parties	2,128	1,425	44	44
Total	<u>107,896</u>	<u>105,732</u>	<u>25,393</u>	<u>18,411</u>

21. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire, was as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits at beginning of year	12,935	7,805	579	561
Included in profit or loss:				
Current service cost	1,094	1,305	4	18
Interest cost	332	370	1	1
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(391)	3,455	1,260	-
Financial assumptions changes	(10)	-	41	-
Experience adjustments	3,767	-	346	-
Transfer out	(482)	-	-	-
Benefits paid during the year	(336)	-	-	-
Provision for long-term employee benefits at end of year	<u>16,909</u>	<u>12,935</u>	<u>2,231</u>	<u>579</u>

The Company and its subsidiaries expect to pay Baht 0.2 million of long-term employee benefits during the next year (Separate financial statements: Nil) (2017: Baht 0.2 million, separate financial statements: Nil).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 2 - 14 years (Separate financial statements: 5 years) (2017: 5 - 10 years, separate financial statements: 2 years).



Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.12 - 2.78	1.62 - 3.40	2.12	1.62
Salary increase rate	3.50	0.00 - 5.30	3.50	4.40
Turnover rate	10.00 - 40.00	0.00 - 100.0	10.00 - 40.00	0.00 - 57.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

	(Unit: Million Baht)			
	As at 31 December 2018			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(600)	633	(35)	36
Salary increase rate	585	(561)	33	(32)
Turnover rate	(7)	7	-	-

	(Unit: Million Baht)			
	As at 31 December 2017			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
Discount rate	(540)	574	(1)	1
Salary increase rate	648	(556)	2	(2)
Turnover rate	(703)	745	(3)	3

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive not less than 400 days' compensation at the latest wage rate. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 4 million (The Company only: Baht 1 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.



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22. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements		
	Provisions from guarantee	Provisions from litigation	Total
1 January 2017	241	18,749	18,990
Reversal of provisions	-	(5,782)	(5,782)
31 December 2017	241	12,967	13,208
Increase during the year	-	318	318
Reversal of provisions	-	(12,160)	(12,160)
31 December 2018	241	1,125	1,366

(Unit: Thousand Baht)

	Separate financial statements		
	Provisions from guarantee	Provisions from litigation	Total
1 January 2017	241	17,624	17,865
Reversal of provisions	-	(5,782)	(5,782)
31 December 2017	241	11,842	12,083
Increase during the year	-	318	318
Reversal of provisions	-	(12,160)	(12,160)
31 December 2018	241	-	241

23. Debt restructuring and transfer agreement between the subsidiaries and an associate

Modern Technology Component Co., Ltd.

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

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

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



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In December 2016, PA transferred the plots of land and the ordinary shares under No. 1 and No. 2 to MTC to settle its debt with MTC, and MTC therefore reversed allowance for doubtful accounts amounting to Baht 13.9 million in profit or loss in the consolidated financial statements for the year 2016.

Subsequently, in December 2018, PA made settlement of the outstanding debt under article 3 with MTC by transferring 439 ordinary shares of Pek Industries Co., Ltd. (PEI) amounting to Baht 1.1 million. As a result, MTC has the shareholding in such company of 3.14%. MTC therefore reversed allowance for doubtful accounts amounting to Baht 1.1 million in profit or loss in the consolidated financial statements for the year 2018.

Footwear Tech 1530 Co., Ltd.

In November 2018, Footwear Tech 1530 Co., Ltd. (subsidiary/FTC) entered into the debt restructuring agreement with PA Capital Co., Ltd. (associate/PA), who had the outstanding debts with FTC amounting to Baht 137.6 million. Under the agreement, PA is to settle debt of Baht 63.0 million with FTC as follows:

1. Transfer 18 plots of land valued at Baht 51.2 million
2. Transfer 4,522 ordinary shares of Pek Industries Co., Ltd. (PEI) valued at Baht 11.8 million
3. Cash payment amounting to Baht 1,372

If PA is able to make complete settlement of the debt, FTC will forgive PA the remaining principal and accrued interest, totaling Baht 74.6 million.

In December 2018, PA transferred the plots of land and the ordinary shares under No. 1 and No. 2 to FTC to settle its debt with FTC. As a result, FTC has the shareholding in such company of 32.3%. In addition, PA made cash payment under article 3, FTC therefore reversed allowance for doubtful accounts amounting to Baht 63 million in profit or loss in the consolidated financial statements for the year 2018.

24. Statutory reserve

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



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25. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries, wages and other employees				
benefit expenses	281,880	285,705	14,708	13,499
Depreciation and amortisation	22,928	25,172	6,285	6,356
Raw materials and consumables used	402,145	404,340	3,523	3,030
Changes in inventories of finished goods				
and work in progress	11,768	4,074	2,712	1,990

26. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	1,625	5,679	-	-
Deferred tax:				
Relating to origination and reversal of				
temporary differences	(743)	(725)	193	174
Income tax expenses reported in the				
statements of comprehensive income	882	4,954	193	174

The amount of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax on actuarial loss	315	691	-	-
	315	691	-	-



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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting profit (loss) before tax	61,588	(30,598)	(41,826)	(49,453)
Applicable tax rate of the Company	20%	20%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	12,478	(6,120)	(8,365)	(9,891)
Deferred tax assets for which have not been recognised during the year because future taxable profits may not be sufficient	16,197	8,999	9,122	3,589
Utilisation of previously unrecognised deferred tax assets	(55)	(2,742)	-	-
Effects of preparing the consolidated financial statements	(1,439)	5,797	-	-
Effects of:				
Tax exempt revenue	(27,265)	(5,758)	(13,593)	(4,409)
Non-deductible expenses	3,686	6,863	13,843	11,619
Additional expense deductions allowed	(2,315)	(2,063)	(814)	(734)
Others	(244)	(22)	-	-
Total	(26,138)	(980)	(564)	6,476
Income tax expenses reported in the statement of comprehensive income	882	4,954	193	174

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

	(Unit: Thousand Baht)			
	Statements of financial position as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Provision for long-term employee benefits	3,032	2,471	-	-
Total	3,032	2,471	-	-
Deferred tax liabilities				
Accumulated depreciation - building	(2,769)	(1,658)	(1,021)	(828)
Accumulated depreciation - machinery and equipment	(2,013)	(3,650)	-	-
Total	(4,782)	(5,308)	(1,021)	(828)



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As at 31 December 2018, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 962 million (2017: Baht 1,107 million) (Separate financial statements: Baht 555 million (2017: Baht 720 million)) will expire by 2023. No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

27. Earnings (loss) per share

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

28. Segment information

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

The Company and its subsidiaries have business operation involve 4 principal segments:

- the manufacture and distribution of footwear and bag
- the manufacture of soles and parts for footwear
- Production support business such as the manufacture and distribution of plastic parts and injection, manufacture and repair and maintenance of mold and dyeing of fabric
- 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 year 2018, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 301 million (2017: Baht 252 million derived from 2 major customer).



The following tables present revenue and profit or loss information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2018 and 2017, respectively

	For the year ended 31 December										(Unit: Million Baht)	
	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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from external customers	52	49	533	552	159	181	13	10	-	-	757	792
Inter-segment revenue	-	-	56	45	15	20	-	-	(71)	(65)	-	-
Total revenue	52	49	589	597	174	201	13	10	(71)	(65)	757	792
Cost of sale and services	(52)	(49)	(550)	(532)	(151)	(175)	(22)	(9)	75	67	(700)	(698)
Segment operating profit (loss)	-	-	39	65	23	26	(9)	1	4	2	57	94
Gain on disposal of fixed assets											18	2
Other income											64	17
Selling expenses and distribution expenses											(18)	(15)
Administrative expenses											(98)	(100)
Reversal of allowance for doubtful accounts											64	-
Impairment loss on fixed assets											(15)	(12)
Loss arising from change in fair value of biological assets											(1)	(10)
Share of loss from investments in associates											(1)	-
Finance cost											(8)	(7)
Income tax expenses											(1)	(5)
Profit (loss) for the year											61	(36)





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29. Provident fund

The subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The subsidiaries and their employees contribute to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Krung Thai Asset Management Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2018 amounting to approximately Baht 2 million (2017: Baht 2 million) were recognised as expenses.

30. Dividend paid

Dividend	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

31. Commitments and contingent liabilities

31.1 Operating lease commitments

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

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

	(Unit: Million Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Payable:				
In up to 1 year	15	20	-	-
In over 1 and up to 5 years	2	2	-	-



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31.2 Guarantees

- a) As at 31 December 2018, the Company and its subsidiaries have obligations under its guarantees of loans and credit facilities provided to their related parties by banks and financial institutions totaling Baht 101 million (2017: Baht 101 million) (Separate financial statements: Baht 97 million (2017: Baht 97 million)).
- b) As at 31 December 2018, the Company and its subsidiaries have outstanding bank guarantees as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Guarantee electricity use	8	8	1	1

31.3 Legal cases

- a) The Company faced a lawsuit in connection with the layoff its former executives, demanding compensation totaling Baht 32 million, but the Company pursued a countersuit. The Court of First Instance has ordered the Company to make payment amounting to Baht 10 million plus interest at rates of 7.5% and 15% per annum. In May 2017, the Supreme Court ordered the Company to make payment amounting to Baht 6 million plus interest at rates of 7.5% and 15% per annum. The Company then has already recorded provision for the litigation at the amount ordered by the Supreme Court. The Company has paid the amount in full in the second quarter of 2018.
- 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 second quarter of 2018, the Company made the payment in full.



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- 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.

32. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated financial statements								
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets measured at fair value								
Biological assets	-	-	-	-	5	6	5	6
Assets for which fair are disclosed								
Investment properties	-	-	-	-	524	439	524	439

(Unit: Million Baht)

Separate financial statements								
	Level 1		Level 2		Level 3		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Assets measured at fair value								
Biological assets	-	-	-	-	2	2	2	2
Assets for which fair are disclosed								
Investment properties	-	-	-	-	402	369	402	369

33. Financial instruments

33.1 Financial risk management

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



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

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

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2018						
	Fixed interest rates		Floating	Non- interest	Total	Effective
	Within 1 year	1-5 years	interest rate	bearing		interest rate (% per annum)
Financial assets						
Cash and cash equivalents	-	-	29	31	60	0.37 - 0.75
Trade and other receivables	-	-	-	133	133	-
Restricted bank deposits	4	2	1	-	7	0.25 - 1.25
	4	2	30	164	200	
Financial liabilities						
Bank overdrafts	-	-	13	-	13	MOR, MLR
Trade and other payables	-	-	-	108	108	-
Short-term loans from related parties	100	-	-	-	100	4.90
Liabilities under finance lease agreements	4	4	-	-	8	4.76 - 8.32
	104	4	13	108	229	



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(Unit: Million Baht)

Consolidated financial statements

As at 31 December 2017

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

(Unit: Million Baht)

Separate financial statements

As at 31 December 2018

	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	1	-	1	0.38 - 0.50
Trade and other receivables	-	-	5	5	5
Short-term loan to related parties	2	-	-	2	7.5
Restricted bank deposits	-	1	-	1	
	2	2	5	9	
Financial liabilities					
Bank overdrafts	-	9	-	9	MLR
Trade and other payables	-	-	25	25	-
Short-term loan from related parties	166	-	-	166	2.50 - 4.90
	166	9	25	200	



(Unit: Million Baht)

Separate financial statements					
As at 31 December 2017					
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	1	-	1	0.38 - 0.50
Trade and other receivables	-	-	7	7	-
Restricted bank deposits	-	1	-	1	0.40
	-	2	7	9	
Financial liabilities					
Bank overdrafts	-	30	-	30	MLR
Trade and other payables	-	-	18	18	-
Short-term loan from related parties	169	-	-	169	2.50 - 4.90
	169	30	18	217	

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions. The outstanding balances of the Company's and its subsidiaries' financial assets and liabilities denominated in foreign currencies which were unhedged are summarised below.

Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	0.5	0.7	0.5	0.1	32.4498	32.6809

33.2 Fair values of financial instruments

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

34. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.52:1 (2017: 0.67:1) and the Company's was 0.66:1 (2017: 0.65:1).

35. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2019.



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