

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



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

To the Shareholders of Pan Asia Footwear Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pan Asia Footwear Public Company Limited and its subsidiaries as at 30 September 2019, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity, and cash flows for the nine-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pan Asia Footwear Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

### **Scope of Review**

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

### **Basis for qualified conclusion**

As discussed in Note 7 to the financial statements, the Company did not obtain the consolidated and separate financial statements for the nine-month period ended 30 September 2019 of PA Capital Co., Ltd., the associated company, and its subsidiary companies. The Company obtained only the separate financial statements of the associated company as at 31 December 2018, which were audited by its auditor. I was unable to apply other reviewing procedures to satisfy myself as to the value of such investment in associate, including the related accounts in the statement of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance. In addition, for the review of financial statements for the third quarter of 2018 and the audit of financial statements for the year 2018, I was not furnished with the up-to-date financial statements of the associated company and its subsidiary companies for such periods as well. I therefore issued the qualified conclusion on the financial statements for the third quarter of 2018 and issued the qualified opinion on the financial statements for the year 2018 for such matter.

Since I was unable to determine whether and to what extent any adjustments were required to adjust the value of investment in associate as at 30 September 2019 and 31 December 2018, including the related accounts in the statements of comprehensive income for the third quarters of 2019 and 2018. My conclusion on the current period's financial statements is qualified as the matter may affect the operating results and the financial position for the current period and comparative figures.

### **Qualified conclusion**

Based on my review, except for any adjustments that might be required to the interim financial information for the three-month and nine-month periods ended 30 September 2019 as a result of the matter discussed in the basis for qualified conclusion paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

### **Emphasis of matter**

I draw attention to Note 1.2 to the financial statements, regarding the ability of the Company and its subsidiaries to continue as a going concern. As presented in the separate statement of financial position as at 30 September 2019, the Company has current liabilities exceeded current assets by Baht 136 million. In addition, several subsidiaries have operating loss, several subsidiaries have large deficits, and there are indicators of possible persistent losses in the future. Several subsidiaries ceased their operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern. My conclusion is not qualified in respect of this matter.



Manee Rattanabunnakit  
Certified Public Accountant (Thailand) No. 5313

EY Office Limited  
Bangkok: 14 November 2019



Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		54,313	60,087	1,195	1,071
Current investments		13	13	-	-
Trade and other receivables	2	222,346	133,002	67,685	4,639
Short-term loans to related parties and others	3	278	283	4,500	2,000
Current portion of long-term loans to related parties	3	5,100	-	-	-
Inventories	4	79,618	96,191	1,199	1,270
Current biological assets		1,314	1,557	1,314	1,557
Other current assets		6,468	5,847	1,450	1,129
<b>Total current assets</b>		<b>369,450</b>	<b>296,980</b>	<b>77,343</b>	<b>11,666</b>
<b>Non-current assets</b>					
Restricted bank deposits	5	14,186	6,578	1,349	1,349
Investments in available-for-sale securities		36	38	36	38
Investments in subsidiaries	6	-	-	172,535	172,535
Investments in associates	7	-	12,099	-	-
Investments in related parties	8	10,294	10,294	7,439	7,439
Long-term loans to related parties - net					
of current portion	3	400	-	-	-
Investment properties	9	318,240	319,868	318,535	321,188
Property, plant and equipment	10	82,831	83,328	4,352	5,695
Goodwill		-	-	-	-
Non-current biological assets		3,886	3,886	-	-
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		2,344	1,265	-	-
Withholding tax deducted at source		5,537	4,135	2,084	1,734
Other non-current assets		2,641	6,016	238	249
<b>Total non-current assets</b>		<b>440,395</b>	<b>447,507</b>	<b>506,568</b>	<b>510,227</b>
<b>Total assets</b>		<b>809,845</b>	<b>744,487</b>	<b>583,911</b>	<b>521,893</b>

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 September 2019

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts	11	24,374	12,857	20,499	8,863
Trade and other payables	12	99,232	107,896	29,293	25,393
Short-term loans from related parties	3	100,000	100,000	163,400	166,300
Current portion of liabilities under finance					
lease agreements		3,589	3,707	-	-
Income tax payable		1,138	801	-	-
Other current liabilities		2,604	1,780	162	413
<b>Total current liabilities</b>		<b>230,937</b>	<b>227,041</b>	<b>213,354</b>	<b>200,969</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements,					
net of current portion		4,213	3,896	-	-
Provision for long-term employee benefits		23,827	16,909	2,960	2,231
Long-term provisions		1,814	1,366	241	241
Deferred tax liabilities		2,772	3,016	1,165	1,021
Other non-current liabilities		3,023	3,023	3,023	3,023
<b>Total non-current liabilities</b>		<b>35,649</b>	<b>28,210</b>	<b>7,389</b>	<b>6,516</b>
<b>Total liabilities</b>		<b>266,586</b>	<b>255,251</b>	<b>220,743</b>	<b>207,485</b>

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

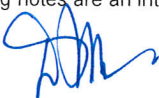

Statement of financial position (continued)

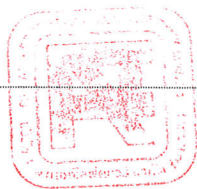
As at 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)	30 September 2019 (Unaudited but reviewed)	31 December 2018 (Audited)
<b>Shareholders' equity</b>				
Share capital				
Registered				
540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
Issued and fully paid-up				
540,000,000 ordinary shares of Baht 0.51 each	275,400	275,400	275,400	275,400
The Company's shares held by subsidiaries	(17,553)	(17,553)	-	-
Retained earnings				
Appropriated - statutory reserve	13,028	13,028	13,028	13,028
Unappropriated	211,093	169,878	74,828	26,066
Other component of shareholders' equity	4,854	4,856	(88)	(86)
Equity attributable to owners of the Company	486,822	445,609	363,168	314,408
Non-controlling interests of the subsidiaries	56,437	43,627	-	-
<b>Total shareholders' equity</b>	<b>543,259</b>	<b>489,236</b>	<b>363,168</b>	<b>314,408</b>
<b>Total liabilities and shareholders' equity</b>	<b>809,845</b>	<b>744,487</b>	<b>583,911</b>	<b>521,893</b>

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

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Directors

(Unaudited but reviewed)

## Pan Asia Footwear Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the three-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		192,534	189,535	6,351	3,871
Revenues from hire of work		1,820	7,561	-	-
Dividend income		-	-	-	5,425
Gain on sales of assets		3	410	-	-
Gain arising from change in fair value of biological assets		194	115	194	115
Other income	2	68,932	6,726	64,489	6,302
<b>Total revenues</b>		<b>263,483</b>	<b>204,347</b>	<b>71,034</b>	<b>15,713</b>
<b>Expenses</b>					
Cost of sales and hire of work		175,428	179,626	8,559	5,248
Selling and distribution expenses		4,357	3,827	975	562
Administrative expenses		26,415	25,284	6,872	6,386
Allowance for doubtful accounts (reversal)		(88)	(16)	218	218
<b>Total expenses</b>		<b>206,112</b>	<b>208,721</b>	<b>16,624</b>	<b>12,414</b>
<b>Profit (loss) before finance cost and benefits</b>					
income tax (expenses)		57,371	(4,374)	54,410	3,299
Finance cost		(1,729)	(1,964)	(1,894)	(2,126)
<b>Profit (loss) before income tax expenses</b>		<b>55,642</b>	<b>(6,338)</b>	<b>52,516</b>	<b>1,173</b>
Income tax benefits (expenses)	13	(817)	18	(50)	(60)
<b>Profit (loss) for the period</b>		<b>54,825</b>	<b>(6,320)</b>	<b>52,466</b>	<b>1,113</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments		-	-	-	-
- net of income tax		-	-	-	-
<b>Other comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>		<b>54,825</b>	<b>(6,320)</b>	<b>52,466</b>	<b>1,113</b>

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries  
Statement of comprehensive income (continued)  
For the three-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		52,459	(8,094)	52,466	1,113
Non-controlling interests of the subsidiaries		2,366	1,774		
		<u>54,825</u>	<u>(6,320)</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		52,459	(8,094)	52,466	1,113
Non-controlling interests of the subsidiaries		2,366	1,774		
		<u>54,825</u>	<u>(6,320)</u>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	14	<u>0.098</u>	<u>(0.015)</u>	<u>0.097</u>	<u>0.002</u>

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



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(Unaudited but reviewed)

**Pan Asia Footwear Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the nine-month period ended 30 September 2019**

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		568,807	549,243	16,924	10,170
Revenues from hire of work		6,206	28,840	-	-
Dividend income	6, 8	51	41	6,955	18,290
Gain on sales of assets		181	1,507	280	-
Gain arising from change in fair value of biological assets		32	-	32	-
Other income	2	96,014	28,334	75,293	25,639
<b>Total revenues</b>		<b>671,291</b>	<b>607,965</b>	<b>99,484</b>	<b>54,099</b>
<b>Expenses</b>					
Cost of sales and hire of work		527,110	527,797	21,530	14,830
Selling and distribution expenses		13,361	12,075	2,680	1,929
Administrative expenses		77,460	76,663	20,358	20,193
Allowance for doubtful accounts (reversal)		(267)	340	556	502
Loss arising from change in fair value of biological assets		-	635	-	635
<b>Total expenses</b>		<b>617,664</b>	<b>617,510</b>	<b>45,124</b>	<b>38,089</b>
<b>Profit (loss) before share of profit from investment</b>					
in associate of finance cost and income tax expense		53,627	(9,545)	54,360	16,010
Share of profit from investment in associate		144	-	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>		<b>53,771</b>	<b>(9,545)</b>	<b>54,360</b>	<b>16,010</b>
Finance cost		(4,868)	(5,846)	(5,454)	(6,309)
<b>Profit (loss) before income tax expenses</b>		<b>48,903</b>	<b>(15,391)</b>	<b>48,906</b>	<b>9,701</b>
Income tax expenses	13	(612)	(723)	(144)	(144)
<b>Profit (loss) for the period</b>		<b>48,291</b>	<b>(16,114)</b>	<b>48,762</b>	<b>9,557</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified</i>					
<i>to profit or loss in subsequent periods:</i>					
Loss on changes in value of available-for-sale investments					
- net of income tax		(2)	(3)	(2)	(3)
<b>Other comprehensive income for the period</b>		<b>(2)</b>	<b>(3)</b>	<b>(2)</b>	<b>(3)</b>
<b>Total comprehensive income for the period</b>		<b>48,289</b>	<b>(16,117)</b>	<b>48,760</b>	<b>9,554</b>

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the nine-month period ended 30 September 2019

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

	Note	Consolidated financial statements		Separate financial statements	
		2019	2018	2019	2018
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company		41,215	(21,561)	48,762	9,557
Non-controlling interests of the subsidiaries		7,076	5,447		
		<u>48,291</u>	<u>(16,114)</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		41,213	(21,564)	48,760	9,554
Non-controlling interests of the subsidiaries		7,076	5,447		
		<u>48,289</u>	<u>(16,117)</u>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company	14	<u>0.077</u>	<u>(0.040)</u>	<u>0.090</u>	<u>0.018</u>

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the nine-month period ended 30 September 2019

(Unit: Thousand 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 its subsidiaries	Retained earnings	Loss on changes in value of available-for-sale investments	Difference resulting from change in shareholding in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total	shareholders' equity
			Appropriated - statutory reserve	Unappropriated						
<b>Balance as at 1 January 2018</b>	275,400	(17,553)	13,028	119,574	4,942	4,864	395,313	37,541	432,854	432,854
Profit (loss) for the period	-	-	-	(21,561)	-	-	(21,561)	5,447	(16,114)	(16,114)
Other comprehensive income for the period	-	-	-	-	(3)	(3)	(3)	-	(3)	(3)
Total comprehensive income for the period	-	-	-	(21,561)	-	(3)	(21,564)	-	(16,117)	(16,117)
Decrease in non-controlling interests of the subsidiaries from dividend payment of the subsidiaries	-	-	-	-	-	-	-	(1,410)	(1,410)	(1,410)
<b>Balance as at 30 September 2018</b>	275,400	(17,553)	13,028	98,013	4,942	4,861	373,749	41,578	415,327	415,327
<b>Balance as at 1 January 2019</b>	275,400	(17,553)	13,028	169,878	4,942	4,856	445,609	43,627	489,236	489,236
Profit for the period	-	-	-	41,215	-	-	41,215	7,076	48,291	48,291
Other comprehensive income for the period	-	-	-	-	(2)	(2)	(2)	-	(2)	(2)
Total comprehensive income for the period	-	-	-	41,215	-	(2)	41,213	7,076	48,289	48,289
Increase in non-controlling interests of the subsidiary	-	-	-	-	-	-	-	6,310	6,310	6,310
Decrease in non-controlling interests of the subsidiaries from dividend payment of the subsidiaries	-	-	-	-	-	-	-	(576)	(576)	(576)
<b>Balance as at 30 September 2019</b>	275,400	(17,553)	13,028	211,093	4,942	4,854	486,822	56,437	543,259	543,259

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity (continued)  
For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Separate financial statements				
	Issued and paid-up share capital	Retained earnings		Other comprehensive income	Total shareholders' equity
		Appropriated - statutory reserve	Unappropriated		
<b>Balance as at 1 January 2018</b>	275,400	13,028	69,732	(78)	358,082
Profit for the period	-	-	9,557	-	9,557
Other comprehensive income for the period	-	-	-	(3)	(3)
Total comprehensive income for the period	-	-	9,557	(3)	9,554
<b>Balance as at 30 September 2018</b>	275,400	13,028	79,289	(81)	367,636
<b>Balance as at 1 January 2019</b>	275,400	13,028	26,066	(86)	314,408
Profit for the period	-	-	48,762	-	48,762
Other comprehensive income for the period	-	-	-	(2)	(2)
Total comprehensive income for the period	-	-	48,762	(2)	48,760
<b>Balance as at 30 September 2019</b>	275,400	13,028	74,828	(88)	363,168



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

(Unaudited but reviewed)

**Pan Asia Footwear Public Company Limited and its subsidiaries****Cash flows statement****For the nine-month period ended 30 September 2019**

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	48,903	(15,391)	48,906	9,701
Adjustments to reconcile profit (loss) before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	14,486	16,872	4,569	4,688
Allowance for doubtful accounts (reversal)	(267)	340	556	502
Reversal of reduction of inventories to net realisable value	(2,866)	(40,949)	-	(41,371)
Allowance for impairment loss on property, plant and equipment (reversal)	609	(24)	-	-
Gain on disposal of property, plant and equipment	(181)	(1,483)	(280)	-
Loss (gain) arising from change in fair value of biological assets	(32)	635	(32)	635
Share of profit from investment in associate	(144)	-	-	-
Gain from a bargain purchase of equity interest in a subsidiary	(10,391)	-	-	-
Provision for litigation	640	318	-	318
Provision for long-term employee benefits	6,181	1,170	729	4
Unrealised loss (gain) on exchange rate	(73)	63	(63)	(18)
Dividend income	(51)	(41)	(6,955)	(18,290)
Other income from litigation	(61,913)	-	(61,913)	-
Interest expenses	4,868	5,846	5,454	6,309
Profit (loss) from operating activities before changes in operating assets and liabilities	(231)	(32,644)	(9,029)	(37,522)
Operating assets (increase) decrease				
Trade and other receivables	(22,579)	3,222	(1,689)	1,823
Inventories	24,532	45,749	71	40,654
Current biological assets	275	(277)	275	(277)
Other current assets	(1,219)	(3,691)	(321)	(179)
Other non-current assets	3,026	(433)	11	5
Operating liabilities increase (decrease)				
Trade and other payables	(10,298)	14,686	3,704	(167)
Other current liabilities	701	59	(251)	(120)
Cash paid for long-term provisions	(192)	(4,698)	-	(4,698)
Cash paid for long-term employee benefits	-	(336)	-	-
Cash from (used in) operating activities	(5,985)	21,637	(7,229)	(481)
Cash paid for corporate income tax	(3,405)	(4,876)	(350)	(582)
Income tax refunded	2,187	950	-	-
<b>Net cash from (used in) operating activities</b>	<b>(7,203)</b>	<b>17,711</b>	<b>(7,579)</b>	<b>(1,063)</b>

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



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(Unaudited but reviewed)

## Pan Asia Footwear Public Company Limited and its subsidiaries

## Cash flows statement (continued)

For the nine-month period ended 30 September 2019

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2019	2018	2019	2018
<b>Cash flows from investing activities</b>				
Increase in restricted bank deposits	(100)	(66)	-	-
Increase in cash from change in status of associate to be subsidiary	7,484	-	-	-
Cash paid for investment in subsidiaries	(5,600)	-	-	(1,766)
Increase in short-term loan to a related party	-	-	(2,500)	(4,000)
Cash receipt from short-term loan to other	5	-	-	-
Cash receipt from long-term loan to a related party	1,100	-	-	-
Dividend received	51	41	6,955	18,290
Purchase of property, plant and equipment	(4,068)	(7,481)	(573)	(935)
Proceeds from disposal of property, plant and equipment	523	1,517	280	-
<b>Net cash from (used in) investing activities</b>	<b>(605)</b>	<b>(5,989)</b>	<b>4,162</b>	<b>11,589</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts	11,517	2,435	11,636	(1,497)
Cash receipt from short-term loans from related parties	-	-	-	5,000
Repayment of short-term loans from related parties	-	-	(2,900)	(8,000)
Repayment of liabilities under finance lease agreements	(4,039)	(3,959)	-	-
Dividend paid for non-controlling interest of a subsidiary	(576)	(1,410)	-	-
Cash paid for interest expenses	(4,868)	(5,816)	(5,195)	(6,023)
<b>Net cash from (used in) financing activities</b>	<b>2,034</b>	<b>(8,750)</b>	<b>3,541</b>	<b>(10,520)</b>
Net increase (decrease) in cash and cash equivalents	(5,774)	2,972	124	6
Cash and cash equivalents at the beginning of period	60,087	41,400	1,071	1,073
<b>Cash and cash equivalents at end of period</b>	<b>54,313</b>	<b>44,372</b>	<b>1,195</b>	<b>1,079</b>

## Supplementary cash flows information:

## Non-cash transactions:

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

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



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**Pan Asia Footwear Public Company Limited and its subsidiaries**

**Notes to consolidated interim financial statements**

**For the three-month and nine-month periods ended 30 September 2019**

**1. General information**

**1.1 Corporate information**

Pan Asia Footwear Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in investment in other companies (Holding company) and an organic farming business. The registered office of the Company is at 620/ 5 Moo 11, Nongkharm, Siracha, Chonburi.

**1.2 Going concern**

As presented in the separate financial statements as at 30 September 2019, the Company’s current liabilities exceeded its current assets by Baht 136 million. In addition, several subsidiaries have operating loss, several subsidiaries have large deficits, and there are indicators of possible persistent losses in the future. Several subsidiaries ceased their operations. These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. However, the Company had restructured its business and majority of subsidiaries still have profit from operations. For these reasons, the financial statements have been prepared on the going concern basis.

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

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

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

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



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#### 1.4 Basis of interim consolidation

The consolidated interim financial statements include the financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2018, with no structural changes related to subsidiaries occurring during the current period, except that the status of Pek Industry Co., Ltd. changes from an associate to a subsidiary, as described in Note 7 to the financial statements.

#### 1.5 New financial reporting standards

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

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

##### **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 recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.





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

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

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

**Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

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

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

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



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**TFRS 16 Leases**

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

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

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

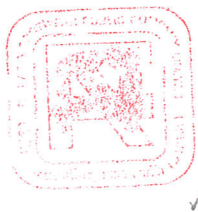
**1.6 Significant accounting policies**

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2018.

**2. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	24,304	21,845	-	25
Past due				
Up to 3 months	17,156	8,856	-	-
3 - 6 months	5,339	4,678	-	-
6 - 12 months	448	2	25	1
Over 12 months	76,296	72,824	276	275
Total	123,543	108,205	301	301
Less: Allowance for doubtful accounts	(76,294)	(72,772)	(231)	(231)
Total trade receivables - related parties, net	47,249	35,433	70	70



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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	54,005	48,427	1,109	685
Past due				
Up to 3 months	41,647	35,355	1,249	984
3 - 6 months	6,714	3,660	239	32
6 - 12 months	1,149	1,088	221	55
Over 12 months	12,218	11,494	173	195
Total	115,733	100,024	2,991	1,951
Less: Allowance for doubtful accounts	(11,975)	(11,335)	(168)	(168)
Total trade receivables - unrelated parties, net	103,758	88,689	2,823	1,783
Total trade receivables - net	151,007	124,122	2,893	1,853
<u>Other receivables</u>				
Other receivables - related parties	80,583	93,395	99,111	98,567
Other receivables - unrelated parties	82,821	19,929	71,705	9,688
Total	163,404	113,324	170,816	108,255
Less: Allowance for doubtful accounts	(92,065)	(104,444)	(106,024)	(105,469)
Total other receivables - net	71,339	8,880	64,792	2,786
Total trade and other receivables - net	222,346	133,002	67,685	4,639

In September 2019, the Company received a letter from The Legal Execution Department regarding the right to receive reimbursement of Baht 61.9 million from Barnpan Engineering and Holding Co., Ltd. (BEHC), a related company. As the Company has sued BEHC as a guarantor with right of recourse, the Company recorded this transaction as other income in the statement of comprehensive income and other receivable in the statement of financial position. The Company received the reimbursement in October 2019.



### 3. Related party transactions

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

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from consolidated financial statements)					
Dividend income	-	-	-	5	As declared
<u>Transactions with related companies</u>					
Sales of goods	41	49	-	-	Cost plus margins
Purchases of goods	1	3	-	-	Cost plus margins
Utilities expenses	1	2	-	-	As indicated in the agreement
Other expenses	4	4	-	-	As indicated in the agreement
<u>Transaction with related person</u>					
Interest expenses	2	2	2	2	4.9% per annum

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from consolidated financial statements)					
Dividend income	-	-	7	18	As declared
Interest expense	-	-	1	1	2.5% per annum
<u>Transactions with related companies</u>					
Sales of goods	118	155	-	-	Cost plus margins
Purchases of goods	7	9	-	-	Cost plus margins
Utilities expenses	3	6	-	-	As indicated in the agreement
Other expenses	11	15	-	-	As indicated in the agreement
<u>Transaction with related person</u>					
Interest expenses	4	4	4	4	4.9% per annum
Purchases of investments in subsidiary	6	-	-	-	As indicated in the agreement



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(Unaudited but reviewed)

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
<b><u>Trade and other receivables - related parties (Note 2)</u></b>				
Subsidiaries	-	-	89,687	89,298
Associates	49,153	44,639	180	180
Related companies (related by common shareholders and directors)	154,973	156,961	9,545	9,390
Total	204,126	201,600	99,412	98,868
Less: Allowance for doubtful accounts	(153,277)	(162,619)	(98,072)	(97,787)
Net	50,849	38,981	1,340	1,081
<b><u>Receivables from guarantee - related parties</u></b>				
Subsidiaries	-	-	21,119	21,119
Associates	36,286	36,286	36,286	36,286
Related companies (related by common shareholders)	14,734	14,734	14,734	14,734
Total	51,020	51,020	72,139	72,139
Less: Allowance for doubtful accounts	(51,020)	(51,020)	(72,139)	(72,139)
Net	-	-	-	-
<b><u>Trade and other payables - related parties (Note 12)</u></b>				
Subsidiaries	-	-	17,872	17,112
Associates	341	1,082	289	289
Related companies (related by common shareholders)	14,150	19,167	2,553	2,440
Total	14,491	20,249	20,714	19,841

**Short-term loans to related parties and others**

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

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	As at 1 January 2019	Increase (Decrease)	As at 30 September 2019
<b><u>Short-term loans to related parties and others</u></b>			
Short-term loans to related parties			
Associate			
Nongchang Rubber Co., Ltd.	850	-	850
Total	850	-	850



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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at		As at
	1 January	Increase	30 September
2019	(Decrease)	2019	
Related company			
Thai Sung Shin New Material Co., Ltd.	4,600	-	4,600
Total	4,600	-	4,600
Total short-term loans to related parties	5,450	-	5,450
Less: Allowance for doubtful accounts	(5,450)	-	(5,450)
Total short-term loans to related parties, net	-	-	-
Short-term loans to other	283	(5)	278
Total short-term loans to related parties and others, net	283	(5)	278

(Unit: Thousand Baht)

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

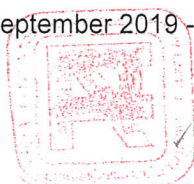
#### Long-term loans to a related party

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

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

(Unit: Thousand Baht)

	Consolidated financial statements
<b><u>Long-term loan to a related party</u></b>	
Balance as at 1 January 2019	-
Increase	6,600
Decrease	(1,100)
Total	5,500
Less: current portion	(5,100)
Balance as at 30 September 2019 - net	400



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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	As at		As at
	1 January 2019	Increase (Decrease)	30 September 2019
<b><u>Long-term loans to related parties</u></b>			
Subsidiaries			
Kabinburi Pan Asia Footwear Co., Ltd.	78,379	-	78,379
Phimai Footwear Co., Ltd.	21,650	-	21,650
Innovation Nakornluang Footwear Co., Ltd.	1,430	-	1,430
Total	101,459	-	101,459
Less: Allowance for doubtful accounts	(101,459)	-	(101,459)
Total long-term loans to related parties, net	-	-	-

**Short-term loans from related parties**

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

	Consolidated financial statements			Separate financial statements		
	As at		As at	As at		As at
	1 January 2019	Increase (Decrease)	30 September 2019	1 January 2019	Increase (Decrease)	30 September 2019
<b><u>Short-term loans from related parties</u></b>						
Subsidiaries						
Advantage Footwear Co., Ltd.	-	-	-	29,800	(2,900)	26,900
Excellent Rubber Co., Ltd.	-	-	-	17,500	-	17,500
Aphakorn Industries Co., Ltd.*	-	-	-	10,000	(10,000)	-
Pontex (Thailand) Co., Ltd.*	-	-	-	9,000	10,000	19,000
Total	-	-	-	66,300	(2,900)	63,400
Related person						
Mr. Boonyasit Chokwatana	100,000	-	100,000	100,000	-	100,000
Total	100,000	-	100,000	100,000	-	100,000
Total short-term loans from related parties	100,000	-	100,000	166,300	(2,900)	163,400

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





Directors and management's benefits

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

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	6,968	6,692	2,518	2,514
Post-employment benefits	1,037	52	602	1
<b>Total</b>	<b>8,005</b>	<b>6,744</b>	<b>3,120</b>	<b>2,515</b>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Short-term employee benefits	20,663	20,916	7,554	7,587
Post-employment benefits	1,319	175	669	2
<b>Total</b>	<b>21,982</b>	<b>21,091</b>	<b>8,223</b>	<b>7,589</b>

Guarantee obligations with related parties

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

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

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

(Unit: Thousand Baht)

	Consolidated	Separate
	financial	financial
	statements	statements
Balance as at 1 January 2019	4,606	-
Less: Reversal of reduce cost to net realisable value of inventories account during the period	(2,866)	-
<b>Balance as at 30 September 2019</b>	<b>1,740</b>	<b>-</b>



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## 5. Restricted bank deposits

As at 30 September 2019, the Company and its subsidiaries had pledged the fixed deposits at financial institutions to secure credit facilities and bank guarantee facilities issued by the banks on behalf of the Company and its subsidiaries.

## 6. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment on investments		Net		(Unit: Thousand Baht) Dividend received during the nine-month periods ended	
	30	31	30	31	30	31	30	31	30	31	30 September	
	September	December	September	December	September	December	September	December	September	December	2019	2018
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
			(%)	(%)								
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	467,968	(467,968)	(467,968)	-	-	-	-
International Curiry Footwear Co., Ltd.	350,000	350,000	100	100	349,999	349,999	(349,999)	(349,999)	-	-	-	-
Kabinburi Pan Asia Footwear Co., Ltd. (registered its dissolution with the Ministry of commerce on 29 April 2019)	350,000	350,000	100	100	443,523	443,523	(443,523)	(443,523)	-	-	-	-
Excellent Rubber Co., Ltd.	370,000	370,000	100	100	385,887	385,887	(385,887)	(385,887)	-	-	-	-
Phimai Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on 2 May 2018)	100,000	100,000	100	100	115,969	115,969	(115,969)	(115,969)	-	-	-	-
WBLP Co., Ltd.	30,000	30,000	100	100	43,371	43,371	(43,371)	(43,371)	-	-	-	-
Modern Technology Component Co., Ltd.	50,000	50,000	100	100	36,600	36,600	-	-	36,600	36,600	4,000	6,000
Exact Q Co., Ltd. (registered its dissolution with the Ministry of Commerce on 15 May 2019)	16,000	16,000	100	100	15,997	15,997	(15,997)	(15,997)	-	-	-	-
Innovation Nakornluang Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on 2 May 2018)	350,150	350,150	96	96	264,290	264,290	(264,290)	(264,290)	-	-	-	-
Pontex (Thailand) Co., Ltd.	82,705	60,800	97	96	159,032	125,970	(86,427)	(86,427)	72,605	39,543	-	-
Advantage Footwear Co., Ltd.	91,750	91,750	79	79	63,330	63,330	-	-	63,330	63,330	2,904	6,824
Aphakorn Industries Co., Ltd.	-	21,905	-	99	-	33,062	-	-	-	33,062	-	5,425
<b>Total</b>					<u>2,345,966</u>	<u>2,345,966</u>	<u>(2,173,431)</u>	<u>(2,173,431)</u>	<u>172,535</u>	<u>172,535</u>	<u>6,904</u>	<u>18,249</u>

### Business combination of subsidiaries

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



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**7. Investments in associates**

(Unit: Thousand Baht)

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

(Unit: Thousand Baht)

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

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

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



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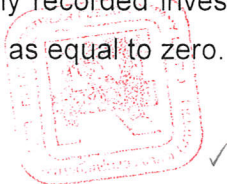


(Unaudited but reviewed)

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

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

Partial of investments in associates in the consolidated financial statements at cost of Baht 376 million (Separate financial statements: Baht 65 million) was investment in PA Capital Co., Ltd. ("the associate"), the Company did not obtain the financial statements for the nine-month period ended 30 September 2019 of the associate and subsidiaries of the associate. The latest financial statements of the associate available to the Company were the financial statements as at 31 December 2018, which were audited by its auditor, and only separate financial statements was presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in the associate under the cost method and the equity method as equal to zero.





## 8. Investments in related parties

Details of investments in related parties are as follows:

(Unit : Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment of investments		Net		Dividend received during the nine-month periods end 30 September	
	30	31	30	31	30	31		
	September 2019	December 2018	September 2019	December 2018	September 2019	December 2018	2019	2018
Sahapat Properties Co., Ltd.	500	500	-	-	500	500	50	40
Nutrition House Co., Ltd.	13,598	13,598	(9,704)	(9,704)	3,894	3,894	-	-
Thai Takaya Co., Ltd.	2,000	2,000	(368)	(368)	1,632	1,632	-	-
Pan Biotech Co., Ltd.	1,000	1,000	-	-	1,000	1,000	-	-
Barnpan Engineering and Holding Co., Ltd.	130,000	130,000	(130,000)	(130,000)	-	-	-	-
Pancomp International Co., Ltd.	2,000	2,000	(2,000)	(2,000)	-	-	-	-
Pan Technical Parts Co., Ltd.	720	720	(720)	(720)	-	-	-	-
Thai Sung Shin New Material Co., Ltd.	11,696	11,696	(11,696)	(11,696)	-	-	-	-
Sahachol Foods Supplies Co., Ltd.	5,000	5,000	(1,732)	(1,732)	3,268	3,268	-	-
<b>Total</b>	<b>166,514</b>	<b>166,514</b>	<b>(156,220)</b>	<b>(156,220)</b>	<b>10,294</b>	<b>10,294</b>	<b>50</b>	<b>40</b>

(Unit : Thousand Baht)

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

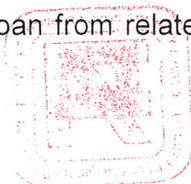
## 9. Investment properties

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

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	319,868	321,188
Depreciation for the period	(1,628)	(2,653)
<b>Balance as at 30 September 2019</b>	<b>318,240</b>	<b>318,535</b>

As at 30 September 2019, the Company has mortgaged investment properties with net book value amounting to Baht 217 million (31 December 2018: Baht 219 million) as collateral against loan from related person and credit facilities received from financial institutions.



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**10. Property, plant and equipment**

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

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2019	83,328	5,695
Increase from change in status of associate to be subsidiary	5,369	-
Acquisitions during the period - at cost	7,943	573
Disposal during the period	(342)	-
Provision for impairment	(609)	-
Depreciation for the period	(12,858)	(1,916)
Balance as at 30 September 2019	<u>82,831</u>	<u>4,352</u>

As at 30 September 2019, the subsidiaries have mortgaged assets with net book value amounting to Baht 16 million (31 December 2018: Baht 17 million) as collaterals against credit facilities received from financial institutions.

**11. Bank overdrafts**

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

**12. Trade and other payables**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2019	31 December 2018	30 September 2019	31 December 2018
Trade payables - related parties	4,101	7,977	3,484	3,509
Trade payables - unrelated parties	46,791	55,834	1,063	1,105
Other payables - related parties	5,810	5,810	15,002	15,002
Other payables - unrelated parties	1,135	1,126	344	390
Accrued expenses - related parties	4,580	6,462	2,228	1,330
Accrued expenses - unrelated parties	33,714	28,559	7,128	4,013
Unearned revenue - unrelated parties	3,101	2,128	44	44
Total	<u>99,232</u>	<u>107,896</u>	<u>29,293</u>	<u>25,393</u>



**13. Income tax**

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

Income tax expense for the three-month and nine-month periods ended 30 September 2019 and 2018 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	1,087	32	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(270)	(50)	50	60
<b>Income tax expenses (benefits) reported in the statements of comprehensive income</b>	<u>817</u>	<u>(18)</u>	<u>50</u>	<u>60</u>

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	2,137	1,182	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(1,525)	(459)	144	144
<b>Income tax expenses reported in the statements of comprehensive income</b>	<u>612</u>	<u>723</u>	<u>144</u>	<u>144</u>

**14. Earnings per share**

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



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## 15. Segment information

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

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

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

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

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

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



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(Unaudited but reviewed)

The following tables present revenue and profit or loss information regarding the Company's and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2019 and 2018, respectively

(Unit: Million Baht)

	For the three-month periods ended 30 September													
	The manufacture and distribution of footwear and bag			The manufacture of soles and parts for footwear			Production support business		The organic farming business and others		Elimination		Consolidated financial statements	
	2019	2018		2019	2018		2019	2018	2019	2018	2019	2018	2019	2018
Revenue from external customers	10	14		138	141		39	38	7	3	-	-	194	196
Inter-segment revenue	-	-		14	13		-	5	-	-	(14)	(18)	-	-
Total revenue	10	14		152	154		39	43	7	3	(14)	(18)	194	196
Cost of sale and services	(10)	(14)		(141)	(142)		(31)	(37)	(9)	(6)	16	19	(175)	(180)
Segment operating profit (loss)	-	-		11	12		8	6	(2)	(3)	2	1	19	16
Gain on sales of assets													-	1
Other income													69	8
Selling and distribution expenses													(4)	(4)
Administrative expenses													(26)	(25)
Finance cost													(2)	(2)
Income tax expenses													(1)	-
Profit (loss) for the period													55	(6)



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(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	The manufacture and distribution of footwear and bag		The manufacture of soles and parts for footwear		Production support business		The organic farming business and others		Elimination		Consolidated financial statements	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Revenue from external customers	37	39	397	396	124	133	17	10	-	-	575	578
Inter-segment revenue	-	-	49	38	1	13	-	-	(50)	(51)	-	-
Total revenue	37	39	446	434	124	146	17	10	(50)	(51)	575	578
Cost of sale and services	(35)	(38)	(422)	(405)	(99)	(122)	(22)	(16)	51	53	(527)	(528)
Segment operating profit (loss)	2	1	24	29	26	24	(5)	(6)	1	2	48	50
Gain on sales of assets											-	2
Other income											96	28
Selling and distribution expenses											(13)	(12)
Administrative expenses											(77)	(77)
Finance cost											(5)	(6)
Income tax expenses											(1)	(1)
Profit (loss) for the period											48	(16)



*JM*  
Subscriptions

## 16. Commitments and contingent liabilities

### 16.1 Operating lease commitments

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

Future minimum lease payments were as follows.

(Unit: Million Baht)

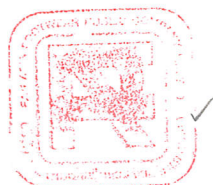
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Payable:				
In up to 1 year	6	15	-	-
In over 1 and up to 5 years	2	2	-	-

### 16.2 Guarantees

- a) As at 30 September 2019, the Company and its subsidiary have obligations under their guarantees of loans and credit facilities provided to their related parties by financial institutions totaling Baht 96 million (31 December 2018: Baht 101 million) (Separate financial statements: Baht 97 million (31 December 2018: Baht 97 million)).
- b) The Company and its subsidiaries have outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2019	2018	2019	2018
Guarantee electricity use	8	8	1	1



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## 17. Financial instruments

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 September 2019 (Million)	31 December 2018 (Million)	30 September 2019 (Million)	31 December 2018 (Million)	30 September 2019 (Baht per 1 foreign currency unit)	31 December 2018 (Baht per 1 foreign currency unit)
US dollar	0.3	0.5	0.1	0.5	30.5919	32.4498

## 18. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 14 November 2019.



Abhisit Man