

**PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED**

**INTERIM CONSOLIDATED AND  
SEPARATE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

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DR.VIRACH & ASSOCIATES OFFICE CO., LTD.

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION

### To the Shareholders and Board of Directors of

#### Pan Asia Footwear Public Company Limited

I have reviewed the accompanying consolidated statements of financial position of Pan Asia Footwear Public Company Limited and subsidiaries as at June 30, 2020, the related consolidated statements of comprehensive income for the three-month and six-month periods ended June 30, 2020, changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the financial statements and have also reviewed the separate financial statements 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 as mentioned in the paragraph "Basis for qualified conclusion" I conducted my review in accordance with 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 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**

1. I was appointed as auditor for the Company and subsidiaries by the Board of Directors as of March 31, 2020, therefore, I have not participated in the observation of physical inventory as of January 1, 2020. I was unable to review the inventory which included in the interim financial statements, due to the balance forward included in the performance. If I can inspect the regarding inventory, I may have found events indicating that there may be adjustment to the interim financial statements for the six-month period ended June 30, 2020.

2. As discussed in Note 9 to the financial statements, the Company did not obtain the consolidated and separate financial statements for the three-month and six-month periods ended June 30, 2020 of PA Capital Company Limited, the associated company, and its subsidiary companies. The Company obtained only the separate financial statements of the associated company as at December 31, 2019, which were audited by another 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 statements of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance.

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 June 30, 2020 including the related accounts in the statements of comprehensive income for the three-month and six-month periods ended June 30, 2020. My conclusion on the current period's financial statements is qualified as the matter may affect the operating results and the financial position for the current period and comparative figures.

### **Qualified conclusion**

Based on my review, except for any adjustments that might be required to the interim financial information for the three-month and six-month periods ended June 30, 2020 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.



### **Other matters**

1. The financial statements of Pan Asia Footwear Public Company Limited as at December 31, 2019 were audited by another auditor who expressed a qualified opinion on the consolidated and separate financial statements under their report dated February 26, 2020. Since, the Company did not obtain the financial statements 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 December 31, 2018, which were audited by another auditor, and only separate financial statements were presented, not consolidated financial statements. Thus, they were unable to audit the carrying amount of the investment in associate which is accounted for under the equity method in the consolidated statements of financial position and under cost method in the separate statements of financial position as at December 31, 2019 and unable to apply other auditing procedures to satisfy as to the value of such investment in associate, included the related accounts in the statements of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance.

2. The financial statements of Pan Asia Footwear Public Company Limited consist of the statements of comprehensive income, changes in shareholders' equity and cash flow for the six-month period ended June 30, 2019, which presented as comparative information, were reviewed by another auditor who expressed a qualified conclusion on the consolidated and separate financial statements under their report dated August 7, 2019. Since the Company did not obtain the consolidated and separate financial statements for the six-month period ended June 30, 2019 of PA Capital Company Limited, the associated company, and its subsidiary companies. The Company obtained only the separate financial statements of the associated company as at December 31, 2018, which were audited by another auditor. They were unable to apply other reviewing procedures to satisfy themselves as to the value of such investment in associate, including the related accounts in the statements of comprehensive income. This matter is considered to be a scope limitation imposed by circumstance.





**Emphasis of matter**

I draw attention to Note 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 statements of financial position as at June 30, 2020, the Company has current liabilities exceeded current assets by Baht 17.85 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.



(Mr. Apiruk Ati-anuwat)

Certified Public Accountant Registration No. 5202

Dr. Virach & Associates Office Co. Ltd.

Bangkok : August 14, 2020

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2020

THOUSAND BAHT

		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		As At	As At	As At	As At
	Notes	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		Unaudited	Audited	Unaudited	Audited
		Reviewed		Reviewed	
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	5	69,883	44,592	1,859	6,289
Current investments		14	14	-	-
Trade and other current receivables	4.1 and 6	127,226	163,321	7,335	7,143
Short-term loans to related parties	19	-	-	2,000	4,000
Short-term loans to others		278	278	-	-
Current portion of long-term loans to related parties	19	3,700	4,900	-	-
Inventories		73,944	81,481	1,717	1,352
Current biological assets		2,094	2,775	2,094	2,775
Other current assets		5,346	3,886	1,419	1,053
Total current assets		282,485	301,247	16,424	22,612
Non-current assets					
Restricted bank deposits	7	14,225	14,187	1,349	1,349
Other non-current financial assets					
Marketable securities/available-for-sale	4.1	23	35	23	35
Investments in subsidiaries	8	-	-	172,535	172,535
Investments in associates	9	-	-	-	-
Investments in related parties	10	4,325	4,325	2,745	2,745
Long-term loans to related parties	19	-	-	-	-
Investments property	11	313,898	317,694	315,879	317,648
Property, plant and equipment		69,905	86,555	4,657	5,288
Right-of-use assets	4.2 and 12	47,199	-	2,401	-
Non-current biological assets		3,886	3,886	-	-
Deferred income tax assets		2,917	2,876	-	-
Receivables from guarantee - related parties	19	-	-	-	-
Other non-current assets					
Withholding tax deducted at source		5,188	5,865	1,486	2,197
Other non-current assets		2,028	2,255	223	226
Total other non-current assets		7,216	8,120	1,709	2,423
Total non-current assets		463,594	437,678	501,298	502,023
TOTAL ASSETS		746,079	738,925	517,722	524,635



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PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT JUNE 30, 2020

THOUSAND BAHT

THOUSAND BAHT					
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		As At	As At	As At	As At
	Notes	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
		Unaudited	Audited	Unaudited	Audited
		Reviewed		Reviewed	
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
Current liabilities					
Bank overdrafts	13	11,215	3,946	7,069	-
Trade and other current payables	14	67,742	89,214	26,432	25,671
Current portion of lease liabilities	4.2 and 15	17,382	3,505	684	-
Short-term borrowing from related person and parties	19	-	60,000	-	133,400
Corporate income tax payable		1,611	1,598	-	-
Other current liabilities		1,677	2,819	91	624
Total current liabilities		99,627	161,082	34,276	159,695
Non-current liabilities					
Lease liabilities	4.2 and 15	25,137	3,318	1,801	-
Long-term borrowing from related person and parties	19	60,000	-	128,500	-
Deferred tax liabilities		3,280	2,780	1,309	1,214
Non-current provision for long term employee benefit		23,299	25,520	2,991	2,892
Other non-current provisions		241	1,857	241	241
Other non-current liabilities		3,023	3,023	3,023	3,023
Total non-current liabilities		114,980	36,498	137,865	7,370
TOTAL LIABILITIES		214,607	197,580	172,141	167,065
Shareholders' equity					
Share capital					
Authorized share capital					
540,000,000 ordinary shares of Baht 0.51 each		275,400	275,400	275,400	275,400
Issued and paid share capital					
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					
Legal reserve		15,181	15,181	15,181	15,181
Unappropriated		194,572	204,268	55,101	67,078
Other components of shareholders' equity		4,841	4,853	(101)	(89)
Equity attributable to owners of the Company		472,441	482,149	345,581	357,570
Non-controlling interests		59,031	59,196	-	-
Total shareholders' equity		531,472	541,345	345,581	357,570
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		746,079	738,925	517,722	524,635



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## PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020

THOUSAND BAHT

	Notes	Except loss per share presented in Baht			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
Revenues					
Sales		121,823	174,406	7,271	5,503
Revenues from hire of work		5,512	2,140	-	-
Dividend income	8 and 10	50	51	50	2,955
Gain on disposal of assets		311	-	-	-
Gain from change in fair value of biological assets		575	-	575	-
Other income		4,257	4,228	3,092	2,784
Total revenues		132,528	180,825	10,988	11,242
Expenses					
Cost of sales and hire of work		115,615	166,327	5,854	7,017
Selling and distribution expenses		4,669	5,616	2,441	1,175
Administrative expenses		20,245	26,917	6,033	7,231
Doubtful debt (reversal)		(176)	(125)	41	215
Loss from change in fair value of biological assets		-	924	-	924
Total expenses		140,353	199,659	14,369	16,562
Loss from operating activities		(7,825)	(18,834)	(3,381)	(5,320)
Finance income		233	-	93	-
Finance cost		(1,478)	(1,583)	(1,224)	(1,783)
Share of profit of associates accounted for using equity method		-	-	-	-
Loss before income tax		(9,070)	(20,417)	(4,512)	(7,103)
Income tax revenues (expenses)	16	(645)	561	(48)	(48)
Loss for the period		(9,715)	(19,856)	(4,560)	(7,151)
Other comprehensive loss :					
Components of other comprehensive income that will not be reclassified to profit or loss :					
Recognized loss on remeasuring Marketable securities					
Recognized loss in other comprehensive income		(17)	-	(17)	-
Income tax relating to components of other comprehensive loss for the period		-	-	-	-
Other comprehensive loss for the period-net of tax		(17)	-	(17)	-
Total comprehensive loss for the period		(9,732)	(19,856)	(4,577)	(7,151)



## PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE THREE-MONTH PERIOD ENDED JUNE 30, 2020

	THOUSAND BAHT			
	Except loss per share presented in Baht			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
Profit (loss) attributable to:				
Owners of parent	(9,512)	(21,997)	(4,560)	(7,151)
Non-controlling interests	(203)	2,141	-	-
	<u>(9,715)</u>	<u>(19,856)</u>	<u>(4,560)</u>	<u>(7,151)</u>
Total comprehensive income (loss) attributable to:				
Owners of parent	(9,529)	(21,997)	(4,577)	(7,151)
Non-controlling interests	(203)	2,141	-	-
	<u>(9,732)</u>	<u>(19,856)</u>	<u>(4,577)</u>	<u>(7,151)</u>
Basic loss per share				
Loss per share to equity holders of the parent (Baht)	<u>(0.018)</u>	<u>(0.041)</u>	<u>(0.008)</u>	<u>(0.013)</u>
The number of 540,000,000 ordinary stocks used in computation				



## PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

THOUSAND BAHT

	Notes	Except loss per share presented in Baht			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
		2020	2019	2020	2019
Revenues					
Sales		306,939	376,273	14,500	10,573
Revenues from hire of work		9,196	4,386	-	-
Dividend income	8 and 10	50	51	2,954	6,955
Gain on disposal of assets		392	178	7	280
Gain from change in fair value of biological assets		650	-	650	-
Other income		12,169	27,082	6,654	10,804
Total revenues		329,396	407,970	24,765	28,612
Expenses					
Cost of sales and hire of work		277,159	351,682	13,326	12,971
Selling and distribution expenses		8,539	9,004	3,540	1,705
Administrative expenses		44,136	51,045	11,913	13,486
Doubtful debt (reversal)		(454)	(179)	41	338
Loss from change in fair value of biological assets		-	162	-	162
Total expenses		329,380	411,714	28,820	28,662
Profit (loss) from operating activities		16	(3,744)	(4,055)	(50)
Finance income		495	-	93	-
Finance cost		(2,990)	(3,139)	(2,414)	(3,560)
Share of profit of associates accounted for using equity method		-	144	-	-
Loss before income tax		(2,479)	(6,739)	(6,376)	(3,610)
Income tax revenues (expenses)	16	(1,334)	205	(94)	(94)
Loss for the period		(3,813)	(6,534)	(6,470)	(3,704)
Other comprehensive loss :					
Components of other comprehensive income that will not be reclassified to profit or loss :					
Recognized loss on remeasuring Marketable securities					
Recognized loss in other comprehensive income		(12)	(2)	(12)	(2)
Income tax relating to components of other comprehensive loss for the period		-	-	-	-
Other comprehensive loss for the period-net of tax		(12)	(2)	(12)	(2)
Total comprehensive loss for the period		(3,825)	(6,536)	(6,482)	(3,706)

Notes to the interim financial statements form an integral part of these statements.

## PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME (CONTINUED)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

	THOUSAND BAHT			
	Except loss per share presented in Baht			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
Profit (loss) attributable to:				
Owners of parent	(4,226)	(11,244)	(6,470)	(3,704)
Non-controlling interests	413	4,710	-	-
	<u>(3,813)</u>	<u>(6,534)</u>	<u>(6,470)</u>	<u>(3,704)</u>
Total comprehensive income (loss) attributable to:				
Owners of parent	(4,238)	(11,246)	(6,482)	(3,706)
Non-controlling interests	413	4,710	-	-
	<u>(3,825)</u>	<u>(6,536)</u>	<u>(6,482)</u>	<u>(3,706)</u>
Basic loss per share				
Loss per share to equity holders of the parent (Baht)	<u>(0.008)</u>	<u>(0.021)</u>	<u>(0.012)</u>	<u>(0.007)</u>
The number of 540,000,000 ordinary stocks used in computation				



**PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**

**CONSOLIDATED**

THOUSAND BAHT

	Equity holders of the parent										
	Issued and paid-up share capital	The Company's shares held by its subsidiaries	Retained earnings		Other components of shareholders' equity				Total equity attributable to owners of company	Equity attributable to non-controlling interests	Total shareholders' equity
			Legal reserve	Unappropriated	Other comprehensive loss	Difference resulting from change in shareholding in subsidiaries	Total other components of shareholders' equity				
								Marketable securities			
Notes											
Beginning balances as at January 1, 2019	275,400	(17,553)	13,028	169,878	(86)	4,942	4,856	445,609	43,627	489,236	
	-	-	-	(11,244)	-	-	-	(11,244)	4,710	(6,534)	
	-	-	-	-	(2)	-	(2)	(2)	-	(2)	
	-	-	-	(11,244)	(2)	-	(2)	(11,246)	4,710	(6,536)	
	-	-	-	-	-	-	-	-	6,310	6,310	
	-	-	-	-	-	-	-	-	(576)	(576)	
	275,400	(17,553)	13,028	158,634	(88)	4,942	4,854	434,363	54,071	488,434	
	275,400	(17,553)	15,181	204,268	(89)	4,942	4,853	482,149	59,196	541,345	
	-	-	-	(4,226)	-	-	-	(4,226)	413	(3,813)	
	-	-	-	-	(12)	-	(12)	(12)	-	(12)	
17 and 23	-	-	-	(4,226)	(12)	-	(12)	(4,238)	413	(3,825)	
	-	-	-	(5,507)	-	-	-	(5,507)	-	(5,507)	
	-	-	-	37	-	-	-	37	-	37	
	-	-	-	(5,470)	-	-	-	(5,470)	-	(5,470)	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	(578)	(578)	
	275,400	(17,553)	15,181	194,572	(101)	4,942	4,841	472,441	59,031	531,472	
	275,400	(17,553)	15,181	194,572	(101)	4,942	4,841	472,441	59,031	531,472	
	-	-	-	-	-	-	-	-	-	-	
	-	-	-	-	-	-	-	-	-	-	

*[Signature]*



Notes to the interim financial statements form an integral part of these statements.



**PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES**  
**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020**  
**SEPARATE FINANCIAL STATEMENTS**

THOUSAND BAHT

	Notes	Issued and paid-up share capital	Retained earnings	Legal reserve	Unappropriated	Other components of shareholders' equity	Total
						Other comprehensive loss	
						Marketable securities	
<b>Beginning balances as at January 1, 2019</b>		275,400	13,028		26,066	(86)	314,408
Loss for the period		-	-	-	(3,704)	-	(3,704)
Other comprehensive loss for the period		-	-	-	-	(2)	(2)
Total comprehensive loss for the period		-	-	-	(3,704)	(2)	(3,706)
<b>Ending balances as at June 30, 2019</b>		275,400	13,028		22,362	(88)	310,702
<b>Beginning balances as at January 1, 2020</b>		275,400	15,181		67,078	(89)	357,570
Loss for the period		-	-	-	(6,470)	-	(6,470)
Other comprehensive loss for the period		-	-	-	-	(12)	(12)
Total comprehensive loss for the period		-	-	-	-	(12)	(12)
Dividend paid		275,400	15,181		60,608	(101)	351,088
<b>Ending balances as at June 30, 2020</b>		275,400	15,181		(5,507)	-	(5,507)
					55,101	(101)	345,581

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Notes to the interim financial statements form an integral part of these statements.



## PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (1/2)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
LOSS BEFORE INCOME TAX	(2,479)	(6,739)	(6,376)	(3,610)
ADJUSTMENT TO RECONCILE LOSS BEFORE INCOME TAX				
TO CASH PROVIDED FROM (USED IN) OPERATION :				
Depreciation and amortization	16,506	12,416	2,680	3,047
Doubtful debt (reversal)	(454)	(179)	41	338
Reversal of reduction of inventory to net realisable value	-	(2,076)	-	-
Impairment loss on property, plant and equipment	-	609	-	-
Gain on disposal equipment	(12)	(178)	(7)	(280)
Gain on repayment of investments property	(379)	-	-	-
(Gain) loss from change in fair value of biological assets	(650)	162	(650)	162
Share of profit from investments in associates	-	(144)	-	-
Gain from a bargain purchase of equity interest in a subsidiary	-	(10,391)	-	-
Non-current provision for long term employee benefit	1,193	5,652	99	678
Unrealised (gain) loss on exchange	144	342	-	(44)
Dividend income	(50)	(51)	(2,954)	(6,955)
Interest income	(495)	-	(93)	-
Interest expenses	2,990	3,139	2,414	3,560
Profit (loss) from operation before changes in				
operating assets and liabilities items	16,314	2,562	(4,846)	(3,104)
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Trade and other current receivables	36,158	(18,025)	(163)	(1,595)
Inventories	7,537	10,221	(365)	(45)
Current biological assets	1,331	(881)	1,331	(881)
Other current assets	(1,550)	(254)	(365)	(213)
Other non-current assets	227	298	3	10
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS				
Trade and other current payables	(23,255)	(5,032)	630	2,353
Other current liabilities	(1,142)	274	(533)	(257)
Employee benefit paid during the periods	(3,414)	-	-	-
CASH PROVIDED FROM (USED IN) OPERATION	32,206	(10,837)	(4,308)	(3,732)
Income tax expenses paid	(1,484)	(1,999)	(288)	(237)
Value added tax refunded	333	-	-	-
Income tax refunded	1,052	2,188	999	-
NET CASH PROVIDED FROM (USED IN) OPERATING ACTIVITIES	32,107	(10,648)	(3,597)	(3,969)



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## PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

## STATEMENTS OF CASH FLOWS (2/2)

FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2020

	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Increase in cash from change in status of associate to be subsidiary	-	7,484	-	-
Increase in restricted bank deposits	(38)	-	-	-
Cash paid for investment in a subsidiary	-	(5,600)	-	-
Decrease (increase) in short-term loans to related parties	-	-	2,000	(2,500)
Decrease in short-term loans to others	-	5	-	-
Proceeds from long-term loans to related parties	1,200	500	-	-
Dividend received	50	51	2,954	6,955
Proceeds from interest	717	-	23	-
Increase in equipment	(1,720)	(2,198)	(163)	(232)
Proceeds from equipment disposal	194	520	7	280
<b>NET CASH PROVIDED FROM INVESTING ACTIVITIES</b>	<b>403</b>	<b>762</b>	<b>4,821</b>	<b>4,503</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Increase in bank overdrafts	7,269	5,848	7,069	5,728
Increase in leases liabilities	2,125	-	-	-
Repayment for short-term borrowing to related parties	-	-	(4,900)	(2,900)
Repayment for leases liabilities	(7,580)	(2,776)	(32)	-
Dividend paid	(5,470)	-	(5,507)	-
Dividend paid for non-controlling interest of a subsidiary	(578)	(576)	-	-
Interest paid	(2,985)	(3,139)	(2,284)	(3,368)
<b>NET CASH USED IN FINANCING ACTIVITIES</b>	<b>(7,219)</b>	<b>(643)</b>	<b>(5,654)</b>	<b>(540)</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>25,291</b>	<b>(10,529)</b>	<b>(4,430)</b>	<b>(6)</b>
<b>CASH AND CASH EQUIVALENTS AS AT JANUARY 1,</b>	<b>44,592</b>	<b>60,087</b>	<b>6,289</b>	<b>1,071</b>
<b>CASH AND CASH EQUIVALENTS AS AT JUNE 30,</b>	<b>69,883</b>	<b>49,558</b>	<b>1,859</b>	<b>1,065</b>

## ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS

## NON-CASH FLOWS ITEMS COMPRISE:

Decrease in receivables from reversals allowance for doubtful accounts	(3,060)	-	-	-
Decrease in investments property from payment to other accounts payable	(1,476)	-	-	-
Decrease in investments property from payment to other non-current provisions	(1,616)	-	-	-
Change in status of investment in associate to investment in subsidiary	-	12,243	-	-
Increase in equipment from asset accounts payable	3,284	-	-	-
Acquisition of assets under lease liabilities	-	3,875	-	-
Increase in rights-of-use assets from lease liabilities	3,613	-	2,517	-
Loss on investment in marketable securities	(12)	(2)	(12)	(2)
Increase in long-term borrowing from related person and parties from				
short-term borrowing from related person and parties transferring	60,000	-	128,500	-
Effects from the adopted TFRS 16 Leases as at January 1, 2020				
Transferring equipment to rights-of-use assets	13,654	-	-	-
Increase in rights-of-use assets from lease liabilities	37,538	-	-	-



**PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO THE INTERIM FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**1. GENERAL INFORMATION**

**CORPORATE INFORMATION**

Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
Company and factory location	
Head office	620/5 Moo 11, Nongkharm, Siracha, Chonburi, 20230 Thailand
Branch 1	507/2 Moo 11, Nongkharm, Siracha, Chonburi, 20230 Thailand
Branch 2	99 Moo 16, Khlong Muang, Pak Chong, Nakhon Ratchasima, 30000 Thailand
Nature of business	1) Investment in the subsidiaries which carry on business according to Note 8 to the financial statements 2) Organic farming business

**2. GOING CONCERN**

As presented in the separate financial statements as at June 30, 2020, the Company's current liabilities exceeded its current assets by Baht 17.85 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.

**3. BASIS FOR PREPARATION OF INTERIM FINANCIAL STATEMENTS**

3.1 These interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard No.34 Interim Financial Reporting issued by the Federation of Accounting Professions and the Notification of the Office of Securities and Exchange



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Commission. These interim financial statements should be read in conjunction with the financial statements for the year ended December 31, 2019.

3.2 These interim consolidated financial statements included the financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries as follows:

SUBSIDIARIES COMPANIES	Nature of business	Established in	% HOLDING	
			Jun. 30, 2020	Dec. 31, 2019
<u>Subsidiaries directly held by the Company</u>				
Footwear Tech 1530 Co., Ltd.	Ceased operation	THAILAND	100.00	100.00
International Curity Footwear Co., Ltd.	Ceased operation	THAILAND	100.00	100.00
WBLP Co., Ltd.	Manufacture of footwear and bag	THAILAND	100.00	100.00
Excellent Rubber Co., Ltd.	Ceased operation	THAILAND	100.00	100.00
Modern Technology Component Co., Ltd.	Manufacture of soles and parts for footwear	THAILAND	100.00	100.00
Pontex (Thailand) Co., Ltd.	Manufacture of plastic parts and injection	THAILAND	97.02	97.02
Advantage Footwear Co., Ltd.	Manufacture of footwear and parts for footwear	THAILAND	79.12	79.12
Phimai Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on May 2, 2018)	Under liquidation process	THAILAND	100.00	100.00
Kabinburi Pan Asia Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on April 29, 2019)	Under liquidation process	THAILAND	100.00	100.00
Innovation Nakornluang Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on May 2, 2018)	Under liquidation process	THAILAND	96.07	96.07
Exact Q Co., Ltd. (registered its dissolution with the Ministry of Commerce on May 15, 2019)	Under liquidation process	THAILAND	100.00	100.00
<u>Subsidiary held by Kabinburi Pan Asia Footwear Co., Ltd.</u>				
Buriram Pan Footwear Co., Ltd.	Under liquidation process	THAILAND	69.27	69.27
<u>Subsidiary held by Advantage Footwear Co., Ltd. and Excellent Rubber Co., Ltd.</u>				
Pek Industry Co.,Ltd.	Manufacture of polypropylene cutting boards and eyelet	THAILAND	81.73	81.73



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### 3.3 Accounting standards that became effective in the current accounting period

The Company has disclosed the accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after January 1, 2020, in the notes to financial statements for the year ended December 31, 2019.

Accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have a significant impact on the financial statements. Except the new standards involve changes to key principles, which are summarized below:

#### 1) Financial reporting standards related to financial 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 instruments, 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.

#### 2) TFRS 16 Leases

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.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption and the comparative information was not restated. The Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at January 1, 2020, and recognized assets equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statements of financial position immediately before the date of initial application and lease liabilities measured at the original book value before the date of initial applied since the commence date.



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3.4 Inter-company balances and transactions of the Company and subsidiaries have been eliminated from the interim consolidated financial statements.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended December 31, 2019. Except for the change in the accounting policies related to financial instruments and leases.

##### 4.1 Financial instruments

###### Measurement

- Other current financial assets that are investments in Open-end Fund are measured at fair value through profit or loss.
- Non-current financial assets which is equity instruments-marketable securities are measured at fair value through other comprehensive income.

###### Impairment of financial assets

- The Group has applied a simplified approach to determine the lifetime expected credit losses for trade account receivable.

##### 4.2 TFRS 16 Leases

###### Right-of-use assets

The Group recognizes right-of-use assets at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses. Depreciation is calculated by the straight-line basis over the shorter of the lease term and the estimated useful lives.

###### Liabilities under lease agreements

On the date the lease starts to take effect the Group recognizes liabilities under lease contracts at the present value of the amount of the lease payments. Discounted by the interest rate implied by the lease agreement or the incremental borrowing rate of the Group.



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### Short-term lease and lease which the underlying asset of low value

The amount has been paid on less than 12 months since the lease commencement or the underlying assets of low value, which recognized as expenses on the straight-line basis through the lease term.

#### 5. CASH AND CASH EQUIVALENTS

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019
Cash	195	294	9	19
Deposit in banks	69,688	44,298	1,850	6,270
Total cash and cash equivalents	69,883	44,592	1,859	6,289



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## 6. TRADE AND OTHER CURRENT RECEIVABLES

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019
The aging of outstanding as follows:				
<b><u>Trade receivables - related parties</u></b>				
Current	14,486	20,185	--	207
Overdue within 3 months	8,894	15,111	--	--
Over 3 to 6 months	10,887	7,323	220	--
Over 6 to 12 months	6,047	412	--	25
Over 12 months	74,238	76,348	301	276
Total	114,552	119,379	521	508
Allowance for doubtful accounts	(73,779)	(76,294)	(231)	(231)
Trade receivables - related parties - net	40,773	43,085	290	277
<b><u>Trade receivables - unrelated parties</u></b>				
Current	24,190	38,042	966	825
Overdue within 3 months	39,127	63,912	840	1,355
Over 3 to 6 months	8,909	9,072	114	46
Over 6 to 12 months	1,653	990	22	188
Over 12 months	12,481	12,226	185	193
Total	86,360	124,242	2,127	2,607
Allowance for doubtful accounts	(12,159)	(12,189)	(209)	(168)
Trade receivables - unrelated parties - net	74,201	112,053	1,918	2,439
Total trade receivables - net	114,974	155,138	2,208	2,716
<b><u>Other current receivables</u></b>				
Other current receivables - related parties	79,818	80,340	98,912	99,295
Other current receivables - unrelated parties	23,499	19,878	12,582	11,499
Total	103,317	100,218	111,494	110,794
Allowance for doubtful accounts	(91,065)	(92,035)	(106,367)	(106,367)
Total other current receivables - net	12,252	8,183	5,127	4,427
Total trade and other current receivables - net	127,226	163,321	7,335	7,143

In 2020, the Group applies a simplified approach to determine the lifetime expected credit losses.

## 7. RESTRICTED BANK DEPOSITS

As at June 30, 2020, 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.



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## 8. INVESTMENTS IN SUBSIDIARIES

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

SUBSIDIARIES	% HOLDING		PAID - UP CAPITAL		COST		ALLOWANCE FOR IMPAIRMENT ON INVESTMENTS		NET VALUE		DIVIDEND RECEIVED FOR THE SIX-MONTH PERIOD ENDED JUNE, 30	
	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	2020	2019
Footwear Tech 1530 Co., Ltd.	100	100	400,000	400,000	467,968	467,968	(467,968)	(467,968)	--	--	--	--
International Curity Footwear Co., Ltd.	100	100	350,000	350,000	349,999	349,999	(349,999)	(349,999)	--	--	--	--
WBLP Co., Ltd.	100	100	30,000	30,000	43,371	43,371	(43,371)	(43,371)	--	--	--	--
Excellent Rubber Co., Ltd.	100	100	370,000	370,000	385,887	385,887	(385,887)	(385,887)	--	--	--	--
Modern Technology Component Co., Ltd.	100	100	50,000	50,000	36,600	36,600	--	--	36,600	36,600	--	--
Pontex (Thailand) Co., Ltd.	97	97	82,705	82,705	159,032	159,032	(86,427)	(86,427)	72,605	72,605	--	4,000
Advantage Footwear Co., Ltd.	79	79	91,750	91,750	63,330	63,330	--	--	63,330	63,330	2,904	2,904
Phimai Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on May 2, 2018)	100	100	100,000	100,000	115,969	115,969	(115,969)	(115,969)	--	--	--	--
Kabinburi Pan Asia Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on April 29, 2019)	100	100	350,000	350,000	443,523	443,523	(443,523)	(443,523)	--	--	--	--
Innovation Nakornluang Footwear Co., Ltd. (registered its dissolution with the Ministry of Commerce on May 2, 2018)	96	96	350,150	350,150	264,290	264,290	(264,290)	(264,290)	--	--	--	--
Exact Q Co., Ltd. (registered its dissolution with the Ministry of Commerce on May 15, 2019)	100	100	16,000	16,000	15,997	15,997	(15,997)	(15,997)	--	--	--	--
<b>Total</b>					2,345,966	2,345,966	(2,173,431)	(2,173,431)	172,535	172,535	2,904	6,904



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## 9. INVESTMENTS IN ASSOCIATES

(THOUSAND BAHT)

ASSOCIATES	CONSOLIDATED							
	Nature of business	Established in	% HOLDING		COST		CARRYING AMOUNTS BASED ON EQUITY METHOD	
			Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019
PA Capital Co., Ltd.	Trading of fuel oil	THAILAND	45.88	45.88	376,157	376,157	--	--
Nongchang Rubber Co., Ltd.	Ceased operation	THAILAND	28.82	28.82	12,000	12,000	--	--
Uthai Bangkok Rubber Co., Ltd.	Ceased operation	THAILAND	28.82	28.82	8,999	8,999	--	--
P.L. John Industries Co., Ltd.	Under liquidation process	THAILAND	19.25	19.25	7,700	7,700	--	--
<b>Total</b>					404,856	404,856	--	--

(THOUSAND BAHT)

ASSOCIATES	SEPARATE FINANCIAL STATEMENTS									
	Nature of business	Established in	% HOLDING		COST		ALLOWANCE FOR IMPAIRMENT ON INVESTMENTS		CARRYING AMOUNTS BASED ON COST METHOD - NET	
			Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019
PA Capital Co., Ltd.	Trading of fuel oil	THAILAND	8.07	8.07	64,559	64,559	(64,559)	(64,559)	--	--
<b>Total</b>					64,559	64,559	(64,559)	(64,559)	--	--

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 Company Limited ("the associate"), the Company did not obtain the financial statements for the three-month and six-month periods ended June 30, 2020 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 December 31, 2019, 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 investments in the associate under the cost method and the equity method as equal to zero.



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# 10. INVESTMENTS IN RELATED PARTIES

Details of investments in related parties are as follows:

COMPANIES	CONSOLIDATED							(THOUSAND BAHT)	
	COST		ALLOWANCE FOR IMPAIRMENT ON INVESTMENTS		NET VALUE		DIVIDEND RECEIVED FOR THE SIX-MONTH PERIOD ENDED JUNE, 30		
	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019		2020	2019
Sahapat Properties Co., Ltd.	500	500	--	--	500	500		50	51
Nutrition House Co., Ltd.	13,598	13,598	(13,598)	(13,598)	--	--		--	--
Thai Takaya Co., Ltd.	2,000	2,000	(2,000)	(2,000)	--	--		--	--
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	(2,175)	(2,175)	2,825	2,825		--	--
Total	166,514	166,514	(162,189)	(162,189)	4,325	4,325		50	51



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(THOUSAND BAHT)

COMPANIES	SEPARATE FINANCIAL STATEMENTS						
	COST		ALLOWANCE FOR IMPAIRMENT ON INVESTMENTS		NET VALUE		DIVIDEND RECEIVED DURING THE SIX-MONTH PERIOD ENDED JUNE, 30
	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	Jun. 30, 2020	Dec. 31, 2019	
Sahapat Properties Co., Ltd.	1,050	1,050	--	--	1,050	1,050	50
Nutrition House Co., Ltd.	4,267	4,267	(4,267)	(4,267)	--	--	--
Thai Takaya Co., Ltd.	2,308	2,308	(2,308)	(2,308)	--	--	--
Sahachol Foods Supplies Co., Ltd.	3,000	3,000	(1,305)	(1,305)	1,695	1,695	--
Total	10,625	10,625	(7,880)	(7,880)	2,745	2,745	50
							51



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## 11. INVESTMENTS PROPERTY

Movements in the investments property account during the six-month period ended June 30, 2020 are summarized below.

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 2020	Dec.31, 2019	Jun. 30, 2020	Dec.31, 2019
Net book value	317,694	319,868	317,648	321,188
<u>Less</u> Depreciation during the period	(1,083)	(2,174)	(1,769)	(3,540)
<u>Less</u> Transfer to payment of accounts payable	(2,713)	--	--	--
Invesments property-net	313,898	317,694	315,879	317,648

As at June 30, 2020, the Company has mortgaged investments property with net book value amounting to Baht 217 million (December 31, 2019: Baht 217 million) as collateral against loan from related person and credit facilities received from financial institutions.

## 12. RIGHT-OF-USE ASSETS

As at June 30, 2020, the right-of-use assets arose from the following:

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Net book value as at January 1, 2020	--	--
Increase in rights-of-use assets from vehicle and machinery transferring		
- At cost	16,463	--
- Accumulated depreciation	(2,809)	--
Net	13,654	--
Increase in rights-of-use assets from lease liabilities	37,538	--
Total impact due to TFRS 16 : Leases adoption as at January 1, 2020	51,192	--
<u>Add</u> Increase during the period	3,613	2,517
<u>Less</u> Accumulated depreciation	(7,606)	(116)
Net book value as at June 30, 2020	47,199	2,401



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### 13. BANK OVERDRAFTS

Bank overdrafts of the Company are secured by the mortgage of land and construction thereon of the Company. Bank overdrafts of subsidiaries are secured by the guarantees of the Company, the pledge of machines, bank deposits and the mortgage of land and construction thereon of subsidiaries.

### 14. TRADE AND OTHER CURRENT PAYABLES

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 2020	Dec.31, 2019	Jun. 30, 2020	Dec.31, 2019
<u>Related parties</u>				
Trade payables	4,395	5,009	3,483	3,484
Other current payables	5,810	5,810	14,516	15,002
Accrued expenses	2,717	4,266	3,203	1,601
Total	12,922	15,085	21,202	20,087
<u>Unrelated parties</u>				
Trade payables	27,349	42,366	208	1,182
Other current payables	829	1,785	51	366
Accrued expenses	24,851	28,214	4,927	3,992
Unearned revenue	1,791	1,764	44	44
Total	54,820	74,129	5,230	5,584
Total trade and other current payables	67,742	89,214	26,432	25,671



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## 15. LEASES LIABILITIES

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Liabilities under the lease agreement as at January 1, 2020 in accordance with the former financial reporting standard	7,343	--
The impact due to TFRS 16 : Lease adoption as at January 1, 2020	41,297	--
<u>Add</u> Increase during the period	6,033	2,625
<u>Less</u> Payment during the period	(8,922)	(33)
<b>Liabilities under lease agreement at the end of period</b>	<b>45,751</b>	<b>2,592</b>
Deferred interest as at January 1, 2020, in accordance with the former financial reporting standards	520	--
The impact due to TFRS 16 : Lease adoption as at January 1, 2020	3,759	--
<u>Add</u> Increase during the period	295	109
<u>Less</u> Interest expenses during the period	(1,342)	(2)
<b>Deferred interest as at as at June 30, 2020</b>	<b>3,232</b>	<b>107</b>
<b>Lease liabilities - net</b>	<b>42,519</b>	<b>2,485</b>
<u>Less</u> Current portion of financial leases	(17,382)	(684)
<b>Lease liabilities - net</b>	<b>25,137</b>	<b>1,801</b>

The portion of lease liabilities due within one year was shown under current liabilities.

## 16. INCOME TAXES

The Company and subsidiaries' income tax for the three-month and six-month periods ended June 30, 2020 and 2019 are calculated from the accounting loss after adjustment with some other revenues and expenses which are exempted from income tax or being disallowable expenses in corporate income tax computation.

The Company and subsidiaries' income taxes were calculated at the rate of 20 percent.

Income tax expenses (revenues) recognized in statements of comprehensive income consist:



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FOR THE PERIODS ENDED JUNE 30,	THOUSAND BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2020	2019	2020	2019
<u>For the three-month periods</u>				
The income tax for the periods	(40)	545	--	--
Amortization and reversal of temporary differences	685	(1,106)	48	48
Income tax (revenues) expenses	645	(561)	48	48
<u>For the six-month periods</u>				
The income tax for the periods	849	1,050	--	--
Amortization and reversal of temporary differences	485	(1,255)	94	94
Income tax (revenues) expenses	1,334	(205)	94	94

#### 17. DIVIDEND PAYMENT AND DIRECTORS' REMUNERATION

On March 31, 2020, the Board of Directors of the Company Meeting has approved the payment of interim dividends to shareholders at Baht 0.0102 per share, to the shareholders of 540 million shares, totalling Baht 5.5 million. The interim dividend payment was paid on April 30, 2020 and has a resolution not paying dividend for the year 2019.

On April 23, 2019, the Ordinary General Shareholders' Meeting was held and has a resolution not paying dividend and approved to pay directors' remuneration for the year 2019 amounting not more than Baht 5.0 million.



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## 18. FOREIGN CURRENCY TRANSACTIONS

The Company and its subsidiaries have assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

(THOUSAND)

PARTICULARS	FOREIGN CURRENCIES		TRANSLATED TO BAHT	
	June 30, 2020	December 31, 2019	June 30, 2020	December 31, 2019
<b><u>CONSOLIDATED</u></b>				
<b>ASSETS</b>				
USD	182.21	386.60	5,596.73	11,589.03
<b>LIABILITIES</b>				
Portion due within one year				
USD	15.81	64.42	491.02	1,930.97
EUR	0.96	11.38	32.80	379.79
<b>TOTAL</b>			523.82	2,310.76
<b><u>SEPARATE FINANCIAL STATEMENTS</u></b>				
<b>ASSETS</b>				
USD	0.21	0.21	6.55	6.39
<b>LIABILITIES</b>				
Portion due within one year				
USD	--	11.13	--	333.58
EUR	--	11.38	--	379.78
<b>TOTAL</b>			--	713.36



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# 19. TRANSACTIONS WITH RELATED PERSON AND PARTIES

The Company and its subsidiaries have accounting transactions with its related parties, which are related by shareholding or having some shareholders or co-directors. Such business transactions are in accordance with under the mutually agreed conditions.

The following transactions incurred between the Company and related person and parties :

COMPANIES	RELATIONSHIP
1. Subsidiaries	See Note 8
2. Associates	See Note 9
3. Related companies	See Note 10
3.1 Sahapat Properties Co., Ltd.	Related company by being its shareholder.
3.2 Nutrition House Co., Ltd.	Related company by being its shareholder.
3.3 Thai Takaya Co., Ltd.	Related company by being its shareholder.
3.4 Pan Biotech Co., Ltd.	Related company by being its shareholder.
3.5 Barnpan Engineering and Holding Co., Ltd.	Related company by being its shareholder.
3.6 Pancomp International Co., Ltd.	Related company by being its shareholder.
3.7 Pan Technical Parts Co., Ltd.	Related company by being its shareholder.
3.8 Thai Sung Shin New Material Co., Ltd.	Related company by being its shareholder.
3.9 Sahachol Foods Supplies Co., Ltd.	Related company by being its shareholder and co-directors.
3.10 Natural Art & Technology Co., Ltd.	Related person by being a director's cousin.
4. Related person	
Mr. Boonyasit Chokwatana	Related person by being a director's cousin.



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The significant related transactions are as follows:

(THOUSAND BAHT)

TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 2020	Dec.31, 2019	Jun.30, 2020	Dec.31, 2019
<b>1. Trade and other current receivables</b>				
- Subsidiaries	--	--	89,656	90,026
- Associates	49,153	49,153	180	180
- Related parties	145,217	150,566	9,597	9,597
Total	194,370	199,719	99,433	99,803
<u>Less</u> Allowance for doubtful accounts	(150,082)	(153,151)	(98,326)	(98,325)
Total trade and other current receivables - net	44,288	46,568	1,107	1,478
<b>2. Receivables from guarantee</b>				
- Subsidiaries	--	--	21,119	21,119
- Associates	36,286	36,286	36,286	36,286
- Related parties	14,734	14,734	14,734	14,734
Total	51,020	51,020	72,139	72,139
<u>Less</u> Allowance for doubtful accounts	(51,020)	(51,020)	(72,139)	(72,139)
Receivables from guarantee - net	--	--	--	--
<b>3. Short-term loans to related parties</b>				
- Subsidiaries	--	--	2,000	4,000
- Associates	850	850	--	--
- Related parties	4,600	4,600	--	--
Total	5,450	5,450	2,000	4,000
<u>Less</u> Allowance for doubtful accounts	(5,450)	(5,450)	--	--
Short-term loans to related parties - net	--	--	2,000	4,000
<b>4. Long-term loans to related parties</b>				
- Subsidiaries	--	--	101,459	101,459
- Related parties	3,700	4,900	--	--
Total	3,700	4,900	101,459	101,459
<u>Less</u> Current portion due within one year	(3,700)	(4,900)	--	--
<u>Less</u> Allowance for doubtful accounts	--	--	(101,459)	(101,459)
Long-term loans to related parties - net	--	--	--	--



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(THOUSAND BAHT)

TRANSACTIONS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 2020	Dec.31, 2019	Jun. 30, 2020	Dec.31, 2019
5. Trade and other current payables				
- Subsidiaries	--	--	18,547	17,508
- Associate	295	341	289	289
- Related parties	12,627	14,744	2,366	2,290
Total	12,922	15,085	21,202	20,087
6. Short-term borrowings from related parties and person				
- Subsidiaries	--	--	--	73,400
- Related person	--	60,000	--	60,000
Total	--	60,000	--	133,400
7. Long-term borrowings from related parties and person				
- Subsidiaries	--	--	68,500	--
- Related person	60,000	--	60,000	--
Total	60,000	--	128,500	--



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(THOUSAND BAHT)

TRANSACTIONS IN STATEMENTS OF COMPREHENSIVE INCOME FOR THE SIX-MONTH PERIODS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Jun. 30, 2020	Jun. 30, 2019	Jun. 30, 2020	Jun. 30, 2019
1. Sales (Cost - plus margins) - Related parties	48,387	77,118	--	--
2. Dividend income - Subsidiaries - Related parties	-- 50	-- 51	2,904 50	6,904 51
3. Purchase of goods (Cost - plus margins) - Related parties	3,426	6,116	--	--
4. Utilities expenses (As specified in agreement) - Related parties	2,212	2,374	--	--
5. Other expenses (As specified in agreement) - Related parties	6,667	7,262	--	--
6. Finance costs - Subsidiaries (1.50 – 2.50% per annum) - Related person (4.9% per annum)	-- 1,466	-- 2,430	793 1,466	790 2,430

## 20. 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.



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- Production support business, consisting of plastic parts injection, molds manufacture and repair, fabric manufacture and dyeing, and cutting board 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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## 21. COMMITMENTS AND CONTINGENT LIABILITIES

### 21.1 Commitments under lease and service agreements are as follow:

The Company and its subsidiaries do not elect to recognize right-of-use assets for short-term leases, leases of low value underlying assets and operating leases with a lease term of 12 months.

As at June 30, 2020, the subsidiary has commitments under lease and service agreements totaling Baht 3.46 million.

### 21.2 Guarantees

- A) 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 as follows:

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Guarantees of loans and credit facilities	96,500	96,500

- B) The Company and its subsidiaries have commitments under letters of guarantee with financial institutions as follow:

(THOUSAND BAHT)

PARTICULARS	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS
Guarantee electricity use	7,817	1,364

### 21.3 Litigations

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



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## **22. COVID-19 PANDEMIC**

COVID-19 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries. The Group's management will continue to monitor the ongoing development and regularly assess the financial impact in respect of valuation of assets and provisions for liabilities.

## **23. EVENTS AFTER THE REPORTING PERIOD**

On August 4, 2020, the Ordinary General Shareholders' Meeting was held and has acknowledged the payment of interim dividend to the shareholders following the Board of Directors' Meeting held on March 31, 2020, approval the payment of interim dividends to shareholders at Baht 0.0102 per share, to the shareholders of 540 million shares, totalling Baht 5.50 million and directors' remuneration for the year 2020 amounting not more than Baht 5.00 million. The Company has paid interim dividend on April 30, 2020.

## **24. INTERIM FINANCIAL STATEMENT APPROVAL**

These interim financial statements were duly approved by the Company's directors on August 14, 2020.



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