

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2015

Independent Auditor's Report

To the Shareholders of Pan Asia Footwear Public Company Limited

I have audited the accompanying consolidated financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Pan Asia Footwear Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 16 to the financial statements, the Company did not obtain the financial statements for the year ended 31 December 2015 of PA Capital Company Limited, 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 2014, which were audited by its auditor, and only separate financial statements were presented, not consolidated financial statements. I did not audit the financial statements of the associate and of subsidiaries of the associate and I was unable to apply other audit procedures to satisfy myself as to the value of such investment. This matter is considered to be a scope limitation imposed by circumstance.

Qualified Opinion

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of Pan Asia Footwear Public Company Limited and its subsidiaries, and of Pan Asia Footwear Public Company Limited as at 31 December 2015, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matters

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 31 December 2015, the Company has current liabilities exceeded current assets by Baht 112 million and the Company and its subsidiaries have deficits of Baht 39 million. In addition, several subsidiaries ceased their operations. These conditions indicate the existence of a material uncertainty which could give rise to doubt as to the Company's and its subsidiaries' ability to continue as a going concern. My opinion is not qualified in respect of this matter.



Manee Rattanabunnakit

Certified Public Accountant (Thailand) No. 5313

EY Office Limited

Bangkok: 25 February 2016

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Assets					
Current assets					
Cash and cash equivalents	7	113,467,195	81,683,141	23,257,571	23,489,638
Current investments	8	35,042,810	105,463,337	-	40,463,337
Trade and other receivables	9	156,407,944	127,519,127	6,846,218	11,408,508
Short-term loans to related parties and others	10	2,767,969	6,915,668	-	-
Inventories	11	82,309,758	76,688,295	2,700,420	13,003,716
Other current assets		14,975,916	9,836,392	2,323,844	1,214,455
		404,971,592	408,105,960	35,128,053	89,579,654
Assets classified as held for sale	12	1,322,225	31,092,703	5,000,000	22,967,684
Total current assets		406,293,817	439,198,663	40,128,053	112,547,338
Non-current assets					
Restricted bank deposits	13	6,603,737	5,234,249	1,349,000	1,349,000
Investments in available-for-sale securities	14	50,000	58,000	50,000	58,000
Investments in subsidiaries	15	-	-	232,693,913	142,483,155
Investments in associates	16	13,349,958	47,694,443	-	17,327,966
Investments in related parties	17	8,984,827	8,984,827	7,744,500	7,744,500
Long-term loans to related parties	10	-	-	-	1,500,000
Investment properties	18	219,669,566	101,482,323	348,570,342	101,482,323
Property, plant and equipment	19	83,063,828	71,824,748	11,893,713	169,038,518
Goodwill	20	-	-	-	-
Leasehold right		-	-	-	-
Receivables from guarantee - related parties	10	-	-	-	-
Deferred tax assets	29	205,027	4,057,090	-	-
Other non-current assets		14,965,101	19,776,429	2,168,815	13,229,473
Total non-current assets		346,892,044	259,112,109	604,470,283	454,212,935
Total assets		753,185,861	698,310,772	644,598,336	566,760,273

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

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	21	7,229,341	152,718,084	3,234,310	44,727,489
Trade and other payables	22	146,053,026	244,004,096	35,713,487	46,797,773
Short-term loans from related person	10	100,000,000	100,000,000	100,000,000	100,000,000
Current portion of liabilities under finance					
lease agreements		2,559,286	913,864	-	-
Current portion of long-term loans under debt					
restructuring agreement	23	13,080,000	43,404,534	-	-
Current portion of liabilities under debt					
settlement agreement	25	-	-	13,080,000	-
Income tax payable		4,108,009	170,379	-	-
Short-term provisions	24	-	17,685,226	-	36,119,034
Other current liabilities		3,570,964	2,997,567	477,170	772,961
		<u>276,600,626</u>	<u>561,893,750</u>	<u>152,504,967</u>	<u>228,417,257</u>
Liabilities directly associated with the assets classified					
as held for sales		-	33,202,427	-	-
Total current liabilities		<u>276,600,626</u>	<u>595,096,177</u>	<u>152,504,967</u>	<u>228,417,257</u>
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		1,636,771	928,579	-	-
Long-term loans under debt restructuring agreement,					
net of current portion	23	68,897,897	-	-	-
Accrued interest under debt restructuring agreement	23	88,335,481	-	-	-
Liabilities under debt settlement agreement,					
net of current portion	25	-	-	68,897,897	-
Provision for long-term employee benefits		4,325,323	2,431,389	522,313	535,709
Long-term provisions	24	29,864,613	29,864,613	61,564,371	167,083,714
Deferred tax liabilities	29	3,337,609	787,836	503,143	546,743
Other non-current liabilities		5,785,868	3,381,873	3,023,000	23,000
Total non-current liabilities		<u>202,183,562</u>	<u>37,394,290</u>	<u>134,510,724</u>	<u>168,189,166</u>
Total liabilities		<u>478,784,188</u>	<u>632,490,467</u>	<u>287,015,691</u>	<u>396,606,423</u>

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

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Shareholders' equity					
Share capital	26				
Registered					
540,000,000 ordinary shares of Baht 0.51 each (2014: 540,000,000 ordinary shares of Baht 5 each)		275,400,000	2,700,000,000	275,400,000	2,700,000,000
Issued and fully paid-up					
540,000,000 ordinary shares of Baht 0.51 each (2014: 540,000,000 ordinary shares of Baht 5 each)		275,400,000	2,700,000,000	275,400,000	2,700,000,000
Premium on ordinary shares	26	-	1,677,183	-	1,677,183
The Company's shares held by subsidiaries		(17,552,525)	(17,552,525)	-	-
Retained earnings					
Appropriated - statutory reserve	26, 27	-	21,000,000	-	21,000,000
Unappropriated (deficit)		(39,416,599)	(2,649,640,641)	82,256,645	(2,552,457,333)
Other component of shareholders' equity		(74,000)	(66,000)	(74,000)	(66,000)
Equity attributable to owners of the Company		218,356,876	55,418,017	357,582,645	170,153,850
Non-controlling interests of the subsidiaries		56,044,797	10,402,288	-	-
Total shareholders' equity		274,401,673	65,820,305	357,582,645	170,153,850
Total liabilities and shareholders' equity		753,185,861	698,310,772	644,598,336	566,760,273
		-	-	-	-

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

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Directors
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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014 (Restated)
Profit or loss:					
Revenues					
Sales		505,422,142	485,375,425	14,515,364	33,867,152
Revenues from hire of work		27,565,768	35,325,854	-	-
Interest income		29,583,679	30,764,637	12,349,134	15,846,668
Dividend income		151,000	-	9,150,790	-
Gain on sales of assets		26,972,899	31,377,659	10,356,190	10,446,815
Gain on sales of investments in subsidiaries		24,101,889	1,605,683	986,616	59,563
Gain on debt restructuring		39,068,362	-	-	-
Other income		33,442,281	23,691,535	9,414,802	19,723,219
Total revenues		686,308,020	608,140,793	56,772,896	79,943,417
Expenses					
Cost of sales and hire of work		452,803,424	436,901,016	25,160,484	14,754,002
Selling expenses		9,524,773	7,691,631	3,043,322	2,946,505
Administrative expenses		105,181,701	92,260,751	33,424,136	39,194,139
Allowance for doubtful accounts (reversal)		(68,480,181)	1,851,329	(56,359,545)	(48,520,460)
Impairment loss on investments (reversal)		-	(4,136,850)	-	3,400,000
Impairment loss on assets		11,596	9,234,246	-	7,373,692
Provision for litigation		-	6,483,826	-	-
Reversal of provision from guarantee for subsidiary		-	-	(141,638,377)	-
Other expenses		3,036,229	5,728,966	24,806	17,800
Total expenses		502,077,542	556,014,915	(136,345,174)	19,165,678
Profit before share of profit from investments					
in associates, finance cost and income tax expenses		184,230,478	52,125,878	193,118,070	60,777,739
Share of profit from investments in associates	16.2	10,162,742	9,496,983	-	-
Profit before finance cost and income tax expenses		194,393,220	61,622,861	193,118,070	60,777,739
Finance cost		(20,066,277)	(27,647,346)	(5,724,875)	(8,439,886)
Profit before income tax expenses		174,326,943	33,975,515	187,393,195	52,337,853
Income tax (expenses) benefit	29	(6,996,188)	(1,776,840)	43,600	(181,936)
Profit for the year before loss from discontinued operations		167,330,755	32,198,675	187,436,795	52,155,917
Loss for the year from discontinued operations		(1,017,558)	(2,027,538)	-	-
Profit for the year		166,313,197	30,171,137	187,436,795	52,155,917

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

Pan Asia Footwear Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the year ended 31 December 2015

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014 (Restated)
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on change in value of available-for-sale investments					
- net of income tax		(8,000)	26,000	(8,000)	26,000
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains - net of income tax		-	1,224,480	-	711,765
Other comprehensive income for the year		<u>(8,000)</u>	<u>1,250,480</u>	<u>(8,000)</u>	<u>737,765</u>
Total comprehensive income for the year		<u>166,305,197</u>	<u>31,421,617</u>	<u>187,428,795</u>	<u>52,893,682</u>
Profit attributable to:					
Equity holders of the Company		162,946,859	29,637,756	187,436,795	52,155,917
Non-controlling interests of the subsidiaries		3,366,338	533,381		
		<u>166,313,197</u>	<u>30,171,137</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		162,938,859	30,888,236	187,428,795	52,893,682
Non-controlling interests of the subsidiaries		3,366,338	533,381		
		<u>166,305,197</u>	<u>31,421,617</u>		
Basic earnings per share					
Profit attributable to equity holder of the Company	30	<u>0.30</u>	<u>0.06</u>	<u>0.35</u>	<u>0.10</u>

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

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2015

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
	Issued and fully paid-up share capital	Share premium	The Company's shares held by subsidiaries	Retained earnings (deficit)		Other component of equity Other comprehensive income Deficit on changes in value of available-for-sale investments	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				Appropriated	Unappropriated				
Balance as at 1 January 2014	2,700,000,000	1,677,183	(17,552,525)	21,000,000	(2,680,502,877)	(92,000)	24,529,781	10,330,297	34,860,078
Profit for the year (restated)	-	-	-	-	29,637,756	-	29,637,756	533,381	30,171,137
Other comprehensive income for the year (restated)	-	-	-	-	1,224,480	26,000	1,250,480	-	1,250,480
Total comprehensive income for the year	-	-	-	-	30,862,236	26,000	30,888,236	533,381	31,421,617
Decrease in non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	(461,390)	(461,390)
Balance as at 31 December 2014	2,700,000,000	1,677,183	(17,552,525)	21,000,000	(2,649,640,641)	(66,000)	55,418,017	10,402,288	65,820,305
Balance as at 1 January 2015	2,700,000,000	1,677,183	(17,552,525)	21,000,000	(2,649,640,641)	(66,000)	55,418,017	10,402,288	65,820,305
Share capital reduction (Note 26)	(2,424,600,000)	(1,677,183)	-	(21,000,000)	2,447,277,183	-	-	-	-
Profit for the year	-	-	-	-	162,946,859	-	162,946,859	3,366,338	166,313,197
Other comprehensive income for the year	-	-	-	-	-	(8,000)	(8,000)	-	(8,000)
Total comprehensive income for the year	-	-	-	-	162,946,859	(8,000)	162,938,859	3,366,338	166,305,197
Increase in non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	42,276,171	42,276,171
Balance as at 31 December 2015	275,400,000	-	(17,552,525)	-	(39,416,599)	(74,000)	218,356,876	56,044,797	274,401,673

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

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Separate financial statements					Total shareholders' equity
	Issued and fully paid-up share capital	Share premium	Retained earnings (deficit)		Other component of equity	
			Appropriated	Unappropriated	Other comprehensive income	
					Deficit on changes in value of available-for-sale investments	
Balance as at 1 January 2014	2,700,000,000	1,677,183	21,000,000	(2,605,325,015)	(92,000)	117,260,168
Profit for the year (restated)	-	-	-	52,155,917	-	52,155,917
Other comprehensive income for the year (restated)	-	-	-	711,765	26,000	737,765
Total comprehensive income for the year	-	-	-	52,867,682	26,000	52,893,682
Balance as at 31 December 2014	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>21,000,000</u>	<u>(2,552,457,333)</u>	<u>(66,000)</u>	<u>170,153,850</u>
Balance as at 1 January 2015	2,700,000,000	1,677,183	21,000,000	(2,552,457,333)	(66,000)	170,153,850
Share capital reduction (Note 26)	(2,424,600,000)	(1,677,183)	(21,000,000)	2,447,277,183	-	-
Profit for the year	-	-	-	187,436,795	-	187,436,795
Other comprehensive income for the year	-	-	-	-	(8,000)	(8,000)
Total comprehensive income for the year	-	-	-	187,436,795	(8,000)	187,428,795
Balance as at 31 December 2015	<u>275,400,000</u>	<u>-</u>	<u>-</u>	<u>82,256,645</u>	<u>(74,000)</u>	<u>357,582,645</u>

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

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
Cash flows from operating activities				
Profit before tax	174,326,943	33,975,515	187,393,195	52,337,853
Loss from discontinued operations	(1,017,558)	(2,027,538)	-	-
Profit for the year	173,309,385	31,947,977	187,393,195	52,337,853
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	14,908,208	12,745,233	8,033,300	7,503,087
Allowance for doubtful accounts (reversal)	(68,480,181)	1,851,329	(56,359,545)	(48,520,460)
Reduce cost to net realisable value (reversal)	4,198,111	(36,099,052)	3,469,565	(36,186,266)
Allowance for impairment loss on assets	11,596	9,234,246	-	7,373,692
Gain on sales of property, plant and equipment	(26,377,615)	(31,377,659)	(9,760,906)	(10,446,815)
Gain on sales of investment properties	(595,284)	-	(595,284)	-
Reversal of short-term loan from other party	-	(720,547)	-	-
Share of profit from investments in associates	(10,162,742)	(9,496,983)	-	-
Gain on fair value measurement of previously held equity interest	(3,997,341)	-	-	-
Gain from a bargain purchase of equity interest in a subsidiary	(1,557,470)	-	-	-
Allowance for impairment loss on investments (reversal)	-	(4,136,850)	-	3,400,000
Gain on sales of investments in a subsidiary	(24,101,889)	(1,605,683)	(986,616)	(59,563)
Provision for litigation	-	6,483,826	-	-
Reversal of provision from guarantee for subsidiaries	-	-	(141,638,377)	-
Provision for long-term employee benefits (reversal)	465,042	91,029	(13,396)	65,903
Gain on debt restructuring	(39,068,362)	-	-	-
Unrealised loss (gain) on exchange	37,962	52,201	27,417	(55,241)
Interest income	(29,583,679)	(30,764,637)	(12,349,134)	(15,846,668)
Dividend income	(151,000)	-	(9,150,790)	-
Interest expenses	20,066,277	27,647,346	5,724,875	8,439,886
Profit (loss) from operating activities before changes in operating assets and liabilities	8,921,018	(24,148,224)	(26,205,696)	(31,994,592)
Operating assets (increase) decrease				
Trade and other receivables	13,789,614	4,541,519	(8,890,057)	34,687,257
Inventories	10,723,960	32,441,933	6,833,731	43,510,067
Other current assets	(4,274,132)	(877,477)	(1,109,389)	(110,880)
Other non-current assets	(4,213,234)	(1,719,603)	1,285,113	(1,103,888)
Assets of subsidiaries that classified as held for sale	(5,652,500)	(7,394,550)	-	-
Receivables from guarantee	-	-	(30,718,925)	7,844,500

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

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014 (Restated)
Operating liabilities increase (decrease)				
Trade and other payables	(10,978,459)	(24,344,726)	4,468,829	(29,281,803)
Other current liabilities	(49,679)	(495,854)	(295,791)	(151,220)
Short-term provisions	(110,000)	-	-	-
Other non-current liabilities	2,403,995	428,421	3,000,000	-
Paid for provision for long-term employee benefits	(72,000)	-	-	-
Liabilities directly associated with assets of subsidiaries that classified as held for sales	6,670,057	9,422,087	-	-
Cash from (used in) operating activities	17,158,640	(12,146,474)	(51,632,185)	23,399,441
Cash paid for income tax	(3,095,286)	(3,253,262)	(406,824)	(1,244,890)
Income tax refunded	10,349,993	6,250,338	10,182,369	3,112,705
Net cash from (used in) operating activities	24,413,347	(9,149,398)	(41,856,640)	25,267,256
Cash flows from investing activities				
Increase in cash from change in status of associate to be subsidiary	17,776,890	-	-	-
Decrease in restricted bank deposits	238,512	1,673,449	-	512,000
Decrease (increase) in current investments	100,429,595	(40,463,337)	40,463,337	(40,463,337)
Increase in short-term loans to related parties	-	(950,000)	-	-
Cash receipt from short-term loans to related parties	4,347,699	3,420,000	-	-
Increase in long-term loans to related parties	-	-	(4,480,000)	(6,500,000)
Cash receipt from long-term loans to related parties	60,000	26,985,114	25,948,294	29,040,156
Proceeds from sales of investments in a subsidiary	3,454,300	-	3,454,300	-
Cash paid for investment in a subsidiary	(10,331,703)	-	(3,907,000)	-
Dividend received	151,000	-	9,150,790	-
Acquisition of property, plant and equipment	(22,451,500)	(8,380,770)	(9,510,922)	(7,301,934)
Proceeds from sales of property, plant and equipment	28,520,956	33,047,398	22,002,592	23,160,747
Acquisition of investment properties	(6,301,994)	(5,800,000)	(6,301,994)	(5,800,000)
Proceeds from sales of investment properties	2,400,000	-	2,400,000	-
Interest income	1,730,888	4,540,553	11,884,970	778,512
Net cash from (used in) investing activities	120,024,643	14,072,407	91,104,367	(6,573,856)
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(53,700,846)	(67,536,102)	(41,493,179)	(66,020,244)
Repayment of short-term loans from related parties and others	-	-	-	(5,000,000)
Repayment of liabilities under finance lease agreements	(3,112,386)	(820,721)	-	-
Repayment of long-term loans	(42,452,110)	(39,773,000)	-	(39,315,000)
Repayment of liabilities under debt settlement agreement	-	-	(2,180,000)	-
Cash receipt from non-controlling interests of a subsidiary for investment in a subsidiary	3,000	-	-	-
Cash paid for interest expenses	(13,391,594)	(9,761,779)	(5,806,615)	(9,288,809)
Net cash used in financing activities	(112,653,936)	(117,891,602)	(49,479,794)	(119,624,053)
Net increase (decrease) in cash and cash equivalents	31,784,054	(112,968,593)	(232,067)	(100,930,653)
Cash and cash equivalents at the beginning of year	81,683,141	194,651,734	23,489,638	124,420,291
Cash and cash equivalents at end of year	113,467,195	81,683,141	23,257,571	23,489,638
	-	-	-	-

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

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the year ended 31 December 2015

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
Supplementary cash flows information:				
Non-cash transactions:				
Equipment increased due to payment receipt from an account receivable - subsidiary	-	-	12,090,000	-
Transfer equipment to investment in a subsidiary	-	-	(12,090,000)	-
Investment properties increased due to payment receipt from an account receivable - subsidiary and the increase in liabilities under debt settlement agreement	96,210,000	-	96,210,000	-
Transfer assets classified as held for sale to investment properties	-	95,808,143	-	95,808,143
Transfer assets used in the operations to investment properties	17,603,157	-	146,503,934	-
Investment in subsidiary increase due to payment receipt from an account receivable - subsidiary	-	-	56,885,792	-
Investment in associate increased due to payment receipt from an account receivable - subsidiary	-	-	-	17,327,966
Change in status of investment in associate to investment in subsidiary	44,507,227	-	17,327,966	-
Investments in related parties increased due to payment receipt from an account receivable - related company	-	1,097,977	-	7,744,500
Assets acquired under finance lease agreement	5,466,000	-	-	-
Transfer short-term loan from a financial institution to long-term loan under debt restructuring agreement	91,787,897	-	-	-
Transfer accrued interest from short-term loan to accrued interest under debt restructuring agreement	88,335,481	-	-	-
Long-term loans to related parties decrease due to the debt forgiveness	1,820,000	-	-	-

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

Pan Asia Footwear Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the year ended 31 December 2015

1. General information

1.1 Corporate information

Pan Asia Footwear Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture, distribution and export of footwear. However, the Company had restructured its business in 2013. Currently, the Company is principally engaged in investment in other companies (Holding Company). The registered office of the Company is at 177/20 Moo 5, Nongkharm, Sriracha, Chonburi.

1.2 Going concern

As presented in the separate statement of financial position as at 31 December 2015, the Company has current liabilities exceeded current assets by Baht 112 million and the Company and its subsidiaries have deficits of Baht 39 million. In addition, several subsidiaries had ceased their operations. Although these conditions raise substantial doubt about their ability to continue as a going concern. However, the Company had restructured its business and the Company and its subsidiaries had entered into the debt restructuring agreement with the bank as described in Note 23 to the financial statements. In addition, the Company and its subsidiaries had entered into the debt restructuring and transfer agreement with a related company as described in Note 25 to the financial statements. For these reasons, the financial statements have been prepared on the going concern basis.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2015 Percent	2014 Percent
<u>Subsidiaries directly held by the Company</u>				
Footwear Tech 1530 Company Limited	Ceased operation	Thailand	100.00	100.00
International Curity Footwear Company Limited	Manufacture, distribute and export of footwear and dyeing of fabric	Thailand	100.00	100.00
WBLP Company Limited	Manufacture of footwear and bag	Thailand	100.00	100.00
Phimai Footwear Company Limited	Ceased operation	Thailand	100.00	100.00
Excellent Rubber Company Limited	Ceased operation	Thailand	100.00	100.00
Kabinburi Pan Asia Footwear Company Limited	Ceased operation	Thailand	100.00	100.00
Pontex (Thailand) Company Limited	Manufacture of plastic parts and injection	Thailand	92.53	92.53
Innovation Nakornluang Footwear Company Limited	Ceased operation	Thailand	96.07	96.07
Hankha Bangkok Rubber Company Limited	Manufacture of footwear uppers	Thailand	-	99.99
Pan Tech R&D Company Limited	Ceased operation	Thailand	100.00	100.00
Pan Asia Garment (Laos) Company Limited	Ceased operation	Laos	100.00	100.00
Exact Q Company Limited	Dyeing of fabric	Thailand	99.98	-
Modern Technology Component Company Limited (2014: held by Kabinburi Pan Asia Footwear Company Limited)	Manufacture of footwear parts	Thailand	100.00	100.00
Advantage Footwear Company Limited (2015: Status changed to subsidiary)	Manufacture of footwear and footwear parts	Thailand	58.82	-
<u>Subsidiaries held by Kabinburi Pan Asia Footwear Company Limited</u>				
Pan Component Company Limited (registered its dissolution with the Ministry of Commerce on 19 December 2014)	In the process of liquidation	Thailand	100.00	100.00
Burirum Pan Footwear Company Limited (registered its dissolution with the Ministry of Commerce on 11 June 2014)	In the process of liquidation	Thailand	69.27	69.27
Pan Upper Company Limited (Liquidated on 7 July 2015)	Liquidated	Thailand	-	100.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
 - f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries and associates under the cost method.

3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

The Company has adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current year from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current year's transactions and restated the prior year's financial statements, presented as comparative information, as if the Company had always applied this accounting policy.

The cumulative effect of changes in accounting policies is presented in Note 4 to the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

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

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

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

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

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

4. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards

As described in Note 3 to the financial statements, during the current year, the Company and its subsidiaries have changed some of their accounting policies, as a result of the adoption of new and revised financial reporting standards. The cumulative effect of the change has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of comprehensive income are summarised below.

	(Unit: Thousand Baht)	
	For the year ended 31 December 2014	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Statements of comprehensive income		
Profit or loss:		
Decrease in actuarial gains	(1,224)	(712)
Decrease in profit for the year	(1,224)	(712)
Other comprehensive income:		
Increase in actuarial gains	1,224	712
Increase in other comprehensive income for the year	1,224	712
Earnings per share (Baht):		
Decrease in basic earnings per share	-	-

5. Significant accounting policies

5.1 Revenue recognition

Sales of goods

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

Rendering of services

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

Interest income

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

5.2 Cash and cash equivalents

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

5.3 Trade accounts receivable

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

5.4 Inventories

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

Raw material and supplies are valued at the lower of cost (under the average method) and net realisable value and included in manufacturing cost when they were issued.

5.5 Investments

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

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

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

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

5.6 Investment properties

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

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

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

5.7 Property, plant and equipment/Depreciation

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

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

Land improvements	-	5 - 20 years
Plants and buildings	-	20 - 40 years
Machinery and equipment	-	5 - 10 years
Furniture, fixtures and office equipment	-	3 - 10 years
Motor vehicles	-	3 - 10 years
Utilities	-	5 - 10 years

Depreciation is included in determining income.

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

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

5.8 Goodwill

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

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

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

5.9 Related party transactions

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

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

5.10 Long-term leases

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

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

5.11 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

5.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

5.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

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

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

Actuarial gains and losses arising from post-employment benefits are recognised in other comprehensive income.

5.14 Provisions

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

5.15 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

5.16 Assets held for sale

Net assets of discontinued operations held for sale are stated at the lower of cost and fair value after deduction with selling expenses.

Investment properties and property, plant and equipment classified as held for sale are stated at the cost or fair value whichever is lower

5.17 Fair value measurement

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

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

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

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

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

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

6. Significant accounting judgements and estimates

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

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

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

Allowance of diminution in value of inventory

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

Fair value of financial instruments

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Impairment of equity investments

The Company and its subsidiaries treat available-for-sale investments and other investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgement of the management.

Property plant and equipment and investment property/Depreciation

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

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

Goodwill

The initial recognition and measurement of goodwill and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

Litigation

The Company and its subsidiaries have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation and recorded the provisions as described in Note 33.4 to the financial statements.

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Cash	275	240	2	8
Bank deposits	113,192	81,443	23,256	23,482
Total	<u>113,467</u>	<u>81,683</u>	<u>23,258</u>	<u>23,490</u>

As at 31 December 2015, bank deposits in saving accounts carried interest at the rate between 0.40% and 0.85% per annum (2014: 0.50% per annum) (Separate financial statements: between 0.40% and 0.85% per annum (2014: 0.50% per annum)).

8. Current investments

As at 31 December 2015, the Company and its subsidiaries have fixed deposits between 5 months to 2 years, carried interest at the rate between 1.50% and 1.75% per annum (2014: 4-month fixed deposits carried interest at the rate between 1.05% and 2.00% per annum) (Separate financial statements: Nil (2014: 1.05% per annum)).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	52,604	29,853	-	-
Past due				
Up to 3 months	23,090	28,998	131	485
3 - 6 months	8,282	8,942	112	493
6 - 12 months	9,374	13,708	301	321
Over 12 months	76,462	67,984	409	231
Total	169,812	149,485	953	1,530
Less: Allowance for doubtful accounts	(72,733)	(63,718)	(231)	(231)
Total trade receivables - related parties, net	97,079	85,767	722	1,299
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	33,770	19,700	558	-
Past due				
Up to 3 months	16,158	12,009	16	312
3 - 6 months	651	307	-	133
6 - 12 months	346	231	48	137
Over 12 months	10,427	11,476	297	174
Total	61,352	43,723	919	756
Less: Allowance for doubtful accounts	(10,271)	(10,800)	(8)	(7)
Total trade receivables - unrelated parties, net	51,081	32,923	911	749
Total trade receivables - net	148,160	118,690	1,633	2,048
<u>Other receivables</u>				
Other receivables - related parties	370,628	339,083	151,606	168,605
Other receivables - unrelated parties	16,883	15,134	7,101	5,424
Total	387,511	354,217	158,707	174,029
Less: Allowance for doubtful accounts	(379,263)	(345,388)	(153,494)	(164,668)
Total other receivables - net	8,248	8,829	5,213	9,361
Total trade and other receivables - net	156,408	127,519	6,846	11,409

10. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	2	4	Cost plus margins
Interest income	-	-	12	15	7.5% per annum
Other income	-	-	2	5	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	6	3	Cost plus margins
<u>Transactions with associates</u>					
Sales of goods	-	4	-	-	Cost plus margins
Interest income	28	28	-	-	5.0% - 7.7% per annum
Rental income	-	1	-	-	As indicated in the agreement
Other income	2	1	-	-	Cost plus margins or as indicated in the agreement
Purchase of goods	8	9	-	-	Cost plus margins
<u>Transactions with related companies</u>					
Sales of goods	223	269	-	-	Cost plus margins
Hire of work income	1	1	-	-	Cost plus margins
Other income	3	3	1	1	Cost plus margins or as indicated in the agreement
Purchases of goods	3	8	-	-	Cost plus margins
Hire of work expenses	-	-	-	1	Cost plus margins
Public utilities expenses	4	10	-	-	As indicated in the agreement
Other expenses	7	8	-	-	As indicated in the agreement
<u>Transaction with related persons</u>					
Interest expenses	5	5	5	5	4.9% per annum

As at 31 December 2015 and 2014, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
Subsidiaries	-	-	95,576	113,624
Associates	293,079	262,280	18,294	18,239
Related companies (related by common shareholders and directors)	247,361	226,288	38,689	38,272
Total	540,440	488,568	152,559	170,135
Less: Allowance for doubtful accounts	(439,685)	(397,940)	(148,982)	(161,266)
Net	100,755	90,628	3,577	8,869
<u>Receivables from guarantee - related parties</u>				
Subsidiaries	-	-	47,774	17,055
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	98,794	68,075
Less: Allowance for doubtful accounts	(51,020)	(51,020)	(98,794)	(68,075)
Net	-	-	-	-
<u>Trade and other payables - related parties (Note 22)</u>				
Subsidiaries	-	-	9,803	7,246
Associates	18,773	26,543	292	289
Related companies (related by common shareholders)	34,773	51,380	13,570	29,394
Total	53,546	77,923	23,665	36,929

Short-term loans to related parties and others

As at 31 December 2015 and 2014, the balances of short-term loans to related parties and others and the movements are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	As at 1 January 2015	Increase	Decrease	As at 31 December 2015
<u>Short-term loans to related parties and others</u>				
Short-term loans to related parties				
Associates				
Nongchang Rubber Co., Ltd.	850	-	-	850
PA Capital Co., Ltd.	2,533	-	(2,533)	-
Total	3,383	-	(2,533)	850

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at			As at
	1 January			31 December
	2015	Increase	Decrease	2015
Related companies				
Narai Bangkok Rubber Co., Ltd.	200	-	(200)	-
Thai Sung Shin New Material Co., Ltd.	2,600	-	-	2,600
Pan Biotech Co., Ltd.	240	-	(240)	-
Natural Art and Technology Co., Ltd.	3,000	-	(625)	2,375
Rattananakorn Engineering Co., Ltd.	650	-	(650)	-
Total	6,690	-	(1,715)	4,975
Total short-term loans to related parties	10,073	-	(4,248)	5,825
Less: Allowance for doubtful accounts	(3,650)	-	200	(3,450)
Total short-term loans to related parties - net	6,423	-	(4,048)	2,375
Short-term loans to others	493	-	(100)	393
Total short-term loans to related parties and others, net	6,916	-	(4,148)	2,768

Long-term loans to related parties

As at 31 December 2015 and 2014, the balances of long-term loans to related parties and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at			As at
	1 January			31 December
	2015	Increase	Decrease	2015
<u>Long-term loans to related parties</u>				
Associates				
PA Capital Co., Ltd.	390,785	-	(96,270)	294,515
P.L. John Industries Co., Ltd.	10,700	-	-	10,700
Pek Engineering Co., Ltd.	9,540	-	-	9,540
Total	411,025	-	(96,270)	314,755
Related companies				
Rangsit Footwear Co., Ltd.	2,109	-	-	2,109
Pan Tech Machinery Co., Ltd.	1,820	-	(1,820)	-
Total	3,929	-	(1,820)	2,109
Total long-term loans to related parties	414,954	-	(98,090)	316,864
Less: Allowance for doubtful accounts	(414,954)	-	98,090	(316,864)
Total long-term loans to related parties, net	-	-	-	-

(Unit: Thousand Baht)

	Separate financial statements			
	As at			As at
	1 January	Increase	Decrease	31 December
	2015			2015
<u>Long-term loans to related parties</u>				
Subsidiaries				
Modern Technology Component Co., Ltd.	22,400	-	(22,400)	-
Kabinburi Pan Asia Footwear Co., Ltd.	152,000	-	(55,986)	96,014
Phimai Footwear Co., Ltd.	23,050	-	-	23,050
International Curity Footwear Co., Ltd.	1,500	2,000	(3,500)	-
Innovation Nakornluang Footwear Co., Ltd.	-	2,480	-	2,480
Total	198,950	4,480	(81,886)	121,544
Related company				
Rangsit Footwear Co., Ltd.	2,109	-	-	2,109
Total	2,109	-	-	2,109
Total long-term loans to related parties	201,059	4,480	(81,886)	123,653
Less: Allowance for doubtful accounts	(199,559)	(4,480)	80,386	(123,653)
Total long-term loans to related parties, net	1,500	-	(1,500)	-

Short-term loans from related person

As at 31 December 2015 and 2014, the balances of short-term loans from related person and the movements are as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements			
	As at			As at
	1 January	Increase	Decrease	31 December
	2015			2015
<u>Short-term loans from related person</u>				
Related person				
Mr. Boonyasit Chokwatana	100,000	-	-	100,000
Total short-term loans from related person	100,000	-	-	100,000

Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	9,714	17,235	3,455	13,210
Post-employment benefits	59	92	32	66
Total	<u>9,773</u>	<u>17,327</u>	<u>3,487</u>	<u>13,276</u>

Guarantee obligations with related parties

The Company and its subsidiaries have outstanding guarantee obligations with its related parties as described in Note 33.3 a) to the financial statements.

11. Inventories

	(Unit: Thousand Baht)					
	Consolidated financial statement					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods	80,486	86,652	(50,075)	(45,007)	30,411	41,645
Work in process	31,618	26,147	(12,134)	(12,079)	19,484	14,068
Raw materials	111,879	102,042	(80,677)	(81,863)	31,202	20,179
Raw materials in transit	603	-	-	-	603	-
Supplies	871	796	(261)	-	610	796
Total	<u>225,457</u>	<u>215,637</u>	<u>(143,147)</u>	<u>(138,949)</u>	<u>82,310</u>	<u>76,688</u>

	(Unit: Thousand Baht)					
	Separated financial statement					
	Cost		Reduce cost to net realisable value		Inventories-net	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Finished goods	39,300	44,156	(36,600)	(31,152)	2,700	13,004
Raw materials	63,468	65,446	(63,468)	(65,446)	-	-
Total	<u>102,768</u>	<u>109,602</u>	<u>(100,068)</u>	<u>(96,598)</u>	<u>2,700</u>	<u>13,004</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 7 million (2014: Baht 1 million) (Separate financial statements: 5 million (2014: Nil)), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 3 million (2014: Baht 37 million) (Separate financial statements: Baht 2 million (2014: Baht 36 million)), and reduced the amount of inventories recognised as expenses during the year.

12. Assets classified as held for sale

Movements in assets classified as held for sale account for the years ended 31 December 2015 and 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		
	Assets of subsidiaries	Investment properties	Total
Balance as at 1 January 2014	23,698	95,808	119,506
Transfer to investment properties	-	(95,808)	(95,808)
Increase during the year	7,395	-	7,395
Balance as at 31 December 2014	31,093	-	31,093
Disposals during the year	(29,771)	-	(29,771)
Balance as at 31 December 2015	<u>1,322</u>	<u>-</u>	<u>1,322</u>

(Unit: Thousand Baht)

	Separate financial statements		
	Investments in subsidiaries	Investment properties	Total
Balance as at 1 January 2014	27,452	95,808	123,260
Transfer to investment properties	-	(95,808)	(95,808)
Decrease during the year	(3,400)	-	(3,400)
Disposals during the year	(1,084)	-	(1,084)
Balance as at 31 December 2014	22,968	-	22,968
Disposals during the year	(17,968)	-	(17,968)
Balance as at 31 December 2015	<u>5,000</u>	<u>-</u>	<u>5,000</u>

On 8 February 2013, a meeting of the Board of Directors passed a resolution to sell 94,300 shares of the Company's investment in Hankha Bangkok Rubber Company Limited, a subsidiary in which the Company held 100% of shares, to a related company at Baht 201 per share, or a total of Baht 19 million. The Company has classified this investment under assets classified as held for sale in 2012. The sale was completed in October 2015 which the Company has recorded gain on disposal of investment of Baht 24 million in consolidated profit or loss

13. Restricted bank deposits

As at 31 December 2015 and 2014, the Company and its subsidiaries had pledged the fixed deposits at financial institutions to secure loans and bank guarantee facilities issued by the banks on behalf of the Company and its subsidiaries.

14. Investments in available-for-sale securities

	(Unit: Thousand Baht)	
	Consolidated/Separate financial statements	
	<u>2015</u>	<u>2014</u>
Boutique New City Public Company Limited	124	124
Bangkok Rubber Public Company Limited	<u>758,294</u>	<u>758,294</u>
Total cost	758,418	758,418
Less: Deficit on changes in value of investment	(74)	(66)
Provision for impairment of investments	<u>(758,294)</u>	<u>(758,294)</u>
Investments in available-for-sale securities, net	<u><u>50</u></u>	<u><u>58</u></u>

The Company had set aside full provision for impairment of investments in the ordinary shares of Bangkok Rubber Public Company Limited which is undergoing debt restructuring under the rehabilitation business plan.

15. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment on investments		Net		Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
			(%)	(%)								
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	467,968	(467,968)	(467,968)	-	-	-	-
International Curity												
Footwear Co., Ltd.	350,000	350,000	100	100	349,999	349,999	(349,999)	(349,999)	-	-	-	-
Kabinburi Pan Asia												
Footwear Co., Ltd.	350,000	350,000	100	100	443,523	443,523	(443,523)	(443,523)	-	-	-	-
Excellent Rubber Co., Ltd.	370,000	370,000	100	100	385,887	385,887	(385,887)	(385,887)	-	-	-	-
Phimai Footwear Co., Ltd.	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	9,000	-
Pantech R&D Co., Ltd.	150,000	150,000	100	100	149,998	149,998	(149,998)	(149,998)	-	-	-	-
Innovation Nakornluang												
Footwear Co., Ltd.	350,150	350,150	96	96	264,290	264,290	(264,290)	(264,290)	-	-	-	-
Pontex (Thailand) Co., Ltd.	60,800	60,800	93	93	122,112	122,112	(23,000)	(23,000)	99,112	99,112	-	-
Exact Q Co., Ltd.	16,000	-	100	-	15,997	-	-	-	15,997	-	-	-
Modern Technology												
Component Co., Ltd.	50,000	-	100	-	36,600	-	-	-	36,600	-	-	-
Advantage Footwear Co., Ltd.	91,750	-	56	-	37,614	-	-	-	37,614	-	-	-
Total					<u>2,433,328</u>	<u>2,343,117</u>	<u>(2,200,634)</u>	<u>(2,200,634)</u>	<u>232,694</u>	<u>142,483</u>	<u>9,000</u>	<u>-</u>

Exact Q Co., Ltd. operates a fabric dyeing factory business, which was registered with the Ministry of Commerce on 6 February 2015, with a registered share capital of Baht 16 million, divided into 160,000 ordinary shares of Baht 100 each. The Company holds 159,970 shares or 99.98% of the issued and paid-up share capital. The Company paid for the shares with machinery valued at Baht 12 million that it acquired from a subsidiary in settlement of debt, and a cash payment of Baht 4 million.

In June 2015, a subsidiary has settled a debt of Baht 36.6 million with 1,999,993 shares of the common stock of Modern Technology Component Co., Ltd. The execution of this transaction changed the Company's indirect equity interest of 99.99% to a direct equity interest of 99.99% of the issued and paid-up share capital of that company.

On 22 October 2015, a subsidiary purchased 425,000 ordinary shares of Advantage Footwear Co., Ltd. (an associate) from other associate which represents 11.58% of the issued and paid-up share capital of that company. A subsidiary has settled a debt of Baht 10 million with such shares. As a result, the Company and its subsidiaries hold 58.82% of the shares of that company and Advantage Footwear Co., Ltd. has changed its status from an associate to a subsidiary of the group. As at status changed date, Advantage Footwear Co., Ltd. had an outstanding balance of cash on hand and at bank of Baht 18 million, and the Company had therefore presented as “Increase in cash from changes in status of associate to be subsidiary” in the cash flows statement for the year ended 31 December 2015.

Values of assets acquired and liabilities assumed from Advantage Footwear Company Limited as at the status changed date were summarised below.

	(Unit: Thousand Baht)	
	Fair value at the acquisition date	Carrying values at the acquisition date
Cash and cash equivalents	17,777	17,777
Current investments	30,009	30,009
Trade and other receivables	42,091	42,091
Inventories	20,544	20,544
Other current assets	865	865
Restricted bank deposits	1,608	1,608
Property, plant and equipment	17,865	3,985
Other non-current assets	119	119
Trade and other payables	(20,855)	(20,855)
Income taxes payable	(2,743)	(2,743)
Other current liabilities	(623)	(623)
Provision for long-term employee benefits	(1,501)	(1,501)
Deferred tax liabilities	(2,489)	-
Net assets of the subsidiary	<u>102,667</u>	<u>91,276</u>
Net assets in the portion held by the Company (58.82%)	60,393	53,693
Less: Cumulative losses from investment in associate at the status changed date	(44,507)	(44,507)
Gain from fair value measurement of previously held equity interest	(3,997)	-
The difference between the cash payment for purchase of investments and the net assets of the subsidiary in the company's proportion	<u>(1,557)</u>	<u>1,146</u>
Net cash payment for purchase of investments in subsidiary	<u><u>10,332</u></u>	<u><u>10,332</u></u>

16. Investments in associates

16.1 Details of associates:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2015 (%)	2014 (%)	2015	2014	2015	2014
PA Capital Co., Ltd.	Grocery stores and petrol station	Thailand	44.15	43.67	376,157	375,157	-	-
Nongchang Rubber Co., Ltd.	Ceased operations	Thailand	28.82	28.82	12,000	12,000	-	-
Uthai Bangkok Rubber Co., Ltd.	Ceased operations	Thailand	28.82	28.82	8,999	8,999	-	-
Aphakorn Industrial Co., Ltd.	Manufacture and repair of plastic injection molds	Thailand	30.87	30.87	11,672	11,672	13,350	12,708
Advantage Footwear Co., Ltd. (2015: Status changed to subsidiary)	Manufacture of footwear and footwear parts	Thailand	-	47.24	-	89,415	-	34,986
P.L. John Industries Co., Ltd.	In the process of liquidation	Thailand	19.25	19.25	7,700	7,700	-	-
Total					416,528	504,943	13,350	47,694

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investments	Carrying amounts based on cost method - net		
			2015 (%)	2014 (%)	2015	2014	2015	2014	2015	2014
PA Capital Co., Ltd.	Grocery stores and petrol station	Thailand	5.62	5.62	64,559	64,559	(64,559)	(64,559)	-	-
Advantage Footwear Co., Ltd. (2015: Status changed to subsidiary)	Manufacture of footwear and footwear parts	Thailand	-	32.38	-	17,328	-	-	-	17,328
Total					64,559	81,887	(64,559)	(64,559)	-	17,328

16.2 Share of comprehensive income

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

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Share of profit from investments in associates during the year	
	2015	2014
Aphakorn Industrial Co., Ltd.	642	1,094
Advantage Footwear Co., Ltd.	9,521	8,403
Total	10,163	9,497

16.3 Investment in associates with capital deficit

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

Partial of investments in associates at cost of Baht 376 million was investment in PA Capital Co., Ltd. (“the associate”), the Company did not obtain the financial statements for the year ended 31 December 2015 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 2014, which were audited by its auditor, and only separate financial statements were presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in this associate under the equity method as equal to zero.

16.4 Summarised financial information about the associates

Financial information of the associates is summarised below.

Company's name	Paid-up capital		Total assets		Total liabilities		Total revenues		Profit (loss)	
	as at		as at		as at		for the years		for the years	
	31 December		31 December		31 December		ended		ended	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
PA Capital Co., Ltd.	*	*	*	*	*	*	*	*	*	*
Nongchang Rubber Co., Ltd.	40	40	3	3	56	57	1	1	1	1
Uthai Bangkok Rubber Co., Ltd.	30	30	2	3	48	49	1	1	-	1
Aphakorn Industrial Co., Ltd.	22	22	39	38	6	7	28	30	2	3
Advantage Footwear Co., Ltd. (2015: Status changed to subsidiary)	-	367	-	99	-	28	-	253	-	18

* The Company did not obtain the financial statements of PA Capital Co., Ltd. as discussed in Note 16.3.

P.L. John Industries Co., Ltd. is in the process of liquidation as discussed in Note 16.1.

17. Investments in related parties

Details of investment in related parties are as follows:

(Unit : Thousand Baht)

Consolidated financial statements								
Company's name	Cost		Allowance for impairment of investments		Net		Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
Sahapat Properties Co., Ltd.	500	500	-	-	500	500	150	-
Nutrition House Co., Ltd.	13,598	13,598	(8,232)	(8,232)	5,366	5,366	-	-
Thai Takaya Co., Ltd.	2,000	2,000	-	-	2,000	2,000	-	-
Pan Long John Co., Ltd.	1,750	1,750	(1,631)	(1,631)	119	119	-	-
Natural Art and Technology 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)	-	-	-	-
Total	163,264	163,264	(154,279)	(154,279)	8,985	8,985	150	-

(Unit : Thousand Baht)

Separate financial statements								
Company's name	Cost		Allowance for impairment of investments		Net		Dividend received during the year	
	2015	2014	2015	2014	2015	2014	2015	2014
Sahapat Properties Co., Ltd	1,050	1,050	-	-	1,050	1,050	150	-
Nutrition House Co., Ltd	4,268	4,268	-	-	4,268	4,268	-	-
Thai Takaya Co., Ltd	2,308	2,308	-	-	2,308	2,308	-	-
Pan Long John Co., Ltd	119	119	-	-	119	119	-	-
Total	7,745	7,745	-	-	7,745	7,745	150	-

18. Investment properties

The net book value of investment properties as at 31 December 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land and land improvement	Building	Total	Land and land improvement	Building	Total
As at 31 December 2015						
Cost	216,702	10,998	227,700	294,449	73,273	367,722
<u>Less</u> Accumulated depreciation	(145)	(5,035)	(5,180)	(145)	(16,156)	(16,301)
<u>Less</u> Provision for impairment	-	(2,851)	(2,851)	-	(2,851)	(2,851)
Net book value	<u>216,557</u>	<u>3,112</u>	<u>219,669</u>	<u>294,304</u>	<u>54,267</u>	<u>348,570</u>
As at 31 December 2014						
Cost	101,281	9,246	110,527	101,281	9,246	110,527
<u>Less</u> Accumulated depreciation	(145)	(6,049)	(6,194)	(145)	(6,049)	(6,194)
<u>Less</u> Provision for impairment	-	(2,851)	(2,851)	-	(2,851)	(2,851)
Net book value	<u>101,136</u>	<u>346</u>	<u>101,482</u>	<u>101,136</u>	<u>346</u>	<u>101,482</u>

A reconciliation of the net book value of investment properties for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Net book value at beginning of year	101,482	-	101,482	-
Acquisitions	6,302	5,800	6,302	5,800
Transfer from assets classified as held for sale	-	95,808	-	95,808
Transfer from assets used in the operations	17,603	-	146,504	-
Additions due to payment receipt	96,210	-	96,210	-
Disposals	(1,805)	-	(1,805)	-
Depreciation for the year	(123)	(126)	(123)	(126)
Net book value at end of year	<u>219,669</u>	<u>101,482</u>	<u>348,570</u>	<u>101,482</u>

The fair value of the investment properties as at 31 December 2015 and 2014 stated below:

	(Unit: Million Baht)	
	Consolidated/Separate financial statements	
	<u>2015</u>	<u>2014</u>
Land awaiting sale	263	153
Building for rent	185	-

The fair value of the above investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land awaiting sale has been determined based on market prices, while that of the building held for rent has been determined using the income approach. Key assumptions used in the valuation include yield rate, inflation rate, long-term vacancy rate and long-term growth in real rental rates.

As at 31 December 2015, the Company has mortgaged investment properties with net book value amounting to Baht 235 million (2014: Baht 94 million) as collateral against loan from related person and credit facilities received from financial institutions.

19. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	
Cost								
1 January 2014	22,652	75,047	1,320,104	235,741	10,257	6,200	721	1,670,722
Additions	-	606	1,537	1,311	-	756	4,171	8,381
Disposals/written off	(1,265)	(15,958)	(168,906)	(47,586)	(10)	(1,248)	(65)	(235,038)
Transfers in (out)	-	1,753	-	2,313	-	-	(4,066)	-
31 December 2014	21,387	61,448	1,152,735	191,779	10,247	5,708	761	1,444,065
Increase from change in status of associate to be subsidiary	-	-	89,149	19,864	782	-	-	109,795
Additions	5,620	671	15,326	3,338	1,463	618	882	27,918
Disposals/written off	(1,539)	(473)	(309,917)	(48,534)	(295)	-	-	(360,758)
Transfers in (out)	-	-	-	388	-	-	(388)	-
Transfers out as a result of disposal of investment classified as held for sale	-	(8,198)	(51,972)	(16,238)	-	(587)	(496)	(77,491)
Transfers out to investment properties	(14,491)	(17,611)	-	-	-	-	-	(32,102)
31 December 2015	10,977	35,837	895,321	150,597	12,197	5,739	759	1,111,427
Accumulated depreciation								
1 January 2014	247	51,094	1,172,768	214,214	8,741	5,761	5	1,452,830
Depreciation for the year	-	2,111	7,657	2,079	99	129	-	12,075
Depreciation of disposals/written off	-	(9,394)	(154,436)	(47,350)	(10)	(1,068)	-	(212,258)
31 December 2014	247	43,811	1,025,989	168,943	8,830	4,822	5	1,252,647
Increase from change in status of associate to be subsidiary	-	-	71,777	19,210	658	-	-	91,645
Depreciation for the year	-	2,804	8,987	2,465	197	332	-	14,785
Depreciation of disposals/written off	-	(139)	(285,288)	(47,200)	(294)	-	-	(332,921)
Transfers out as a result of disposal of investment classified as held for sale	-	(4,333)	(46,917)	(14,766)	-	(580)	-	(66,596)
Transfers out to investment properties	-	(14,499)	-	-	-	-	-	(14,499)
31 December 2015	247	27,644	774,548	128,652	9,391	4,574	5	945,061

(Unit: Thousand Baht)

Consolidated financial statements

	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	Total
Provision for impairment								
1 January 2014	-	9,415	113,271	1,437	-	180	65	124,368
Increase during the year	-	-	5,385	54	-	-	-	5,439
Decrease during the year	-	(6,563)	(14,158)	(142)	-	(180)	(65)	(21,108)
31 December 2014	-	2,852	104,498	1,349	-	-	-	108,699
Increase from change in status of associate to be subsidiary	-	-	285	-	-	-	-	285
Increase during the year	-	-	-	12	-	-	-	12
Decrease during the year	-	-	(24,360)	(1,334)	-	-	-	(25,694)
31 December 2015	-	2,852	80,423	27	-	-	-	83,302
Investments classified as held for sale								
31 December 2014	-	3,864	5,055	1,472	-	7	496	10,894
31 December 2015	-	-	-	-	-	-	-	-
Net book value								
31 December 2014	21,140	10,921	17,193	20,015	1,417	879	260	71,825
31 December 2015	10,730	5,341	40,350	21,918	2,806	1,165	754	83,064
Depreciation for the year								
2014 (Baht 6.3 million included in manufacturing cost, and the balance in selling and administrative expenses)								12,075
2015 (Baht 5.7 million included in manufacturing cost, and the balance in selling and administrative expenses)								14,785

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	
Cost								
1 January 2014	111,004	67,852	311,712	49,696	5,557	-	-	545,821
Additions	-	606	1,235	534	-	756	4,171	7,302
Disposals/written off	(12,350)	-	(33,301)	(3,431)	-	-	-	(49,082)
Transfers in (out)	-	1,753	-	2,313	-	-	(4,066)	-
31 December 2014	98,654	70,211	279,646	49,112	5,557	756	105	504,041
Additions	5,620	671	11,215	1,382	1,445	618	650	21,601
Disposals/written off	(12,037)	-	(27,679)	(6,310)	-	-	-	(46,026)
Transfers out to investment properties	(92,237)	(66,016)	-	-	-	-	-	(158,253)
31 December 2015	-	4,866	263,182	44,184	7,002	1,374	755	321,363
Accumulated depreciation								
1 January 2014	-	6,531	230,570	47,616	4,813	-	-	289,530
Depreciation for the year	-	2,821	2,301	1,087	589	36	-	6,834
Depreciation of disposals/written off	-	-	(28,597)	(3,401)	-	-	-	(31,998)
31 December 2014	-	9,352	204,274	45,302	5,402	36	-	264,366
Depreciation for the year	-	4,256	1,910	1,191	313	240	-	7,910
Depreciation of disposals/written off	-	-	(13,327)	(5,167)	-	-	-	(18,494)
Transfer to investment properties	-	(11,749)	-	-	-	-	-	(11,749)
31 December 2015	-	1,859	192,857	41,326	5,715	276	-	242,033

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land and land improvement	Buildings and building improvement	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Infrastructure	Assets under installation and under construction	
Provision for impairment								
1 January 2014	-	-	71,427	-	-	-	-	71,427
Increase during the year	-	-	3,579	-	-	-	-	3,579
Decrease during the year	-	-	(4,370)	-	-	-	-	(4,370)
31 December 2014	-	-	70,636	-	-	-	-	70,636
Decrease during the year	-	-	(3,200)	-	-	-	-	(3,200)
31 December 2015	-	-	67,436	-	-	-	-	67,436
Net book value								
31 December 2014	98,654	60,859	4,736	3,810	155	720	105	169,039
31 December 2015	-	3,007	2,889	2,858	1,287	1,098	755	11,894
Depreciation for the year								
2014 (Baht 0.1 million included in manufacturing cost, and the balance in selling and administrative expenses)								6,834
2015 (Baht 0.9 million included in manufacturing cost, and the balance in selling and administrative expenses)								7,910

As at 31 December 2015, the subsidiary had machinery with net book value of Baht 7 million (2014: Baht 3 million) which were acquired under finance lease agreements.

As at 31 December 2015, certain items of plant and equipment which were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 451 million (2014: Baht 797 million) (Separate financial statements: Baht 191 million (2014: Baht 77 million)).

The Company and its subsidiaries have pledged their property, plant and equipment amounting to approximately Baht 10 million (2014: Baht 21 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Nil (2014: Baht 145 million)).

20. Goodwill

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2015</u>	<u>2014</u>
Goodwill	12,047	12,047
Less: Provision for impairment of goodwill	<u>(12,047)</u>	<u>(12,047)</u>
Net	<u>-</u>	<u>-</u>

21. Bank overdrafts and short-term loans from financial institutions

		(Unit: Thousand Baht)			
		Consolidated		Separate	
	Interest rate	financial statements		financial statements	
	(% per annum)	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Bank overdrafts	MOR, MLR	7,229	15,448	3,234	10,727
Short-term loans from					
financial institutions	18	-	124,000	-	34,000
Packing credit	18	-	<u>13,270</u>	-	-
Total		<u>7,229</u>	<u>152,718</u>	<u>3,234</u>	<u>44,727</u>

Short-term loans from financial institutions of the Company are secured by the mortgage of land and construction thereon. Bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by the guarantees of the Company, the pledge of fixed deposits and machinery, and the mortgage of land and construction thereon of subsidiaries as described in Notes 13 and 19 to the financial statements.

22. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Trade accounts payable - related parties	25,598	31,519	6,886	4,307
Trade accounts payable - unrelated parties	51,851	44,827	928	898
Other payables - related parties	6,154	6,249	5,036	5,220
Other payables - unrelated parties	873	2,353	246	1,952
Accrued expenses - related parties	16,794	19,655	6,743	6,902
Accrued expenses - unrelated parties	38,693	117,735	10,839	6,984
Advance received for share subscription - related parties	5,000	20,500	5,000	20,500
Unearned revenue - unrelated parties	1,090	1,166	35	35
Total	<u>146,053</u>	<u>244,004</u>	<u>35,713</u>	<u>46,798</u>

23. Long-term loan under debt restructuring agreement/Accrued interest under debt restructuring agreement

Movements in long-term loan under debt restructuring agreement account during the year ended 31 December 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated
	<u>financial statements</u>
Balance as at 1 January 2015	43,405
Add: Transfer short-term loan to long-term loan under debt restructuring agreement	91,788
Less: Repayment	(42,452)
Unpaid interest forgiven by the bank	(10,763)
Balance as at 31 December 2015	<u>81,978</u>
Less: Portion due within one year	<u>(13,080)</u>
Long-term loan under debt restructuring agreement, net of current portion	<u>68,898</u>

As at 31 December 2015, a subsidiary has accrued interest under debt restructuring agreement amounting to Baht 88 million.

On 26 January 2015, the Company and its subsidiaries entered into compromise agreements with the bank in the presence of the court to restructure their debts. Under the terms of the agreement, payment is to be made as follows:

Agreement	Parties	Principal payment	Original interest payment	New interest payment
1, 2	Innovation Nakornluang Footwear Co., Ltd. and Pan Asia Footwear Plc.	Full amount of principal of Baht 33 million to be paid on 26 January 2015.	The bank agreed to forgive the unpaid interest upon full payment of principal.	-
3, 4	Modern Technology Component Co., Ltd. and Pan Asia Footwear Plc.	Principal of Baht 14 million to be paid in monthly installments from January 2015 - December 2019, totaling 60 installments.	Unpaid interest accrued up to 31 December 2014 is deferred.*	From 1 January 2015 until principal is settled in full, interest is to be paid monthly, at the Prime Rate (6.75%) started January 2015 (the difference between interest charged at a rate of 18% per annum and interest charged at the Prime Rate is to be deferred).*
5	International Curity Footwear Co., Ltd. and Pan Asia Footwear Plc.	Principal of Baht 95 million to be paid in monthly installments from January 2015 - December 2019, totaling 60 installments.	Unpaid interest accrued up to 31 December 2014 is deferred.*	From 1 January 2015 until principal is settled in full, interest is to be paid monthly, at the Prime Rate (6.75%) started January 2015 (the difference between interest charged at a rate of 18% per annum and interest charged at the Prime Rate is to be deferred).*

* If the Company and its subsidiaries are able to comply with the requirements stipulated in the agreements, the bank will forgive the accrued interest that is deferred.

In addition, the Company and its subsidiaries must comply with certain conditions as stipulated in the agreements. In the event of any breach of the agreements, whether of a condition or an installment, the Company and its subsidiaries will be considered to have defaulted on the whole agreements and all remaining debts are deemed to be due immediately.

During the first quarter of 2015, the Company and its subsidiaries repaid loan principal under the agreements no.1 - no.4 to the bank in full. The Company and its subsidiaries recorded gain on debt restructuring amounting to Baht 39 million in profit or loss in the consolidated financial statements for the current year.

24. Provisions

(Unit: Thousand Baht)

Consolidated financial statements			
	Provisions from guarantee	Provisions from litigation	Total
1 January 2014	241	41,745	41,986
Utilised	-	6,484	6,484
Reversal of provisions	-	(920)	(920)
31 December 2014	241	47,309	47,550
Reversal of provisions	-	(17,685)	(17,685)
31 December 2015	241	29,624	29,865
2015			
Current	-	-	-
Non-current	241	29,624	29,865
	241	29,624	29,865
2014			
Current	-	17,685	17,685
Non-current	241	29,624	29,865
	241	47,309	47,550

(Unit: Thousand Baht)

Separate financial statements			
	Provisions from guarantee	Provisions from litigation	Total
1 January 2014	173,579	29,624	203,203
31 December 2014	173,579	29,624	203,203
Reversal of provisions	(141,639)	-	(141,639)
31 December 2015	31,940	29,624	61,564
2015			
Current	-	-	-
Non-current	31,940	29,624	61,564
	31,940	29,624	61,564
2014			
Current	36,119	-	36,119
Non-current	137,460	29,624	167,084
	173,579	29,624	203,203

25. Debt restructuring and transfer agreement

25.1 Debt restructuring and transfer agreement between the Company, a subsidiary and an associate

In November 2015, the Company and International Curity Footwear Co., Ltd. (subsidiary/ICF) entered into the debt restructuring and transfer agreement with PA Capital Co., Ltd. (associate/PA), who had the outstanding debts with the Company and ICF amounting to Baht 284.0 million. Under the agreement PA is to settle debt of Baht 136.6 million with the Company and ICF as follows:

1. Transfer 11 plots of land valued at Baht 96.2 million to the Company.
2. Transfer ordinary shares of Aphakorn Industries Co., Ltd., Advantage Footwear Co., Ltd. and Pontex (Thailand) Co., Ltd. totaling Baht 37.3 million to the Company and ICF as follows:

Ordinary shares	Number of shares (shares)	Value (Million Baht)	Transferred to
Aphakorn Industries Co., Ltd.	14,394	21.3	The Company
Advantage Footwear Co., Ltd.	332,404	8.1	The Company
Advantage Footwear Co., Ltd.	6,811	0.2	ICF
Pontex (Thailand) Co., Ltd.	4,455	7.7	ICF

3. Transfer a plot of land with a detached house valued at Baht 3.1 million to ICF.

If PA is able to make complete settlement of these debts, the Company and ICF will forgive PA the remaining principal and accrued interest, totaling Baht 147.4 million.

In December 2015, PA transferred the plots of land under article 1 to the Company to settle its debt with ICF, and ICF therefore reversed allowance for doubtful accounts amounting to Baht 96.2 million in profit or loss in the consolidated financial statements for the year 2015.

Subsequently, in January 2016, PA transferred the ordinary shares under article 2 to the Company and ICF. As a result, the status of Aphakorn Industries Co., Ltd. changed from an associate to a subsidiary of the group, since the shareholding of the Company and its subsidiary in such company has increased from 33.4% to 99.1%.

Subsequently, in February 2016, PA transferred the land with a detached house under article 3 to ICF, and as a result of the transfer of ordinary shares and land under articles 2 and 3, ICF reversed allowance for doubtful accounts amounting to Baht 40.4 million in profit or loss in the consolidated financial statements for the year 2016. Upon PA's full compliance with the debt restructuring and transfer agreement, the Company and ICF forgave outstanding principal and accrued interest totaling Baht 147.4 million for which they had previously set aside allowance for doubtful accounts in full.

25.2 Debt settlement agreement between the Company and ICF

In November 2015, ICF entered into a debt settlement agreement with the Company under which ICF agreed to transfer to the Company the assets received from PA in settlement of debt, in accordance with the debt restructuring and transfer agreement, as described in Note 25.1 to the financial statements, in order to settle debts amounting to Baht 40.4 million with the Company. Moreover, the Company undertook to settle ICF's outstanding debt of Baht 85.2 under the debt restructuring agreement with a bank, with the Company agreeing to pay the principal to the bank on behalf of ICF in accordance with the conditions stipulated in the debt restructuring agreement, as described in Note 23 to the financial statements.

In December 2015, the Company received the transfer of assets amounting to Baht 96.2 million from ICF. The Company therefore reversed provision for guarantee for subsidiaries of Baht 85.2 million and allowance for doubtful accounts of Baht 11.0 million in profit or loss in the separate financial statements for the year 2015, and recorded its liabilities under the agreement to settle debt on behalf of ICF, amounting to Baht 85.2 million, in the statement of financial position.

26. Share capital

On 19 October 2015, the Extraordinary General Meeting of the Company's shareholders passed the following resolutions:

- a) Approved a transfer of Baht 21 million of legal reserve and Baht 1.68 million of premium on ordinary shares, in order to write off Baht 22.68 million of the retained losses of the Company.
- b) Approved a reduction of the Company's registered and paid-up share capital from Baht 2,700 million (540 million ordinary shares of Baht 5 each) to Baht 275.40 million (540 million ordinary shares of Baht 0.51 each), by decreasing the par value of each share, in order to write off Baht 2,424.60 million of the retained losses of the Company.

The Company registered its capital decrease with the Ministry of Commerce on 24 December 2015.

27. Statutory reserve

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

28. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Salaries, wages and other employees benefit expenses	192,182	159,375	15,206	13,562
Depreciation and amortisation	14,908	12,745	8,033	7,503
Allowance for doubtful accounts (reversal)	(68,480)	1,851	(56,360)	(48,520)
Impairment loss on investments (reversal)	-	(4,137)	-	3,400
Impairment loss on assets	12	9,234	-	7,374
Raw materials and consumables used	129,604	259,031	13,077	38,335
Changes in inventories of finished goods and work in progress	(12,197)	(26,150)	(4,856)	(33,848)

29. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	3,083	684	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	3,913	1,093	(44)	182
Income tax expenses (benefit) reported in the statements of comprehensive income	<u>6,996</u>	<u>1,777</u>	<u>(44)</u>	<u>182</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		(Restated)
Accounting profit before tax	174,327	33,976	187,393	52,338
Applicable tax rate of the Company	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	34,865	6,795	37,479	10,468
Deferred tax assets for which have not been recognised during the year because future taxable profits may not be sufficient	(10,042)	17,850	4,960	7,199
Previous year tax losses which were recognised as deferred tax assets during the year	-	(3,477)	-	-
Effects of preparing the consolidated financial statements	(17,018)	(5,970)	-	-
Share of profit from investments in associates	(2,033)	(1,899)	-	-
Effects of:				
Tax exempt revenue	(59,090)	(16,255)	(41,402)	(17,070)
Non-deductible expenses	63,159	8,204	1,374	2,816
Additional expense deductions allowed	(2,620)	(3,471)	(2,455)	(3,231)
Others	(225)	-	-	-
Total	1,224	(11,522)	(42,483)	(17,485)
Income tax expenses (benefit) reported in the statement of comprehensive income	6,996	1,777	(44)	182

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

	(Unit: Thousand Baht)			
	Statements of financial position as at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax assets				
Provision for long-term employee benefits	815	367	-	-
Unused tax loss	-	3,916	-	-
Total	815	4,283	-	-
Deferred tax liabilities				
Accumulated depreciation - building	(1,180)	(1,112)	(503)	(547)
Accumulated depreciation - machinery and equipment	(2,768)	98	-	-
Total	(3,948)	(1,014)	(503)	(547)

As at 31 December 2015, the Company and its subsidiaries have deductible temporary differences and unused tax losses totaling Baht 1,656 million (2014: Baht 2,059 million) (Separate financial statements: Baht 995 million (2014: Baht 1,161 million)). No deferred tax assets have been recognised on these amounts as the Company and its subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

30. Earnings per share

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

31. Segment information

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

The one main reportable operating segment of the Company and its subsidiaries are the manufacture, distribution and export of footwear and the single geographical area of their operations is Thailand. Segment performance is measured based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. As a result, all of the revenues, operating profits and assets as reflected in these financial statements pertain exclusively to the aforementioned reportable operating segment and geographical area.

For the year 2015, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 167 million (2014: Baht 193 million derived from 2 major customers).

32. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and their employees contribute to the fund monthly at the rate of 3% of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contribution for the year 2015 amounting to approximately Baht 1 million (2014: Baht 1 million) (Separate financial statements: Nil (2014: Nil)) were recognised as expenses.

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2015, the Company and its subsidiaries had no capital commitments (2014: a subsidiary had capital commitments of approximately Baht 4 million relating to acquisition of machinery)

33.2 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of land, office building space, 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 required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Payable:				
In up to 1 year	20	13	-	-
In over 1 and up to 5 years	5	1	-	-

33.3 Guarantees

- a) The Company and its subsidiaries have obligations under its guarantees of loans and credit facilities provided to its related parties by banks and financial institutions totaling Baht 111 million (2014: Baht 349 million) (Separate financial statements: Baht 106 million (2014: Baht 344 million)).

- b) The Company and its subsidiaries have outstanding bank guarantees as follows:

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Guarantee electricity use	8	6	1	1
Other guarantees	8	9	-	-

33.4 Legal cases

- a) The Company faced a lawsuit from alleged lay-off directors and a demand for Baht 32 million in compensation, but the Company pursued a countersuit. The Court of First Instance has ordered the Company to make payment amounting to Baht 10 million. The case is currently pending in the Supreme Court. The Company then recorded provision for the litigation at the amount ordered by the Court.

- b) The Company was sued by a commercial bank as a result of its guarantee of credit facilities provided to Innovation Nakornluang Footwear Co., Ltd., Modern Technology Component Co., Ltd. and International Curity Footwear Co., Ltd. which defaulted on their repayment of debts amounting to Baht 173 million. The Company has recorded the contingent liability as provision from guarantee for subsidiaries.

Subsequently, on 26 January 2015, the Company and these subsidiaries entered into compromise agreements with the bank in the presence of the court to restructure their debts as described in Note 23 to the financial statement.

The Company reversed provision from guarantee for subsidiaries amounting to Baht 56 million in the profit or loss in the separate financial statements for the current year and remained the contingent liability under provision from guarantee from subsidiaries amounting to Baht 32 million.

- c) In 2010, the Company sued a related company in relation to the hire of work agreement, claiming compensation of Baht 34 million, and that company countersued. The Court of First Instance dismissed the Company's suit and ordered the Company to make payment amounting to Baht 19 million plus interest charged 7.5% per annum to that related company. In addition, in July 2014 the Appeal Court affirmed the decision of the lower court. The case is currently pending in the Supreme Court. However, the Company recorded provision for the litigation amounting to Baht 19 million as ordered by court.

- d) Two subsidiaries faced the lawsuit in connection with layoff of its directors, demanding compensation totaling Baht 20 million. The Court of First Instance dismissed the case, and so the plaintiff appealed to the Supreme Court. The cases are currently under consideration of the Supreme Court.
- e) During the first quarter and the second quarter of 2015, two subsidiaries were sued by a related company for the unpaid rent and damages for the breach of the car rental agreement amounting to Baht 4 million. Currently, the subsidiaries are requesting a copy of the Court of First Instance judgement.
- f) During the first quarter and the fourth quarter of 2015, five subsidiaries were sued by a related company for the unpaid rent and damages for breach of the car rental agreement amounting to Baht 6 million. The Court scheduled the mediation, testimony and hearing to be in April 2016.

34. Fair value hierarchy

As at 31 December 2015, the Company had the assets for which fair value are disclosed as follows:

(Unit: Million Baht)

	Consolidated/Separate financial statements			
	Level 1	Level 2	Level 3	Total
Assets for which fair are disclosed				
Investment properties	-	263	185	448

35. Financial instruments

35.1 Financial risk management

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

Credit risk

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

Interest rate risk

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

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					
	As at 31 December 2015					
	Fixed interest rates		Floating	Non- interest	Total	Effective
	Within	1-5	interest rate	bearing		interest rate
	1 year	years				(% per annum)
Financial assets						
Cash and cash equivalents	21	-	63	29	113	0.40 - 0.85
Current investments	35	-	-	-	35	1.50 - 1.75
Trade and other receivables	-	-	-	156	156	-
Short-term loans to related parties and others	3	-	-	-	3	7.50 - 8.63
Restricted bank deposits	-	-	7	-	7	0.40 - 1.50
	<u>59</u>	<u>-</u>	<u>70</u>	<u>185</u>	<u>314</u>	
Financial liabilities						
Bank overdrafts and short-term						
loans from financial institutions	-	-	7	-	7	MOR, MLR
Trade and other payables	-	-	-	146	146	-
Short-term loans from related parties and others	100	-	-	-	100	4.90
Liabilities under finance lease agreements	-	4	-	-	4	5.59 - 10.48
Long-term loans under debt restructuring agreement	13	69	-	-	82	18.00
	<u>113</u>	<u>73</u>	<u>7</u>	<u>146</u>	<u>339</u>	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2014						
Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)	
Within 1 year	1-5 years					
Financial assets						
Cash and cash equivalents	-	-	72	10	82	0.50
Current investments	105	-	-	-	105	1.05 - 2.00
Trade and other receivables	-	-	-	128	128	-
Short-term loans to related parties and others	7	-	-	-	7	3.00 - 8.63
Restricted bank deposits	-	-	5	-	5	0.50 - 2.25
	<u>112</u>	<u>-</u>	<u>77</u>	<u>138</u>	<u>327</u>	
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	34	-	119	-	153	MOR, MLR, 18.00
Trade and other payables	-	-	-	244	244	-
Short-term loans from related parties and others	100	-	-	-	100	4.90
Liabilities under finance lease agreements	-	2	-	-	2	10.48
Long-term loans	43	-	-	-	43	18.00
	<u>177</u>	<u>2</u>	<u>119</u>	<u>244</u>	<u>542</u>	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
	Fixed	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)	
	interest rates within 1 year					
Financial assets						
Cash and cash equivalents	-	23	-	23	0.40 - 0.85	
Trade and other receivables	-	-	7	7	-	
Restricted bank deposits	-	1	-	1	0.40	
	<u>-</u>	<u>24</u>	<u>7</u>	<u>31</u>		
Financial liabilities						
Bank overdrafts and short-term loans from financial institutions	-	3	-	3	MLR	
Trade and other payables	-	-	36	36	-	
Short-term loan from related parties and others	100	-	-	100	4.90	
Liabilities under debt settlement agreement	-	-	82	82	-	
	<u>100</u>	<u>3</u>	<u>118</u>	<u>221</u>		

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2014					
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial assets					
Cash and cash equivalents	-	23	-	23	0.50
Current investments	40	-	-	40	1.05
Trade and other receivables	-	-	11	11	-
Restricted bank deposits	-	1	-	1	0.50
Long-term loans to related parties	2	-	-	2	5.94
	<u>42</u>	<u>24</u>	<u>11</u>	<u>77</u>	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	-	45	-	45	MLR, 18.00
Trade and other payables	-	-	47	47	-
Short-term loan from related parties and others	100	-	-	100	4.90
	<u>100</u>	<u>45</u>	<u>47</u>	<u>192</u>	

Foreign currency risk

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
USD	0.5	0.3	0.2	0.3	36.0886	32.9630

35.2 Fair values of financial instruments

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

36. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2015, the Group's debt-to-equity ratio was 1.74:1 (2014: 9.61:1) and the Company's was 0.80:1 (2014: 2.33:1).

37. Events after the reporting period

On 25 February 2016, the Board of Directors Meeting passed the resolution to approve to pay a dividend of Baht 0.0204 per share, or a total of Baht 11.0 million, to the shareholders in respect of the profit for the year 2015.

The above resolution will be proposed to the Annual General Meeting of shareholders for the year 2016 for approval.

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 25 February 2016.