



(TRANSLATION)

AF. 004 / 2019

February 27, 2019

Subject Explanation of the operating performance for the year 2018

To Managing Director

The Stock Exchange of Thailand

Pan Asia Footwear Public Company Limited would like to submit the report of Management Discussion and Analysis for the year ended 31 December 2018 which has been audited by the auditor this is caused by followings:

The Operating results of the company and its subsidiaries Explanation of the operating performance for the year 2018 as in the consolidate financial statement has net profit 57.79 Million Baht, increase of 96.10 Million Baht or 250.85% comparing to the last year. Profit to equity holders of the parent is 53.06 million baht increase of 96.93 Million Baht or 220.92% comparing to the same period last year, this is caused by followings:

Revenues

1. Gain on sales of assets 18.31 Million Baht was 16.58 Million Baht or 954.28% increase from the last year due to a subsidiary company stop operation therefore, sales of machinery and equipment manufacturing.

2. Other income increased 62.67 million baht from the same period last year to 45.47 Million Baht or 264.34% due to get payment from the auction of assets(ordinary share) of Banpan Engineering and Holding Co.,Ltd. from Legal execution Department total 37.84 Million Baht , adjust for accrued expenditure total 4 Million Baht and Advantage Footwear Co.,Ltd.(the subsidiary) has charged customers who paid overdue total 2.50 Million Baht.

Expenses

1. Reversal Allowance for doubtful accounts by 64 Million Baht increased from the last year 63.61 Million Baht due to Footwear Tech 1530 Co.,Ltd.(subsidiary) get hold of the debtor to repay its debt for a long time.

2. Impairment loss on investments 1.15 Million Baht increase from the last year by 0.96 million baht due to Allowance for impairment of investments in related parties are Nutrition House Co., Ltd. 0.49



Million Baht , Thai Takaya Co., Ltd. 0.14 Million Baht and Sahachol Foods Supplies Co., Ltd. 0.53 Million Baht.

3. Impairment loss on fixed assets 15.00 Million Baht due to Impairment of machinery and equipment of subsidiaries, Pontex (Thailand) Co.,Ltd.

Share of loss from investments in associates 0.91 Million Baht due to

On December 15, 2018 2 subsidiaries have been received payment from PA Capital Co.,Ltd is ordinary shares of Pek Industries Co.,Ltd. 4,961 shares or 35.44%

The consolidated financial statements of the group of businesses pose net profit of 60.71 million baht Equity holders of the parent is 53.06 million baht. The net profit per share is calculated at 0.10 baht per share. The financial statement of the exclusive business shows the net loss of 42.02 million baht. The net loss per share is calculated at 0.08 baht per share.

Please be informed accordingly.

Yours faithfully,

(Mr. Sommat Khunset)

Managing Director