

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month period ended 31 March 2014



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Independent Auditor's Report on Review of Interim Financial Information

To the Shareholders of Pan Asia Footwear Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Pan Asia Footwear Public Company Limited and its subsidiaries as at 31 March 2014, the related consolidated statements of comprehensive income, changes in shareholders' equity, and cash flows for the three-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pan Asia Footwear Public Company Limited for the same period. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Basis for qualified conclusion

As discussed in Note 8 to the financial statements, the Company did not obtain the consolidated and separate financial statements for the three-month period ended 31 March 2014 of PA Capital Co., Ltd., the associate, and subsidiaries of the associate. The Company obtained only the separate financial statements as at 31 December 2012, which were audited by its auditor. I was unable to apply other reviewing procedures to satisfy myself as to the value of such investment in associate. This matter is considered to be a scope limitation imposed by circumstance.



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Qualified conclusion

Based on my review, except for any adjustments that might be required to the interim financial information for the three-month period ended 31 March 2014 as a result of the matter discussed in the basis for qualified conclusion paragraph, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*.

Emphasis of matter

I draw attention to Note 1.2 to the financial statements, regarding the ability of the Company and its subsidiaries to continue as a going concern. As presented in the consolidated statement of financial position as at 31 March 2014, the Company and its subsidiaries have current liabilities exceeded current assets by Baht 166 million (Separate financial statements: Baht 87 million) and have deficits of Baht 2,664 million (separate financial statements: Baht 2,576 million). In addition, several subsidiaries had ceased their operations. These matters raise substantial doubt about the Company and its subsidiaries' ability to continue as a going concern. These conditions indicate the existence of a material uncertainty which could give rise to doubt as to the Company and its subsidiaries' ability to continue as a going concern. My conclusion is not qualified in respect of this matter.

Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

EY Office Limited

Bangkok: 14 May 2014

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 31 March 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)	31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)
Assets					
Current assets					
Cash and cash equivalents		103,118	194,652	23,633	124,420
Current investments		105,000	65,000	40,000	-
Trade and other receivables	2	121,248	116,131	22,689	39,464
Short-term loans to related parties and others	3	8,096	9,086	-	-
Inventories	4	66,912	73,031	17,042	20,328
Other current assets		8,222	8,959	2,352	1,104
		412,596	466,859	105,716	185,316
Assets classified as held for sale	5	32,592	119,506	24,052	123,260
Total current assets		445,188	586,365	129,768	308,576
Non-current assets					
Restricted bank deposits	6	6,851	6,908	1,801	1,861
Investments in available-for-sale securities		25	32	25	32
Investments in subsidiaries	7	-	-	142,483	142,483
Investments in associates	8	41,271	38,197	-	-
Investments in related parties		3,750	3,750	-	-
Long-term loans to related parties	3	-	20,000	-	-
Investment properties	9	95,777	-	95,777	-
Property, plant and equipment	10	75,129	82,630	179,220	184,864
Goodwill		-	-	-	-
Leasehold right		4,202	4,338	4,202	4,338
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		7,117	4,933	-	-
Other non-current assets		22,046	21,753	14,595	13,993
Total non-current assets		256,168	182,541	438,103	347,571
Total assets		701,356	768,906	567,871	656,147

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



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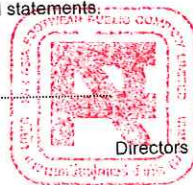
Pan Asia Footwear Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 March 2014

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)	31 March 2014 (Unaudited but reviewed)	31 December 2013 (Audited)	
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	11	161,960	220,254	53,214	110,748
Trade and other payables	12	253,278	250,696	61,753	78,128
Short-term loans from related parties and others	3	100,721	100,721	100,000	105,000
Current portion of liabilities under finance					
lease agreements		843	821	-	-
Long-term loan - classified as current liability	13	43,405	43,405	-	-
Current portion of long-term loans	13	341	11,702	-	11,244
Short-term provision	14	13,726	-	-	-
Income tax payable		464	186	-	-
Other current liabilities		3,607	3,493	1,348	924
		<u>578,345</u>	<u>631,278</u>	<u>216,315</u>	<u>306,044</u>
Liabilities directly associated with the assets classified					
as held for sales		32,808	23,780	-	-
		<u>611,153</u>	<u>655,058</u>	<u>216,315</u>	<u>306,044</u>
Total current liabilities					
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		1,623	1,842	-	-
Long-term loans, net of current portion	13	-	28,071	-	28,071
Provision for long-term employee benefits		3,864	3,693	1,201	1,181
Long-term provisions	14	29,865	41,986	203,203	203,203
Deferred tax liabilities		408	443	408	365
Other non-current liabilities		3,048	2,953	23	23
		<u>38,808</u>	<u>78,988</u>	<u>204,835</u>	<u>232,843</u>
Total non-current liabilities					
		<u>649,961</u>	<u>734,046</u>	<u>421,150</u>	<u>538,887</u>
Total liabilities					
Shareholders' equity					
Share capital					
Registered					
540,000,000 ordinary shares of Baht 5 each		2,700,000	2,700,000	2,700,000	2,700,000
Issued and fully paid-up					
540,000,000 ordinary shares of Baht 5 each		2,700,000	2,700,000	2,700,000	2,700,000
Premium on ordinary shares		1,677	1,677	1,677	1,677
The Company's shares held by subsidiaries		(17,553)	(17,553)	-	-
Retained earnings					
Appropriated - statutory reserve		21,000	21,000	21,000	21,000
Unappropriated (deficit)		(2,664,283)	(2,680,502)	(2,575,857)	(2,605,325)
Other component of shareholders' equity		(99)	(92)	(99)	(92)
Equity attributable to owners of the Company		<u>40,742</u>	<u>24,530</u>	<u>146,721</u>	<u>117,260</u>
Non-controlling interests of the subsidiaries		10,653	10,330	-	-
		<u>51,395</u>	<u>34,860</u>	<u>146,721</u>	<u>117,260</u>
Total shareholders' equity					
		<u>701,356</u>	<u>768,906</u>	<u>567,871</u>	<u>656,147</u>
Total liabilities and shareholders' equity					

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

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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 31 March 2014

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

	Consolidated financial statements		Separate financial statements		
	Note	2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales		122,837	315,975	13,104	223,755
Revenues from hire of work		9,933	13,221	-	2,668
Interest income		7,111	8,312	3,932	3,961
Rental income		224	8,862	94	8,771
Gain on sales of assets		1,500	425,685	-	244,522
Other income		3,541	13,916	2,062	11,624
Total revenues		145,146	785,971	19,192	495,301
Expenses					
Cost of sales and hire of work		109,515	337,132	3,573	247,857
Selling expenses		1,120	10,923	145	9,790
Administrative expenses		17,548	92,980	4,724	62,609
Allowance for doubtful accounts (reversal)		(5,242)	10,419	(27,270)	40,638
Impairment loss on investments		-	-	3,400	-
Impairment loss on assets		950	-	1,037	-
Loss on sales of assets		-	-	1,515	-
Other expenses		2,210	4,619	-	4,619
Total expenses		126,101	456,073	(12,876)	365,513
Profit before shares of profit from investments					
in associates, finance cost and income tax expenses		19,045	329,898	32,068	129,788
Shares of profit from investments in associates		3,074	1,598	-	-
Profit before finance cost and income tax expenses		22,119	331,496	32,068	129,788
Finance cost		(7,261)	(24,360)	(2,557)	(14,830)
Profit before income tax expenses		14,858	307,136	29,511	114,958
Income tax (expenses) income	15	1,758	(42,772)	(43)	(34,376)
Profit for the period before loss from discontinued operations		16,616	264,364	29,468	80,582
Loss for the period from discontinued operations		(74)	(6,124)	-	-
Profit for the period		16,542	258,240	29,468	80,582
Other comprehensive income:					
Gain (loss) on change in value of available-for-sale investments		(7)	3	(7)	3
Other comprehensive income for the period		(7)	3	(7)	3
Total comprehensive income for the period		16,535	258,243	29,461	80,585

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries
Statement of comprehensive income (continued)
For the three-month period ended 31 March 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit attributable to:					
Equity holders of the Company		16,219	253,394	29,468	80,582
Non-controlling interests of the subsidiaries		323	4,846		
		<u>16,542</u>	<u>258,240</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		16,212	253,397	29,461	80,585
Non-controlling interests of the subsidiaries		323	4,846		
		<u>16,535</u>	<u>258,243</u>		
Basic earnings per share					
Profit attributable to equity holder of the Company	16	<u>0.03</u>	<u>0.47</u>	<u>0.05</u>	<u>0.15</u>

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries
 Statement of changes in shareholders' equity
 For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										Total shareholders' equity
	Equity attributable to owners of the Company				Other component of equity		Other comprehensive income		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	
	Issued and fully paid-up share capital	Share premium	The Company's shares held by its subsidiaries	Retained earnings (deficit)	Retained earnings (deficit)	Unappropriated	Deficit on changes in value of available-for-sale investments	Other comprehensive income			
Balance as at 1 January 2013	2,700,000	1,677	(17,553)	21,000	(2,912,763)	(86)	(86)	(86)	(207,725)	5,459	(202,266)
Total comprehensive income for the period	-	-	-	-	253,394	3	3	3	253,397	4,846	258,243
Balance as at 31 March 2013	2,700,000	1,677	(17,553)	21,000	(2,659,369)	(83)	(83)	(83)	45,672	10,305	55,977
Balance as at 1 January 2014	2,700,000	1,677	(17,553)	21,000	(2,680,502)	(92)	(92)	(92)	24,530	10,330	34,860
Total comprehensive income for the period	-	-	-	-	16,219	(7)	(7)	(7)	16,212	323	16,535
Balance as at 31 March 2014	2,700,000	1,677	(17,553)	21,000	(2,664,283)	(99)	(99)	(99)	40,742	10,653	51,395

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings (deficit)		Other component of equity	Total shareholders' equity
			Appropriated	Unappropriated		
Balance as at 1 January 2013	2,700,000	1,677	21,000	(2,513,414)	(86)	209,177
Total comprehensive income for the period	-	-	-	80,582	3	80,585
Balance as at 31 March 2013	2,700,000	1,677	21,000	(2,432,832)	(83)	289,762
Balance as at 1 January 2014	2,700,000	1,677	21,000	(2,605,325)	(92)	117,260
Total comprehensive income for the period	-	-	-	29,468	(7)	29,461
Balance as at 31 March 2014	2,700,000	1,677	21,000	(2,575,857)	(99)	146,721

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	14,858	307,136	29,511	114,958
Loss from discontinued operations	(74)	(6,124)	-	-
Profit for the period	14,784	301,012	29,511	114,958
Adjustments to reconcile profit to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	3,500	11,319	1,899	7,105
Bad debt and allowance for doubtful accounts (reversal)	(5,242)	10,419	(27,270)	40,638
Reversal of reduction of inventory to net realisable value	(14,673)	(19,651)	(14,839)	(15,334)
Loss from impairment of assets	950	-	1,037	-
Loss (gain) on sales of property, plant and equipment	(1,500)	(425,685)	1,515	(244,522)
Share of profit from investments in associates	(3,074)	(1,598)	-	-
Allowance for impairment loss on investments	-	-	3,400	-
Provision for litigation	2,026	-	-	-
Provision for short-term employee benefits	-	18,052	-	18,052
Provision for long-term employee benefits	171	(292)	20	87
Unrealised loss (gain) on exchange rate	(391)	345	(579)	345
Interest income	(7,111)	(8,312)	(3,932)	(3,961)
Interest expenses	7,261	24,360	2,557	14,830
Loss from operating activities before changes in operating assets and liabilities	(3,299)	(90,031)	(6,681)	(67,802)
Operating assets (increase) decrease				
Trade and other receivables	7,024	25,670	28,666	(2,886)
Inventories	20,792	72,750	18,125	57,263
Other current assets	737	(25,706)	(1,248)	(3,443)
Other non-current assets	1,336	(4,896)	-	-
Assets of subsidiaries that classified as held for sale	(8,894)	7,480	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(2,183)	(47,226)	(15,917)	(43,308)
Other current liabilities	114	(12,879)	424	-
Short-term provisions	-	(12,815)	-	(12,815)
Other non-current liabilities	95	11,161	-	-
Liabilities directly associated with assets of subsidiaries that classified as held for sales	9,028	(2,771)	-	-
Cash from (used in) operating activities	24,750	(79,263)	23,369	(72,991)
Cash paid for corporate income tax	(2,400)	(10,072)	(602)	(6,672)
Income tax refunded	588	1,232	-	-
Net cash flows from (used in) operating activities	22,938	(88,103)	22,767	(79,663)

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement (continued)

For the three-month period ended 31 March 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Decrease (increase) in restricted bank deposits	57	(3,837)	60	-
Increase in current investments	(40,000)	-	(40,000)	-
Cash receipt from short-term loans to related parties	990	1,200	-	-
Increase in long-term loans to related parties	-	(5,000)	-	(67,887)
Cash receipt from long-term loans to related parties	20,260	100	20,000	38,500
Proceeds from disposal of assets classified as held for sale	-	741,160	-	626,736
Purchase of property, plant and equipment	(148)	(5,771)	-	(2,266)
Proceeds from disposal of property, plant and equipment	4,866	18,030	1,360	50
Interest income	526	2,305	-	2,063
Net cash flows from (used in) investing activities	(13,449)	748,187	(18,580)	597,196
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(58,294)	(199,113)	(57,534)	(162,098)
Repayment of short-term loans from related parties	-	(11,404)	(5,000)	(10,000)
Repayment of liabilities under finance lease agreements	(265)	(266)	-	-
Repayment of long-term loans	(39,432)	(241,364)	(39,315)	(155,005)
Interest expenses	(3,032)	(27,549)	(3,125)	(16,571)
Net cash flows used in financing activities	(101,023)	(479,696)	(104,974)	(343,674)
Net increase (decrease) in cash and cash equivalents	(91,534)	180,388	(100,787)	173,859
Cash and cash equivalents at the beginning of period	194,652	18,181	124,420	1,086
Cash and cash equivalents at end of period	103,118	198,569	23,633	174,945

Supplementary cash flows information:

Non-cash transactions:

Transfer assets classified as held for sale to assets available for use	-	16,746	-	-
Transfer assets classified as held for sale to investment properties	95,808	-	95,808	-

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



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Pan Asia Footwear Public Company Limited and its subsidiaries
Notes to consolidated interim financial statements
For the three-month period ended 31 March 2014

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, Siracha, Chonburi.

1.2 Going concern

As presented in the consolidated financial statements as at 31 March 2014, the Company and its subsidiaries have current liabilities exceeded current assets by Baht 166 million (Separate financial statements: Baht 87 million) and have deficits of Baht 2,664 million (Separate financial statements: 2,576 million). In addition, several subsidiaries had ceased their operations. Although these factors raise substantial doubt about their ability to continue as a going concern. However, during 2013, the Company and its subsidiaries sold partial fixed assets in value of Baht 1,285 million (Separate financial statements: Baht 938 million) in order to settle debts and improve their liquidity. In addition, the Company had restructured its business. For these reasons, the financial statements have been prepared on the going concern basis.

1.3 Basis of preparation of interim financial statements

These interim financial statements are prepared in accordance with Thai Accounting Standard No. 34 (revised 2012) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive income, changes in shareholders' equity, and cash flows in the same format as that used for the annual financial statements.

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



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(Unaudited but reviewed)

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

1.4 Basis of interim consolidation

These consolidated interim financial statements include the financial statements of Pan Asia Footwear Public Company Limited and its subsidiaries and have been prepared on the same basis applied for the consolidated financial statements for the year ended 31 December 2013, with no change in the shareholding structure of the subsidiaries during the period.

1.5 New accounting standards

(a) Accounting standards that became effective in the current accounting year

The Company disclosed the accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations that are effective for fiscal years beginning on or after 1 January 2014, in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effects of the above accounting standards, financial reporting standard, accounting standard interpretations and financial reporting standard interpretations, and believes that they are not relevant to the business of the Company or do not have a significant impact.

(b) Accounting standards that will become effective in the future

The Company has disclosed the financial reporting standard that will be effective in the future in the notes to financial statements for the year ended 31 December 2013.

The Company's management has assessed the effect of this financial reporting standard and believes that it is not relevant to the business of the Company.

1.6 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2013.



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(Unaudited but reviewed)

2. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
31 March	31 December	31 March	31 December	
2014	2013	2014	2013	
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	28,777	30,186	232	-
Past due				
Up to 3 months	30,503	27,359	132	1,120
3 - 6 months	4,344	4,725	192	985
6 - 12 months	10,056	9,375	783	-
Over 12 months	69,904	70,299	231	231
Total	143,584	141,944	1,570	2,336
Less: Allowance for doubtful accounts	(64,228)	(64,228)	(231)	(87)
Total trade receivables - related parties, net	79,356	77,716	1,339	2,249
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	13,615	12,091	459	221
Past due				
Up to 3 months	8,659	8,677	669	471
3 - 6 months	536	2,124	360	1,991
6 - 12 months	7,542	6,402	7,431	6,247
Over 12 months	12,140	12,247	910	198
Total	42,492	41,541	9,829	9,128
Less: Allowance for doubtful accounts	(14,146)	(15,004)	(3,230)	(3,230)
Total trade receivables - unrelated parties, net	28,346	26,537	6,599	5,898
Total trade receivables - net	107,702	104,253	7,938	8,147
<u>Other receivables</u>				
Other receivables - related parties	326,382	346,242	180,826	203,506
Other receivables - unrelated parties	14,318	14,539	4,735	6,035
Total	340,770	360,781	185,561	209,541
Less: Allowance for doubtful accounts	(327,154)	(348,903)	(170,810)	(178,224)
Total other receivables - net	13,546	11,878	14,751	31,317
Total trade and other receivables - net	121,248	116,131	22,689	39,464



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3. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 31 March		For the three-month periods ended 31 March		
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Interest income	-	-	4	4	7.5% per annum
Rental income	-	-	-	1	As specified in the agreement
Purchase of goods	-	-	-	8	Cost plus margins
Hire of work expenses	-	-	-	3	Cost plus margins
<u>Transactions with associates</u>					
Sales of goods	1	2	-	-	Cost plus margins
Interest income	6	3	-	-	3.00% - 8.63% per annum
Rental income	-	5	-	4	As specified in the agreement
Purchase of goods	2	15	-	13	Cost plus margins
<u>Transactions with related companies</u>					
Sales of goods	67	54	-	-	Cost plus margins
Revenues from hire of work	28	72	-	3	Cost plus margins
Rental income	-	2	-	2	As specified in the agreement
Purchase of goods	2	4	-	-	Cost plus margins
Hire of work expenses	-	1	-	-	Cost plus margins
Utilities expenses	-	3	-	4	As specified in the agreement
Other expenses	2	5	-	1	As specified in the agreement



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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
<u>Trade and other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	123,064	134,554
Associates	238,232	266,053	18,277	30,266
Related companies (related by common shareholders and directors)	231,734	222,133	41,055	41,022
Total	469,966	488,186	182,396	205,842
Less: Allowance for doubtful accounts	(381,349)	(402,992)	(167,754)	(175,025)
Net	88,617	85,194	14,642	30,817
<u>Receivables from guarantee - related parties</u>				
Subsidiaries	-	-	24,900	24,900
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	75,920	75,920
Less: Allowance for doubtful accounts	(51,020)	(51,020)	(75,920)	(75,920)
Net	-	-	-	-
<u>Trade and other payables - related parties (Note 12)</u>				
Subsidiaries	-	-	7,790	20,166
Associates	23,548	27,116	295	517
Related companies (related by common shareholders and directors)	64,527	64,136	35,596	35,640
Total	88,075	91,252	43,681	56,323

Short-term loans to related parties and others

During the three-month period ended 31 March 2014, the movements of short-term loans to related parties and others were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2014	Decrease	As at 31 March 2014
<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	-	3,383
Related companies			
Narai Bangkok Rubber Co., Ltd.	500	-	500
Thai Sung Shin New Material Co., Ltd.	2,600	-	2,600
Panway of Life Co., Ltd.	990	(990)	-
Pan Biotech Co., Ltd.	990	-	990
Naturalart and Technology Co., Ltd.	4,000	-	4,000
Total	9,080	(990)	8,090



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(Unaudited but reviewed)

(Unit: Thousand Baht)

Consolidated financial statements

	As at 1 January 2014	Decrease	As at 31 March 2014
Total short-term loans to related parties	12,463	(990)	11,473
Less: Allowance for doubtful accounts	(3,950)	-	(3,950)
Total short-term loans to related parties - net	8,513	(990)	7,523
Short-term loans to others	573	-	573
Total short-term loans to related parties and others, net	9,086	(990)	8,096

Long-term loans to related parties

During the three-month period ended 31 March 2014, the movements of long-term loans to related parties were as follows:

(Unit: Thousand Baht)

Consolidated financial statements

	As at 1 January 2014	Decrease	As at 31 March 2014
<u>Long-term loans to related parties</u>			
Associates			
Pan Asia Leather Co., Ltd.	44,760	(44,760)	-
PA Capital Co., Ltd.	395,785	-	395,785
P.L. John Industries Co., Ltd.	10,700	-	10,700
Pek Engineering Co., Ltd.	9,540	-	9,540
Total	460,785	(44,760)	416,025
Related companies			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Pan Tech Machinery Co., Ltd.	2,180	(260)	1,920
Rangsit Polymer Co., Ltd.	3,721	-	3,721
Total	8,010	(260)	7,750
Total long-term loans to related parties	468,795	(45,020)	423,775
Less: Allowance for doubtful accounts	(448,795)	25,020	(423,775)
Total long-term loans to related parties, net	20,000	(20,000)	-



(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	As at 1 January 2014	Decrease	As at 31 March 2014
<u>Long-term loans to related parties</u>			
Subsidiaries			
Modern Technology Component Co., Ltd.	24,400	-	24,400
Kabinburi Pan Asia Footwear Co., Ltd.	174,040	(20,000)	154,040
Phimai Footwear Co., Ltd.	23,050	-	23,050
Total	221,490	(20,000)	201,490
Related company			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Total	2,109	-	2,109
Total long-term loans to related parties	223,599	(20,000)	203,599
Less: Allowance for doubtful accounts	(223,599)	20,000	(203,599)
Total long-term loans to related parties, net	-	-	-

Short-term loans from related parties and others

During the three-month period ended 31 March 2014, the movements of short-term loans to related person and parties were as follows:

	Consolidated financial statements		
	As at 1 January 2014	Decrease	As at 31 March 2014
<u>Short-term loans from related parties and others</u>			
Related person			
Mr. Boonyasit Chokwatana	100,000	-	100,000
Total	100,000	-	100,000
Other			
Sajja Aomsap Mutual Fund	721	-	721
Total	721	-	721
Total short-term loans from related parties and others	100,721	-	100,721

	Separate financial statements		
	As at 1 January 2014	Decrease	As at 31 March 2014
<u>Short-term loans from related parties</u>			
Subsidiary			
WBLP Co., Ltd.	5,000	(5,000)	-
Total	5,000	(5,000)	-
Related person			
Mr. Boonyasit Chokwatana	100,000	-	100,000
Total	100,000	-	100,000
Total short-term loans from related parties	105,000	(5,000)	100,000



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Directors and management's benefits

During the three-month periods ended 31 March 2014 and 2013, 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>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	1,005	2,420	303	1,109
Post-employment benefits	22	1,253	19	1,251
Total	<u>1,027</u>	<u>3,673</u>	<u>322</u>	<u>2,360</u>

Guarantee obligations with related parties

The Company and its subsidiary have outstanding guarantee obligations with its related parties, as described in Note 18.2 a) to the financial statements.

4. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2014	175,048	132,784
Add: Reduce cost to net realisable value of inventories increase during the period	399	-
Less: Reversal of reduce cost to net realisable value of inventory account during the period	(15,072)	(14,839)
Balance as at 31 March 2014	<u>160,375</u>	<u>117,945</u>



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5. Assets classified as held for sale

Movements in assets classified as held for sale account during the three-month period ended 31 March 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
Increase during the period	8,894	-	8,894
Transfer to investment properties	-	(95,808)	(95,808)
Balance as at 31 March 2014	<u>32,592</u>	<u>-</u>	<u>32,592</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
Decrease during the period	(3,400)	-	(3,400)
Transfer to investment properties	-	(95,808)	(95,808)
Balance as at 31 March 2014	<u>24,052</u>	<u>-</u>	<u>24,052</u>

As at 31 December 2013, the Company pledged assets classified as held for sale with net book value amounting to Baht 94 million as collateral against loan from director and financial institutions.

6. Restricted bank deposits

As at 31 March 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.



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(Unaudited but reviewed)

7. 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	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
			(%)	(%)						
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
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
Total					2,343,117	2,343,117	(2,200,634)	(2,200,634)	142,483	142,483

8. Investments in associates

(Unit: Thousand Baht)

	Consolidated financial statements	
	31 March 2014	31 December 2013
Investments in associates - at cost	504,943	504,943
Accumulated share of loss in associates	(463,672)	(466,746)
Investments in associates - equity method	41,271	38,197

Partial of investments in associates at cost of Baht 375 million was investment in PA Capital Co., Ltd. ("the associate"), the Company did not obtain the financial statements for the three-month period ended 31 March 2014 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 2012, 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.



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(Unaudited but reviewed)

9. Investment properties

Movements in the investment properties account during the three-month period ended 31 March 2014 are summarised below

	(Unit: Thousand Baht)
	Consolidated/Separate financial statements
Balance as at 1 January 2014	-
Transfer from assets classified as held for sale	95,808
Depreciation for the period	(31)
Balance as at 31 March 2014	<u>95,777</u>

As at 31 March 2014, the Company has pledged investment properties with net book value amounting to Baht 94 million as collateral against loan from director and financial institutions.

10. Property, plant and equipment

Movements in the property, plant and equipment account during the three-month period ended 31 March 2014 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2014	82,630	184,864
Acquisitions during the period - cost	148	-
Disposals/write-off during the period - net book value at disposal date	(3,366)	(2,875)
Depreciation for the period	(3,333)	(1,732)
Allowance for impairment of assets	(950)	(1,037)
Balance as at 31 March 2014	<u>75,129</u>	<u>179,220</u>

As at 31 March 2014, the Company and its subsidiaries have pledged assets with net book value amounting to Baht 38 million (31 December 2013: Baht 39 million) as collaterals against credit facilities received from financial institutions (Separate financial statements: Baht 172 million (31 December 2013: Baht 173 million)).



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(Unaudited but reviewed)

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

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 and Bangkok Rubber Plc., the pledge of fixed deposits and machines, and the mortgage of land and construction thereon of subsidiaries as described in Notes 6 and 10 to the financial statements.

12. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Trade accounts payable - related parties	35,052	38,457	4,287	15,965
Trade accounts payable - unrelated parties	56,213	49,193	5,754	5,904
Other payables - related parties	6,308	6,316	5,696	6,466
Other payables - unrelated parties	6,516	6,056	6,148	5,437
Accrued expenses - related parties	26,071	25,835	13,054	13,248
Accrued expenses - unrelated parties	101,227	101,008	6,135	8,429
Advance received for share subscription - related parties	20,644	20,644	20,644	20,644
Unearned revenue - unrelated parties	1,247	3,187	35	2,035
Total	<u>253,278</u>	<u>250,696</u>	<u>61,753</u>	<u>78,128</u>

13. Long-term loans

Movements in long-term loans account during the three-month period ended 31 March 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	Long-term debt restructuring loan	Other long-term loans	Total	Other long-term loans
Balance as at 1 January 2014	43,405	39,773	83,178	39,315
Less: Repayment	-	(39,432)	(39,432)	(39,315)
Balance as at 31 March 2014	43,405	341	43,746	-
Less: Current portion	-	(341)	(341)	-
Amount classified as current liability	(43,405)	-	(43,405)	-
Long-term loans, net of current portion	-	-	-	-



(Unaudited but reviewed)

14. Provisions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2014	2013	2014	2013
Short-term provisions				
Provisions for litigation	13,726	-	-	-
Total	<u>13,726</u>	<u>-</u>	<u>-</u>	<u>-</u>
Long-term provisions				
Provisions from guarantee for subsidiaries	-	-	173,338	173,338
Provisions from guarantee for related companies	241	241	241	241
Provisions for litigation	29,624	41,745	29,624	29,624
Total	<u>29,865</u>	<u>41,986</u>	<u>203,203</u>	<u>203,203</u>

15. Income tax

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

Income tax expenses (income) for the three-month periods ended 31 March 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	461	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,219)	42,772	43	34,376
Income tax expenses (income) reported in the statements of comprehensive income	<u>(1,758)</u>	<u>42,772</u>	<u>43</u>	<u>34,376</u>

16. Earnings per share

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



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17. Segment information

The one main reportable operating segment of the Company and its subsidiaries is 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.

18. Commitments and contingent liabilities**18.1 Operating lease commitments**

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

Future minimum lease payments were as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Payable:				
In up to 1 year	9	5	-	1
In over 1 and up to 5 years	1	2	-	-

18.2 Guarantees

- a) As at 31 March 2014, the Company and its subsidiary have obligations under their guarantees of loans and credit facilities provided to their related parties by banks and financial institutions totaling Baht 349 million (31 December 2013: Baht 349 million) (Separate financial statements: Baht 344 million (31 December 2013: Baht 344 million)).



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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2014	31 December 2013	31 March 2014	31 December 2013
Guarantee electricity use	9	9	3	3
Other guarantees	15	15	-	-

18.3 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 Appeal 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. At present, the case is under negotiation. The Company has recorded contingent liability as provisions from guarantee for subsidiaries.
- 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 2013 the Appeal Court affirmed the decision of the lower court. The Company is currently preparing to petition the Supreme Court. However, the Company recorded provision for the litigation amounting to Baht 19 million as ordered by court.



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19. Financial instruments

The outstanding balances of the Company 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	
	31 March 2014 (Million)	31 December 2013 (Million)	31 March 2014 (Million)	31 December 2013 (Million)	31 March 2014 (Baht per 1 foreign currency unit)	31 December 2013 (Baht per 1 foreign currency unit)
USD	-	-	1	1	32.4332	32.8136

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 14 May 2014.

