

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and six-month periods
ended 30 June 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 30 June 2014, the related consolidated statements of comprehensive income for the three-month and six-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended, as well as the condensed notes to the consolidated financial statements. I have also reviewed the separate financial information of Pan Asia Footwear Public Company Limited for the same periods. Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34 *Interim Financial Reporting*. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Basis for qualified conclusion

As discussed in Note 8 to the financial statements, the Company did not obtain the consolidated and separate financial statements for the three-month and six-month periods ended 30 June 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 and six-month periods ended 30 June 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 30 June 2014, the Company and its subsidiaries have current liabilities exceeded current assets by Baht 172 million (Separate financial statements: Baht 80 million) and have deficits of Baht 2,667 million (Separate financial statements: Baht 2,571 million). In addition, several subsidiaries had ceased their operations. 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: 13 August 2014

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		85,404	194,652	26,413	124,420
Current investments		105,253	65,000	40,253	-
Trade and other receivables	2	121,113	116,131	17,291	39,464
Short-term loans to related parties and other	3	8,826	9,086	-	-
Inventories	4	70,033	73,031	16,875	20,328
Other current assets		12,068	8,959	2,569	1,104
		<u>402,697</u>	<u>466,859</u>	<u>103,401</u>	<u>185,316</u>
Assets classified as held for sale	5	26,610	119,506	24,052	123,260
Total current assets		<u>429,307</u>	<u>586,365</u>	<u>127,453</u>	<u>308,576</u>
Non-current assets					
Restricted bank deposits	6	6,851	6,908	1,801	1,861
Investments in available-for-sale securities		33	32	33	32
Investments in subsidiaries	7	-	-	142,483	142,483
Investments in associates	8	43,314	38,197	-	-
Investments in related parties		11,000	3,750	-	-
Long-term loans to related parties	3	-	20,000	-	-
Investment properties	9	95,746	-	95,746	-
Property, plant and equipment	10	71,947	82,630	177,521	184,864
Goodwill		-	-	-	-
Leasehold right		4,066	4,338	4,066	4,338
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		4,729	4,933	-	-
Other non-current assets		20,034	21,753	14,702	13,993
Total non-current assets		<u>257,720</u>	<u>182,541</u>	<u>436,352</u>	<u>347,571</u>
Total assets		<u>687,027</u>	<u>768,906</u>	<u>563,805</u>	<u>656,147</u>

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



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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2014	31 December 2013	30 June 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	11	160,800	220,254	52,201	110,748
Trade and other payables	12	245,463	250,696	55,167	78,128
Short-term loans from related parties and other	3	100,000	100,721	100,000	105,000
Current portion of liabilities under finance					
lease agreements		866	821	-	-
Long-term loan - classified as current liability	13	43,405	43,405	-	-
Current portion of long-term loans	13	224	11,702	-	11,244
Short-term provision	14	15,144	-	-	-
Income tax payable		318	186	-	-
Other current liabilities		2,019	3,493	337	924
		<u>568,239</u>	<u>631,278</u>	<u>207,705</u>	<u>306,044</u>
Liabilities directly associated with the assets classified					
as held for sales		32,603	23,780	-	-
Total current liabilities		<u>600,842</u>	<u>655,058</u>	<u>207,705</u>	<u>306,044</u>
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		1,398	1,842	-	-
Long-term loans, net of current portion	13	-	28,071	-	28,071
Provision for long-term employee benefits		2,940	3,693	503	1,181
Long-term provisions	14	29,865	41,986	203,203	203,203
Deferred tax liabilities		453	443	453	365
Other non-current liabilities		3,248	2,953	116	23
Total non-current liabilities		<u>37,904</u>	<u>78,988</u>	<u>204,275</u>	<u>232,843</u>
Total liabilities		<u>638,746</u>	<u>734,046</u>	<u>411,980</u>	<u>538,887</u>
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)		(2,667,385)	(2,680,502)	(2,570,761)	(2,605,325)
Other component of shareholders' equity		(91)	(92)	(91)	(92)
Equity attributable to owners of the Company		<u>37,648</u>	<u>24,530</u>	<u>151,825</u>	<u>117,260</u>
Non-controlling interests of the subsidiaries		10,633	10,330	-	-
Total shareholders' equity		<u>48,281</u>	<u>34,860</u>	<u>151,825</u>	<u>117,260</u>
Total liabilities and shareholders' equity		<u>687,027</u>	<u>768,906</u>	<u>563,805</u>	<u>656,147</u>

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

Directors



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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 30 June 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit or loss:					
Revenues					
Sales		102,670	275,313	5,824	206,668
Revenues from hire of work		8,050	11,912	-	4,508
Interest income		8,351	8,690	4,115	5,020
Rental income		235	3,232	106	3,020
Gain on sales of assets		6,715	64,783	4,129	-
Other income		6,126	20,512	6,213	11,425
Total revenues		132,147	384,442	20,387	230,641
Expenses					
Cost of sales and hire of work		96,108	312,342	1,061	236,763
Selling expenses		1,512	6,063	444	6,146
Administrative expenses		17,118	68,413	4,849	43,249
Allowance for doubtful accounts		9,525	15,129	4,245	46,331
Severance payment		-	93,777	-	93,777
Impairment loss on investments (reversal)		(7,250)	-	-	3,592
Impairment loss on assets		3,028	63,527	2,542	73,472
Other expenses		1,850	6,534	-	4,569
Total expenses		121,891	565,785	13,141	507,899
Profit (loss) before share of profit from investments					
in associates, finance cost and income tax expenses		10,256	(181,343)	7,246	(277,258)
Share of profit from investments in associates		2,043	1,345	-	-
Profit (loss) before finance cost and income tax expenses		12,299	(179,998)	7,246	(277,258)
Finance cost		(6,908)	(17,092)	(2,105)	(11,308)
Profit (loss) before income tax expenses		5,391	(197,090)	5,141	(288,566)
Income tax expenses	15	(2,577)	(11,973)	(45)	(12,586)
Profit (loss) before loss from discontinued operations		2,814	(209,063)	5,096	(301,152)
Loss for the period from discontinued operations		(5,936)	(3,912)	-	-
Profit (loss) for the period		(3,122)	(212,975)	5,096	(301,152)
Other comprehensive income:					
Profit (loss) on change in value of available-for-sale investments		8	(7)	8	(7)
Other comprehensive income for the period		8	(7)	8	(7)
Total comprehensive income for the period		(3,114)	(212,982)	5,104	(301,159)

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the three-month period ended 30 June 2014

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

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit (loss) attributable to:					
Equity holders of the Company		(3,102)	(212,704)	5,096	(301,152)
Non-controlling interests of the subsidiaries		(20)	(271)		
		<u>(3,122)</u>	<u>(212,975)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		(3,094)	(212,711)	5,104	(301,159)
Non-controlling interests of the subsidiaries		(20)	(271)		
		<u>(3,114)</u>	<u>(212,982)</u>		
Basic earnings per share					
Profit (loss) attributable to equity holder of the Company	16	<u>(0.01)</u>	<u>(0.40)</u>	<u>0.01</u>	<u>(0.56)</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 comprehensive income

For the six-month period ended 30 June 2014

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

Note	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit or loss:				
Revenues				
Sales	225,507	591,288	18,928	430,423
Revenues from hire of work	17,983	25,133	-	7,176
Interest income	15,462	17,002	8,047	8,981
Rental income	459	12,094	200	11,791
Gain on sales of assets	8,215	490,468	2,614	244,180
Other income	9,667	34,428	8,275	23,049
Total revenues	277,293	1,170,413	38,064	725,600
Expenses				
Cost of sales and hire of work	205,623	649,474	4,634	484,620
Selling expenses	2,632	16,986	589	15,936
Administrative expenses	34,666	125,288	9,573	69,753
Allowance for doubtful accounts (reversal)	4,283	25,548	(23,025)	86,969
Severance payment	-	129,882	-	129,882
Impairment loss on investments (reversal)	(7,250)	-	3,400	3,592
Impairment loss on assets	3,978	63,527	3,579	73,472
Other expenses	4,060	11,153	-	8,846
Total expenses	247,992	1,021,858	(1,250)	873,070
Profit (loss) before share of profit from investments in associates, finance cost and income tax expenses	29,301	148,555	39,314	(147,470)
Share of profit from investments in associates	5,117	2,943	-	-
Profit (loss) before finance cost and income tax expenses	34,418	151,498	39,314	(147,470)
Finance cost	(14,169)	(41,452)	(4,662)	(26,138)
Profit (loss) before income tax expenses	20,249	110,046	34,652	(173,608)
Income tax expenses	(819)	(54,745)	(88)	(46,962)
Profit (loss) before loss from discontinued operations	19,430	55,301	34,564	(220,570)
Loss for the period from discontinued operations	(6,010)	(10,036)	-	-
Profit (loss) for the period	13,420	45,265	34,564	(220,570)
Other comprehensive income:				
Gain (loss) on change in value of available-for-sale investments	1	(4)	1	(4)
Other comprehensive income for the period	1	(4)	1	(4)
Total comprehensive income for the period	13,421	45,261	34,565	(220,574)

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



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(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the six-month period ended 30 June 2014

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

Note	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Profit (loss) attributable to:				
Equity holders of the Company	13,117	40,690	34,564	(220,570)
Non-controlling interests of the subsidiaries	303	4,575		
	<u>13,420</u>	<u>45,265</u>		
Total comprehensive income attributable to:				
Equity holders of the Company	13,118	40,686	34,565	(220,574)
Non-controlling interests of the subsidiaries	303	4,575		
	<u>13,421</u>	<u>45,261</u>		
Basic earnings per share				
Profit (loss) attributable to equity holder of the Company 16	<u>0.02</u>	<u>0.08</u>	<u>0.06</u>	<u>(0.41)</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 six-month period ended 30 June 2014

(Unit: Thousand Baht)

Consolidated financial statements

Equity attributable to owners of the Company

	Equity attributable to owners of the Company		Retained earnings (deficit)		The Company's shares held by its subsidiaries	Share premium	Other component of equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
	Issued and fully paid-up share capital	Share premium	Unappropriated				Deficit on changes in value of available-for-sale investments	Other comprehensive income	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 2013	2,700,000	1,677	21,000	(2,912,763)	(17,553)		(86)	(207,725)	5,459	(202,266)				
Total comprehensive income for the period	-	-	-	40,690	-		(4)	40,686	4,575	45,261				
Balance as at 30 June 2013	2,700,000	1,677	21,000	(2,872,073)	(17,553)		(90)	(167,039)	10,034	(157,005)				
Balance as at 1 January 2014	2,700,000	1,677	21,000	(2,680,502)	(17,553)		(92)	24,530	10,330	34,860				
Total comprehensive income for the period	-	-	-	13,117	-		1	13,118	303	13,421				
Balance as at 30 June 2014	2,700,000	1,677	21,000	(2,667,385)	(17,553)		(91)	37,648	10,633	48,281				

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 six-month period ended 30 June 2014

(Unit: Thousand Baht)

Separate financial statements

	Issued and fully paid-up share capital	Share premium	Retained earnings (deficit)		Unappropriated	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	-	-	-	(220,570)	(4)	(220,574)	
Balance as at 30 June 2013	2,700,000	1,677	21,000	(2,733,984)	(90)	(11,397)	
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	-	-	-	34,564	1	34,565	
Balance as at 30 June 2014	2,700,000	1,677	21,000	(2,570,761)	(91)	151,825	

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



(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Cash flows statement

For the six-month period ended 30 June 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) before tax	20,249	110,046	34,652	(173,608)
Loss from discontinued operations	(6,010)	(10,036)	-	-
Profit (loss) for the period	14,239	100,010	34,652	(173,608)
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	6,959	24,835	3,734	14,957
Allowance for doubtful accounts (reversal)	4,283	25,548	(23,025)	86,969
Reversal of reduce cost to net realisable value	(24,430)	(44,982)	(23,971)	(5,482)
Impairment loss on assets	3,978	63,527	3,579	73,472
Gain on sales of property, plant and equipment	(8,215)	(490,468)	(2,614)	(244,180)
Reversal of short-term loan from other party	(721)	-	-	-
Share of profit from investments in associates	(5,117)	(2,943)	-	-
Allowance for impairment loss on investments (reversal)	(7,250)	-	3,400	3,592
Provision for litigation	3,023	-	-	-
Severance payment	-	129,882	-	129,882
Reversal of provision for long-term employee benefits	(753)	(2,405)	(678)	(2,054)
Unrealised gain on exchange	(594)	(598)	(699)	(783)
Interest income	(15,462)	(17,002)	(8,047)	(8,981)
Interest expenses	14,169	41,452	4,662	26,138
Loss from operating activities before changes in operating assets and liabilities	(15,891)	(173,144)	(9,007)	(100,078)
Operating assets (increase) decrease				
Trade and other receivables	4,573	37,025	29,441	4,902
Inventories	27,428	129,131	27,424	81,434
Other current assets	(3,109)	(18,016)	(1,465)	2,393
Other non-current assets	3,115	(8,386)	-	(9,035)
Assets of subsidiaries that classified as held for sale	(2,912)	11,922	-	-
Receivables from guarantee	-	(7,728)	-	21,342
Operating liabilities increase (decrease)				
Trade and other payables	(13,870)	(70,136)	(22,275)	(49,876)
Other current liabilities	(1,474)	(13,871)	(587)	1,055
Short-term provisions	-	(38,258)	-	(38,258)
Other non-current liabilities	295	649	93	43
Liabilities directly associated with assets of subsidiaries that classified as held for sales	8,823	(3,487)	-	-
Cash from (used in) operating activities	6,978	(154,299)	23,624	(86,078)
Cash paid for corporate income tax	(2,457)	(3,787)	(709)	(744)
Income tax refunded	588	4,318	-	-
Net cash flows from (used in) operating activities	5,109	(153,768)	22,915	(86,822)

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 six-month period ended 30 June 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	(4,834)	60	-
Increase in current investment	(40,253)	-	(40,253)	-
Increase in short-term loans to related parties and other	(950)	-	-	-
Cash receipt from short-term loans to related parties and other	1,210	2,100	-	-
Increase in long-term loans to related parties	-	(5,900)	-	(83,527)
Cash receipt from long-term loans to related parties	20,260	19,700	24,040	77,667
Proceeds from disposal of assets classified as held for sale	-	1,147,859	-	904,452
Acquisition of property, plant and equipment	(348)	(7,457)	-	(3,377)
Proceeds from disposal of property, plant and equipment	8,643	22,750	2,978	2,808
Interest income	1,813	1,433	358	3,715
Net cash flows from (used in) investing activities	(9,568)	1,175,651	(12,817)	901,738
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(59,454)	(350,273)	(58,547)	(291,920)
Repayment of short-term loans from related parties	-	(11,404)	(5,000)	(23,084)
Repayment of liabilities under finance lease agreements	(399)	(530)	-	-
Repayment of long-term loans	(39,549)	(361,560)	(39,315)	(246,914)
Interest expenses	(5,387)	(39,249)	(5,243)	(25,187)
Net cash flows used in financing activities	(104,789)	(763,016)	(108,105)	(587,105)
Net increase (decrease) in cash and cash equivalents	(109,248)	258,867	(98,007)	227,811
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	85,404	277,048	26,413	228,897

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 and six-month periods ended 30 June 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 30 June 2014, the Company and its subsidiaries have current liabilities exceeded current assets by Baht 172 million (Separate financial statements: Baht 80 million) and have deficits of Baht 2,667 million (Separate financial statements: Baht 2,571 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.

On 11 June 2014, Burirum Pan Footwear Company Limited, a subsidiary held by Kabinburi Pan Asia Footwear Company Limited, registered its dissolution with the Ministry of Commerce.

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	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	22,458	30,186	104	-
Past due				
Up to 3 months	20,145	27,359	798	1,120
3 - 6 months	5,447	4,725	127	985
6 - 12 months	8,770	9,375	792	-
Over 12 months	72,097	70,299	231	231
Total	128,917	141,944	2,052	2,336
Less: Allowance for doubtful accounts	(64,214)	(64,228)	(231)	(87)
Total trade receivables - related parties, net	64,703	77,716	1,821	2,249
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	29,516	12,091	131	221
Past due				
Up to 3 months	11,936	8,677	1,435	471
3 - 6 months	275	2,124	130	1,991
6 - 12 months	192	6,402	63	6,247
Over 12 months	17,404	12,247	6,134	198
Total	59,323	41,541	7,893	9,128
Less: Allowance for doubtful accounts	(16,881)	(15,004)	(6,023)	(3,230)
Total trade receivables - unrelated parties, net	42,442	26,537	1,870	5,898
Total trade receivables - net	107,145	104,253	3,691	8,147
<u>Other receivables</u>				
Other receivables - related parties	333,774	346,242	184,195	203,506
Other receivables - unrelated parties	15,114	14,539	5,707	6,035
Total	348,888	360,781	189,902	209,541
Less: Allowance for doubtful accounts	(334,920)	(348,903)	(176,302)	(178,224)
Total other receivables - net	13,968	11,878	13,600	31,317
Total trade and other receivables - net	121,113	116,131	17,291	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)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	2	1	Cost plus margins of 3% - 10%
Interest income	-	-	4	4	7.5% per annum
Other income	-	-	4	-	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	1	5	Cost plus margins of 3% - 10%
Hire of work expenses	-	-	-	1	Cost plus margins of 3% - 10%
Interest expenses	-	-	-	3	5.85% per annum
<u>Transactions with associates</u>					
Sales of goods	1	2	-	-	Cost plus margins of 3% - 10%
Interest income	8	9	-	-	5.0% - 7.5% per annum
Service income	-	2	-	-	As indicated in the agreement
Other income	1	1	-	-	Cost plus margins or as indicated in the agreement
Purchase of goods	3	8	-	8	Cost plus margins of 3% - 10%
Other expenses	-	1	-	-	As indicated in the agreement
<u>Transactions with related companies</u>					
Sales of goods	60	34	-	1	Cost plus margins of 3% - 10%
Hire of work income	-	5	-	4	Cost plus margins of 3% - 10%
Rental income	-	2	-	2	Cost plus margins of 3% or market price
Other income	-	1	-	1	Cost plus margins or as indicated in the agreement
Purchases of goods	3	3	-	1	Cost plus margins of 3% - 10%
Public utilities expenses	5	5	-	4	As indicated in the agreement
Other expenses	8	2	-	-	As indicated in the agreement



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(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2014	2013	2014	2013	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	2	1	Cost plus margins of 3% - 10%
Interest income	-	-	8	8	7.5% per annum
Rental income	-	-	-	1	Cost plus margins of 3% or market price
Other income	-	-	4	1	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	1	13	Cost plus margins of 3% - 10%
Hire of work expenses	-	-	-	4	Cost plus margins of 3% - 10%
Interest expenses	-	-	-	3	5.85% per annum
<u>Transactions with associates</u>					
Sales of goods	2	4	-	-	Cost plus margins of 3% - 10%
Interest income	14	15	-	-	5.0% - 7.5% per annum
Rental income	-	5	-	4	Cost plus margins of 3% or market price
Service income	-	2	-	-	As indicated in the agreement
Other income	1	1	-	-	Cost plus margins or as indicated in the agreement
Purchase of goods	5	23	-	21	Cost plus margins of 3% - 10%
Other expenses	-	1	-	-	As indicated in the agreement
<u>Transactions with related companies</u>					
Sales of goods	127	88	-	1	Cost plus margins of 3% - 10%
Hire of work income	-	9	-	7	Cost plus margins of 3% - 10%
Rental income	-	4	-	4	Cost plus margins of 3% or market price
Other income	-	1	-	1	Cost plus margins or as indicated in the agreement
Purchases of goods	5	7	-	1	Cost plus margins of 3% - 10%
Public utilities expenses	5	8	-	8	As indicated in the agreement
Other expenses	10	4	-	1	As indicated 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		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
<u>Trade and other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	127,816	134,554
Associates	254,564	266,053	18,288	30,266
Related companies (related by common shareholders and directors)	208,127	222,133	40,143	41,022
Total	462,691	488,186	186,247	205,842
Less: Allowance for doubtful accounts	(389,090)	(402,992)	(173,246)	(175,025)
Net	73,601	85,194	13,001	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	-	-	7,000	20,166
Associates	25,980	27,116	611	517
Related companies (related by common shareholders and directors)	58,352	64,136	32,905	35,640
Total	84,332	91,252	40,516	56,323

Short-term loans to related parties and other

During the six-month period ended 30 June 2014, the movements of short-term loans to related parties and other were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	As at			As at
	1 January 2014	Increase	Decrease	30 June 2014
<u>Short-term loans to related parties and other</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	-	(200)	3,800
Rattananakorn Engineering Co., Ltd.	-	950	-	950
Total	9,080	950	(1,190)	8,840



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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements			As at 30 June 2014
	As at 1 January 2014	Increase	Decrease	
Total short-term loans to related parties	12,463	950	(1,190)	12,223
Less: Allowance for doubtful accounts	(3,950)	-	-	(3,950)
Total short-term loans to related parties - net	8,513	950	(1,190)	8,273
Short-term loans to other	573	-	(20)	553
Total short-term loans to related parties and other, net	9,086	950	(1,210)	8,826

Long-term loans to related parties

During the six-month period ended 30 June 2014, the movements of long-term loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			As at 30 June 2014
	As at 1 January 2014	Decrease	As at 30 June 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)	-	-



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(Unit: Thousand Baht)

	Separate financial statements		
	As at 1 January 2014	Decrease	As at 30 June 2014
<u>Long-term loans to related parties</u>			
Subsidiaries			
Modern Technology Component Co., Ltd.	24,400	(2,000)	22,400
Kabinburi Pan Asia Footwear Co., Ltd.	174,040	(22,040)	152,000
Phimai Footwear Co., Ltd.	23,050	-	23,050
Total	221,490	(24,040)	197,450
Related company			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Total	2,109	-	2,109
Total long-term loans to related parties	223,599	(24,040)	199,559
Less: Allowance for doubtful accounts	(223,599)	24,040	(199,559)
Total long-term loans to related parties, net	-	-	-

Short-term loans from related parties and other

During the six-month period ended 30 June 2014, the movements of short-term loans to related person and parties and other were as follows:

	Consolidated financial statements		
	As at 1 January 2014	Decrease	As at 30 June 2014
<u>Short-term loans from related parties and other</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 other	100,721	(721)	100,000

	Separate financial statements		
	As at 1 January 2014	Decrease	As at 30 June 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 six-month periods ended 30 June 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	financial statements	financial statements
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Short-term employee benefits	2,053	5,369	640	2,747
Post-employment benefits	49	47	33	42
Total	<u>2,102</u>	<u>5,416</u>	<u>673</u>	<u>2,789</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 six-month period ended 30 June 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	(24,829)	(23,971)
Balance as at 30 June 2014	<u>150,618</u>	<u>108,183</u>



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5. Assets classified as held for sale

Movements in assets classified as held for sale account during the six-month period ended 30 June 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	2,912	-	2,912
Transfer to investment properties	-	(95,808)	(95,808)
Balance as at 30 June 2014	<u>26,610</u>	<u>-</u>	<u>26,610</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 30 June 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 30 June 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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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	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	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	
	30 June 2014	31 December 2013
Investments in associates - at cost	504,943	504,943
Accumulated share of loss in associates	(461,629)	(466,746)
Investments in associates - equity method	43,314	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 and six-month periods ended 30 June 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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9. Investment properties

Movements in the investment properties account during the six-month period ended 30 June 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	(62)
Balance as at 30 June 2014	<u>95,746</u>

As at 30 June 2014, the Company has mortgaged 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 six-month period ended 30 June 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	348	-
Disposals/write-off during the period - net book value at disposal date	(428)	(364)
Depreciation for the period	(6,625)	(3,400)
Allowance for impairment of assets	(3,978)	(3,579)
Balance as at 30 June 2014	<u>71,947</u>	<u>177,521</u>

As at 30 June 2014, the Company and its subsidiaries have mortgaged assets with net book value amounting to Baht 37 million (31 December 2013: Baht 39 million) as collaterals against credit facilities received from financial institutions (Separate financial statements: Baht 171 million (31 December 2013: Baht 173 million)).



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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	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Trade accounts payable - related parties	34,270	38,457	5,102	15,965
Trade accounts payable - unrelated parties	50,428	49,193	5,273	5,904
Other payables - related parties	6,393	6,316	4,406	6,466
Other payables - unrelated parties	3,926	6,056	3,420	5,437
Accrued expenses - related parties	23,025	25,835	10,364	13,248
Accrued expenses - unrelated parties	105,615	101,008	5,923	8,429
Advance received for share subscription - related parties	20,644	20,644	20,644	20,644
Unearned revenue - unrelated parties	1,162	3,187	35	2,035
Total	245,463	250,696	55,167	78,128

13. Long-term loans

Movements in long-term loans account during the six-month period ended 30 June 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate financial	
	financial statements		statements	
	Long-term debt	Other	Total	Other
	restructuring loan	long-term loans		long-term loans
Balance as at 1 January 2014	43,405	39,773	83,178	39,315
Less: Repayment	-	(39,549)	(39,549)	(39,315)
Balance as at 30 June 2014	43,405	224	43,629	-
Less: Current portion	-	(224)	(224)	-
Amount classified as current liability	(43,405)	-	(43,405)	-
Long-term loans, net of current portion	-	-	-	-



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14. Provisions

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2014	2013	2014	2013
Short-term provisions				
Provisions for litigation	15,144	-	-	-
Total	15,144	-	-	-
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	29,865	41,986	203,203	203,203

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 for the three-month and six-month periods ended 30 June 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	144	446	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,433	11,527	45	12,586
Income tax expense reported in the statements of comprehensive income	<u>2,577</u>	<u>11,973</u>	<u>45</u>	<u>12,586</u>



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(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	605	446	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	214	54,299	88	46,962
Income tax expense reported in the statements of comprehensive income	<u>819</u>	<u>54,745</u>	<u>88</u>	<u>46,962</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.

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.



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(Unaudited but reviewed)

Future minimum lease payments were as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Payable:				
In up to 1 year	8	5	-	1
In over 1 and up to 5 years	1	2	-	-

18.2 Guarantees

- a) As at 30 June 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)).
- b) The Company and its subsidiaries have outstanding bank guarantees as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2014	31 December 2013	30 June 2014	31 December 2013
Guarantee electricity use	7	9	2	3
Other guarantees	9	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.



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(Unaudited but reviewed)

- 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 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.

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	
	30 June 2014 (Million)	31 December 2013 (Million)	30 June 2014 (Million)	31 December 2013 (Million)	30 June 2014 (Baht per 1 foreign currency unit)	31 December 2013 (Baht per 1 foreign currency unit)
USD	1	-	-	1	32.4550	32.8136

20. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 13 August 2014.



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