

Pan Asia Footwear Public Company Limited
and its subsidiaries
Report and consolidated interim financial statements
For the three-month and nine-month periods
ended 30 September 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 September 2014, the related consolidated statements of comprehensive income for the three-month and nine-month periods then ended, and the related consolidated statements of changes in shareholders' equity and cash flows for the nine-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 nine-month periods ended 30 September 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 2013, 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.

Qualified conclusion

Based on my review, except for any adjustments that might be required to the interim financial information for the three-month and nine-month periods ended 30 September 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 September 2014, the Company and its subsidiaries have current liabilities exceeded current assets by Baht 146 million (Separate financial statements: Baht 71 million) and have deficits of Baht 2,640 million (Separate financial statements: Baht 2,560 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 November 2014

Pan Asia Footwear Public Company Limited and its subsidiaries
Statement of financial position
As at 30 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2014	31 December 2013	30 September 2014	31 December 2013
		(Unaudited but reviewed)	(Audited)	(Unaudited but reviewed)	(Audited)
Assets					
Current assets					
Cash and cash equivalents		77,119	194,652	25,021	124,420
Current investments		105,359	65,000	40,359	-
Trade and other receivables	2	143,195	116,131	11,734	39,464
Short-term loans to related parties and other	3	7,796	9,086	-	-
Inventories	4	75,311	73,031	14,514	20,328
Other current assets		13,144	8,959	4,621	1,104
		<u>421,924</u>	<u>466,859</u>	<u>96,249</u>	<u>185,316</u>
Assets classified as held for sale	5	27,589	119,506	22,968	123,260
Total current assets		<u>449,513</u>	<u>586,365</u>	<u>119,217</u>	<u>308,576</u>
Non-current assets					
Restricted bank deposits	6	5,234	6,908	1,349	1,861
Investments in available-for-sale securities		47	32	47	32
Investments in subsidiaries	7	-	-	142,483	142,483
Investments in associates	8	47,030	38,197	5,476	-
Investments in related parties		12,098	3,750	-	-
Long-term loans to related parties	3	-	20,000	5,000	-
Investment properties	9	95,714	-	95,714	-
Property, plant and equipment	10	72,997	82,630	168,554	184,864
Goodwill		-	-	-	-
Leasehold right		3,930	4,338	3,930	4,338
Receivables from guarantee - related parties	3	-	-	-	-
Deferred tax assets		1,870	4,933	-	-
Other non-current assets		20,112	21,753	15,201	13,993
Total non-current assets		<u>259,032</u>	<u>182,541</u>	<u>437,754</u>	<u>347,571</u>
Total assets		<u>708,545</u>	<u>768,906</u>	<u>556,971</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 September 2014

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 September 2014	31 December 2013	30 September 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	150,467	220,254	39,683	110,748
Trade and other payables	12	248,734	250,696	50,423	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		890	821	-	-
Long-term loan - classified as current liability	13	43,405	43,405	-	-
Current portion of long-term loans	13	107	11,702	-	11,244
Short-term provision	14	16,205	-	-	-
Income tax payable		469	186	-	-
Other current liabilities		2,567	3,493	95	924
		<u>562,844</u>	<u>631,278</u>	<u>190,201</u>	<u>306,044</u>
Liabilities directly associated with the assets classified					
as held for sales		33,008	23,780	-	-
		<u>595,852</u>	<u>655,058</u>	<u>190,201</u>	<u>306,044</u>
Total current liabilities					
Non-current liabilities					
Liabilities under finance lease agreements,					
net of current portion		1,166	1,842	-	-
Long-term loans, net of current portion	13	-	28,071	-	28,071
Provision for long-term employee benefits		2,871	3,693	519	1,181
Long-term provisions	14	29,865	41,986	203,203	203,203
Deferred tax liabilities		500	443	500	365
Other non-current liabilities		3,267	2,953	23	23
		<u>37,669</u>	<u>78,988</u>	<u>204,245</u>	<u>232,843</u>
Total non-current liabilities					
Total liabilities					
		<u>633,521</u>	<u>734,046</u>	<u>394,446</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)		(2,640,316)	(2,680,502)	(2,560,075)	(2,605,325)
Other component of shareholders' equity		(77)	(92)	(77)	(92)
Equity attributable to owners of the Company		<u>64,731</u>	<u>24,530</u>	<u>162,525</u>	<u>117,260</u>
Non-controlling interests of the subsidiaries		10,293	10,330	-	-
Total shareholders' equity					
		<u>75,024</u>	<u>34,860</u>	<u>162,525</u>	<u>117,260</u>
Total liabilities and shareholders' equity					
		<u>708,545</u>	<u>768,906</u>	<u>556,971</u>	<u>656,147</u>

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



Directors

(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of comprehensive income

For the three-month period ended 30 September 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		132,005	214,530	7,074	123,187
Revenues from hire of work		9,014	9,264	-	925
Interest income		7,774	8,103	3,856	4,222
Rental income		220	522	90	380
Gain on sales of assets		19,341	63,556	7,140	3,139
Other income		3,387	10,562	1,473	4,063
Total revenues		171,741	306,537	19,633	135,916
Expenses					
Cost of sales and hire of work		115,233	269,652	2,648	179,854
Selling expenses		2,693	2,117	1,443	1,587
Administrative expenses		17,566	37,711	5,558	12,114
Allowance for doubtful accounts (reversal)		1,164	6,737	(2,622)	35,046
Impairment loss on investments		-	-	-	23,000
Impairment loss on assets (reversal)		-	10,286	-	(3,289)
Provision for litigation		1,558	19,200	-	19,200
Other expenses		805	1,534	-	1,356
Total expenses		139,019	347,237	7,027	268,868
Profit (loss) before share of profit from investments					
in associates, finance cost and income tax expenses		32,722	(40,700)	12,606	(132,952)
Share of profit from investments in associates		3,716	1,389	-	-
Profit (loss) before finance cost and income tax expenses		36,438	(39,311)	12,606	(132,952)
Finance cost		(6,734)	(14,510)	(1,873)	(9,211)
Profit (loss) before income tax expenses		29,704	(53,821)	10,733	(142,163)
Income tax expenses	15	(3,187)	(632)	(47)	(88)
Profit (loss) before loss from discontinued operations		26,517	(54,453)	10,686	(142,251)
Profit (loss) for the period from discontinued operations		673	(12,399)	-	-
Profit (loss) for the period		27,190	(66,852)	10,686	(142,251)
Other comprehensive income:					
Profit (loss) on change in value of available-for-sale investments		14	(1)	14	(1)
Other comprehensive income for the period		14	(1)	14	(1)
Total comprehensive income for the period		27,204	(66,853)	10,700	(142,252)

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 September 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		27,069	(67,331)	10,686	(142,251)
Non-controlling interests of the subsidiaries		121	479		
		<u>27,190</u>	<u>(66,852)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		27,083	(67,332)	10,700	(142,252)
Non-controlling interests of the subsidiaries		121	479		
		<u>27,204</u>	<u>(66,853)</u>		
Basic earnings per share					
Profit (loss) attributable to equity holder of the Company	16	<u>0.06</u>	<u>(0.13)</u>	<u>0.02</u>	<u>(0.26)</u>

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 nine-month period ended 30 September 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		357,512	805,818	26,002	553,610
Revenues from hire of work		26,997	34,397	-	8,101
Interest income		23,236	25,105	11,903	13,203
Rental income		679	12,616	290	12,171
Gain on sales of assets		27,556	554,024	9,754	247,319
Other income		13,054	44,990	9,748	27,112
Total revenues		449,034	1,476,950	57,697	861,516
Expenses					
Cost of sales and hire of work		320,856	919,126	7,282	664,474
Selling expenses		5,325	19,103	2,032	17,523
Administrative expenses		52,232	162,999	15,131	81,867
Allowance for doubtful accounts (reversal)		5,447	32,285	(25,647)	122,015
Severance payment		-	129,882	-	129,882
Impairment loss on investments (reversal)		(7,250)	-	3,400	26,592
Impairment loss on assets		3,978	73,813	3,579	70,183
Provision for litigation		5,002	19,200	-	19,200
Other expenses		1,421	12,687	-	10,202
Total expenses		387,011	1,369,095	5,777	1,141,938
Profit (loss) before share of profit from investments					
in associates, finance cost and income tax expenses		62,023	107,855	51,920	(280,422)
Share of profit from investments in associates		8,833	4,332	-	-
Profit (loss) before finance cost and					
income tax expenses		70,856	112,187	51,920	(280,422)
Finance cost		(20,903)	(55,962)	(6,535)	(35,349)
Profit (loss) before income tax expenses		49,953	56,225	45,385	(315,771)
Income tax expenses	15	(4,006)	(55,377)	(135)	(47,050)
Profit (loss) before loss from discontinued operations		45,947	848	45,250	(362,821)
Loss for the period from discontinued operations		(5,337)	(22,435)	-	-
Profit (loss) for the period		40,610	(21,587)	45,250	(362,821)
Other comprehensive income:					
Gain (loss) on change in value of available-for-sale investments		15	(5)	15	(5)
Other comprehensive income for the period		15	(5)	15	(5)
Total comprehensive income for the period		40,625	(21,592)	45,265	(362,826)

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 nine-month period ended 30 September 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		40,186	(26,641)	45,250	(362,821)
Non-controlling interests of the subsidiaries		424	5,054		
		<u>40,610</u>	<u>(21,587)</u>		
Total comprehensive income attributable to:					
Equity holders of the Company		40,201	(26,646)	45,265	(362,826)
Non-controlling interests of the subsidiaries		424	5,054		
		<u>40,625</u>	<u>(21,592)</u>		
Basic earnings per share					
Profit (loss) attributable to equity holder of the Company	16	<u>0.08</u>	<u>(0.05)</u>	<u>0.08</u>	<u>(0.67)</u>

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

For the nine-month period ended 30 September 2014

(Unit: Thousand Baht)

Consolidated financial statements

	Equity attributable to owners of the Company										Total	
	The Company's shares held by its subsidiaries			Retained earnings (deficit)		Unappropriated		Other component of equity		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	-	-	-	-	-	-	-			
										Appropriated		Unappropriated
Balance as at 1 January 2013	2,700,000	1,677	(17,553)	21,000	(2,912,763)	(86)	(86)	(86)	(86)	(207,725)	5,459	(202,266)
Total comprehensive income for the period	-	-	-	-	(26,641)	(5)	(5)	(5)	(5)	(26,646)	5,054	(21,592)
Balance as at 30 September 2013	2,700,000	1,677	(17,553)	21,000	(2,939,404)	(91)	(91)	(91)	(91)	(234,371)	10,513	(223,858)
Balance as at 1 January 2014	2,700,000	1,677	(17,553)	21,000	(2,680,502)	(92)	(92)	(92)	(92)	24,530	10,330	34,860
Decrease in non-controlling interest of the subsidiaries	-	-	-	-	-	-	-	-	-	-	(461)	(461)
Total comprehensive income for the period	-	-	-	-	40,186	15	15	15	15	40,201	424	40,625
Balance as at 30 September 2014	2,700,000	1,677	(17,553)	21,000	(2,640,316)	(77)	(77)	(77)	(77)	64,731	10,293	75,024

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 nine-month period ended 30 September 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	-	-	-	(362,821)	(5)	(362,826)
Balance as at 30 September 2013	2,700,000	1,677	21,000	(2,876,235)	(91)	(153,649)
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	-	-	-	45,250	15	45,265
Balance as at 30 September 2014	2,700,000	1,677	21,000	(2,560,075)	(77)	162,525

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 nine-month period ended 30 September 2014

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit (loss) before tax	49,953	56,225	45,385	(315,771)
Loss from discontinued operations	(5,337)	(22,435)	-	-
Profit (loss) for the period	44,616	33,790	45,385	(315,771)
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	10,576	35,576	5,554	20,509
Allowance for doubtful accounts (reversal)	5,447	32,285	(25,647)	122,015
Reduce cost to net realisable value (reversal)	(33,328)	4,180	(32,860)	48,162
Impairment loss on assets	3,978	73,813	3,579	70,183
Gain on sales of property, plant and equipment	(27,556)	(554,024)	(9,754)	(247,319)
Reversal of short-term loan from other party	(721)	-	-	-
Gain on sales of investments in subsidiaries	(1,605)	(1,284)	(60)	-
Share of profit from investments in associates	(8,833)	(4,332)	-	-
Allowance for impairment loss on investments (reversal)	(7,250)	-	3,400	26,592
Provision for litigation	5,002	19,200	-	19,200
Reversal of provision for long-term employee benefits	(822)	(2,376)	(662)	(2,054)
Unrealised loss (gain) on exchange	(745)	1,036	(718)	953
Interest income	(23,236)	(25,105)	(11,903)	(13,203)
Interest expenses	20,903	55,962	6,535	35,349
Loss from operating activities before changes in operating assets and liabilities	(13,574)	(331,279)	(17,151)	(235,384)
Operating assets (increase) decrease				
Trade and other receivables	(16,932)	122,583	35,769	106,333
Inventories	31,048	209,588	38,674	150,898
Other current assets	(4,185)	(7,177)	(3,517)	13,396
Other non-current assets	793	(8,496)	-	(9,075)
Assets of subsidiaries that classified as held for sale	(3,891)	7,956	-	-
Receivables from guarantee	-	(7,728)	-	21,342
Operating liabilities increase (decrease)				
Trade and other payables	(14,757)	(142,797)	(25,566)	(120,462)
Other current liabilities	(926)	(14,738)	(829)	1,716
Short-term provisions	-	(18,674)	-	(18,674)
Other non-current liabilities	314	2,872	-	23
Liabilities directly associated with assets of subsidiaries that classified as held for sales	9,228	11,634	-	-
Cash from (used in) operating activities	(12,882)	(176,256)	27,380	(89,887)
Cash paid for income tax	(2,889)	(4,705)	(1,208)	(950)
Income tax refunded	3,134	4,318	-	-
Net cash flows from (used in) operating activities	(12,637)	(176,643)	26,172	(90,837)

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 (continued)

For the nine-month period ended 30 September 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	1,674	(4,042)	512	-
Increase in current investment	(40,359)	-	(40,359)	-
Increase in short-term loans to related parties and other	(950)	-	-	-
Cash receipt from short-term loans to related parties and other	2,540	2,300	-	-
Increase in long-term loans to related parties	-	(5,900)	(5,000)	(83,527)
Cash receipt from long-term loans to related parties	23,264	20,940	24,040	77,667
Proceeds from disposal of assets classified as held for sale	-	1,230,092	-	908,451
Proceeds from sales of investments in a subsidiary	-	8,850	-	8,850
Acquisition of property, plant and equipment	(5,715)	(8,274)	(5,035)	(3,377)
Proceeds from disposal of property, plant and equipment	28,852	37,965	22,468	22,495
Interest income	3,567	1,536	574	4,177
Net cash flows from (used in) investing activities	12,873	1,283,467	(2,800)	934,736
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans				
from financial institutions	(69,787)	(403,852)	(71,065)	(308,533)
Repayment of short-term loans from related parties	-	(15,544)	(5,000)	(77,950)
Repayment of liabilities under finance lease agreements	(607)	(796)	-	-
Repayment of long-term loans	(39,666)	(364,488)	(39,315)	(249,725)
Interest expenses	(7,709)	(41,614)	(7,391)	(33,784)
Net cash flows used in financing activities	(117,769)	(826,294)	(122,771)	(669,992)
Net increase (decrease) in cash and cash equivalents	(117,533)	280,530	(99,399)	173,907
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	77,119	298,711	25,021	174,993

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	-
Investments in associates increased due to payment receipt from an account receivable - subsidiary company	-	-	5,476	-
Investments in related parties increased due to payment receipt from an account receivable - related company	1,098	-	-	-

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 nine-month periods ended 30 September 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 September 2014, the Company and its subsidiaries have current liabilities exceeded current assets by Baht 146 million (Separate financial statements: Baht 71 million) and have deficits of Baht 2,640 million (Separate financial statements: Baht 2,560 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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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 September 2014	31 December 2013	30 September 2014	31 December 2013
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	41,151	30,186	111	-
Past due				
Up to 3 months	27,202	27,359	472	1,120
3 - 6 months	9,793	4,725	508	985
6 - 12 months	7,443	9,375	84	-
Over 12 months	72,216	70,299	231	231
Total	157,805	141,944	1,406	2,336
Less: Allowance for doubtful accounts	(63,718)	(64,228)	(231)	(87)
Total trade receivables - related parties, net	94,087	77,716	1,175	2,249
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	21,767	12,091	90	221
Past due				
Up to 3 months	13,452	8,677	1,094	471
3 - 6 months	428	2,124	163	1,991
6 - 12 months	193	6,402	144	6,247
Over 12 months	17,393	12,247	6,119	198
Total	53,233	41,541	7,610	9,128
Less: Allowance for doubtful accounts	(16,816)	(15,004)	(6,023)	(3,230)
Total trade receivables - unrelated parties, net	36,417	26,537	1,587	5,898
Total trade receivables - net	130,504	104,253	2,762	8,147
<u>Other receivables</u>				
Other receivables - related parties	337,710	346,242	177,360	203,506
Other receivables - unrelated parties	14,228	14,539	5,292	6,035
Total	351,938	360,781	182,652	209,541
Less: Allowance for doubtful accounts	(339,247)	(348,903)	(173,680)	(178,224)
Total other receivables - net	12,691	11,878	8,972	31,317
Total trade and other receivables - net	143,195	116,131	11,734	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 September				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	-	-	3	5	7.5% per annum
Other income	-	-	-	1	Cost plus margins or as indicated in the agreement
Hire of work expenses	-	-	-	1	Cost plus margins of 3% - 10%
<u>Transactions with associates</u>					
Sales of goods	-	3	-	-	Cost plus margins of 3% - 10%
Interest income	7	15	-	-	5.0% - 7.5% per annum
Purchase of goods	2	2	-	1	Cost plus margins of 3% - 10%
Other expenses	1	-	-	-	As indicated in the agreement
<u>Transactions with related companies</u>					
Sales of goods	75	60	-	2	Cost plus margins of 3% - 10%
Hire of work income	1	2	-	1	Cost plus margins of 3% - 10%
Other income	1	1	1	-	Cost plus margins or as indicated in the agreement
Purchases of goods	2	3	-	-	Cost plus margins of 3% - 10%
Public utilities expenses	2	2	-	1	As indicated in the agreement
Other expenses	2	2	-	-	As indicated in the agreement
<u>Transactions with related persons</u>					
Interest expense	1	1	1	1	4.90% per annum



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(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	4	2	Cost plus margins of 3% - 10%
Interest income	-	-	11	13	7.5% per annum
Rental income	-	-	-	1	Cost plus margins of 3% or market price
Other income	-	-	4	2	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	1	13	Cost plus margins of 3% - 10%
Hire of work expenses	-	-	-	5	Cost plus margins of 3% - 10%
Interest expenses	-	-	-	3	5.85% per annum
<u>Transactions with associates</u>					
Sales of goods	2	7	-	-	Cost plus margins of 3% - 10%
Interest income	21	24	-	-	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	7	25	-	22	Cost plus margins of 3% - 10%
Other expenses	1	1	-	-	As indicated in the agreement
<u>Transactions with related companies</u>					
Sales of goods	202	148	-	3	Cost plus margins of 3% - 10%
Hire of work income	1	11	-	8	Cost plus margins of 3% - 10%
Rental income	-	4	-	4	Cost plus margins of 3% or market price
Other income	1	2	1	1	Cost plus margins or as indicated in the agreement
Purchases of goods	7	10	-	1	Cost plus margins of 3% - 10%
Public utilities expenses	7	10	-	9	As indicated in the agreement
Other expenses	6	6	-	1	As indicated in the agreement
<u>Transactions with related persons</u>					
Interest expense	4	4	4	4	4.90% per annum



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(Unaudited but reviewed)

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 September	31 December	30 September	31 December
	2014	2013	2014	2013
<u>Trade and other receivables - related parties (Note 2)</u>				
Subsidiaries	-	-	120,698	134,554
Associates	258,744	266,053	18,232	30,266
Related companies (related by common shareholders and directors)	236,771	222,133	39,836	41,022
Total	495,515	488,186	178,766	205,842
Less: Allowance for doubtful accounts	(392,573)	(402,992)	(170,279)	(175,025)
Net	102,942	85,194	8,487	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	-	-	5,983	20,166
Associates	27,872	27,116	300	517
Related companies (related by common shareholders and directors)	52,836	64,136	29,707	35,640
Total	80,708	91,252	35,990	56,323



Signature
Abhaya Chantavech

(Unaudited but reviewed)

Short-term loans to related parties and other

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

(Unit: Thousand Baht)

	Consolidated financial statements			As at 30 September 2014
	As at 1 January 2014	Increase	Decrease	
<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	-	(200)	300
Thai Sung Shin New Material Co., Ltd.	2,600	-	-	2,600
Panway of Life Co., Ltd.	990	-	(990)	-
Pan Biotech Co., Ltd.	990	-	(300)	690
Naturalart and Technology Co., Ltd.	4,000	-	(900)	3,100
Rattananakorn Engineering Co., Ltd.	-	950	(100)	850
Total	9,080	950	(2,490)	7,540
Total short-term loans to related parties	12,463	950	(2,490)	10,923
Less: Allowance for doubtful accounts	(3,950)	-	300	(3,650)
Total short-term loans to related parties - net	8,513	950	(2,190)	7,273
Short-term loans to other	573	-	(50)	523
Total short-term loans to related parties and other, net	9,086	950	(2,240)	7,796



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Nongchang Rubber Co., Ltd.

(Unaudited but reviewed)

Long-term loans to related parties

During the nine-month period ended 30 September 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 30 September 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	(5,000)	390,785
P.L. John Industries Co., Ltd.	10,700	-	10,700
Pek Engineering Co., Ltd.	9,540	-	9,540
Total	460,785	(49,760)	411,025
Related companies			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Pan Tech Machinery Co., Ltd.	2,180	(360)	1,820
Rangsit Polymer Co., Ltd.	3,721	-	3,721
Total	8,010	(360)	7,650
Total long-term loans to related parties	468,795	(50,120)	418,675
Less: Allowance for doubtful accounts	(448,795)	30,120	(418,675)
Total long-term loans to related parties, net	20,000	(20,000)	-

(Unit: Thousand Baht)

	Separate financial statements			
	As at 1 January 2014	Increase	Decrease	As at 30 September 2014
<u>Long-term loans to related parties</u>				
Subsidiaries				
Modern Technology Component Co., Ltd.	24,400	5,000	(2,000)	27,400
Kabinburi Pan Asia Footwear Co., Ltd.	174,040	-	(22,040)	152,000
Phimai Footwear Co., Ltd.	23,050	-	-	23,050
Total	221,490	5,000	(24,040)	202,450
Related company				
Rangsit Footwear Co., Ltd.	2,109	-	-	2,109
Total	2,109	-	-	2,109
Total long-term loans to related parties	223,599	5,000	(24,040)	204,559
Less: Allowance for doubtful accounts	(223,599)	-	24,040	(199,559)
Total long-term loans to related parties, net	-	5,000	-	5,000



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Short-term loans from related parties and other

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

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2014	Decrease	As at 30 September 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

(Unit: Thousand Baht)

	Separate financial statements		
	As at 1 January 2014	Decrease	As at 30 September 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

Directors and management's benefits

During the nine-month periods ended 30 September 2014 and 2013, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	3,153	7,454	981	4,137
Post-employment benefits	72	50	49	42
Total	3,225	7,504	1,030	4,179



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W. Boonyasit Chokwatana

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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 nine-month period ended 30 September 2014 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate 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	(33,727)	(32,860)
Balance as at 30 September 2014	<u>141,720</u>	<u>99,924</u>

5. Assets classified as held for sale

Movements in assets classified as held for sale account during the nine-month period ended 30 September 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	3,891	-	3,891
Transfer to investment properties	-	(95,808)	(95,808)
Balance as at 30 September 2014	<u>27,589</u>	<u>-</u>	<u>27,589</u>



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(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)
Disposal during the period	(1,084)	-	(1,084)
Transfer to investment properties	-	(95,808)	(95,808)
Balance as at 30 September 2014	<u>22,968</u>	<u>-</u>	<u>22,968</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 related person.

6. Restricted bank deposits

As at 30 September 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.

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 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013	30 September 2014	31 December 2013
			(%)	(%)						
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	467,968	(467,968)	(467,968)	-	-
International Curly										
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					<u>2,343,117</u>	<u>2,343,117</u>	<u>(2,200,634)</u>	<u>(2,200,634)</u>	<u>142,483</u>	<u>142,483</u>



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8. Investments in associates

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 September 2014	31 December 2013
Investments in associates - at cost	504,943	504,943
Accumulated share of loss in associates	(457,913)	(466,746)
Investments in associates - equity method	47,030	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 nine-month periods ended 30 September 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 2013, 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.

During the current period, a subsidiary has settled a debt of Baht 5.5 million with 375,600 shares of the common stock of Advantage Footwear Co., Ltd., which represents 10.23% of the issued and paid up share capital of that company.

9. Investment properties

Movements in the investment properties account during the nine-month period ended 30 September 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	(94)
Balance as at 30 September 2014	95,714

As at 30 September 2014, the Company has mortgaged investment properties with net book value amounting to Baht 94 million as collateral against loan from related person.



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10. Property, plant and equipment

Movements in the property, plant and equipment account during the nine-month period ended 30 September 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	5,715	5,035
Disposals/write-off during the period - net book value at disposal date	(1,296)	(12,714)
Depreciation for the period	(10,074)	(5,052)
Allowance for impairment of assets	(3,978)	(3,579)
Balance as at 30 September 2014	<u>72,997</u>	<u>168,554</u>

As at 30 September 2014, the Company and its subsidiaries have mortgaged assets with net book value amounting to Baht 35 million (31 December 2013: Baht 39 million) as collaterals against credit facilities received from financial institutions (Separate financial statements: Baht 158 million (31 December 2013: Baht 173 million)).

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, 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 financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Trade accounts payable - related parties	33,691	38,457	3,612	15,965
Trade accounts payable - unrelated parties	52,219	49,193	5,228	5,904
Other payables - related parties	6,250	6,316	4,419	6,466
Other payables - unrelated parties	3,895	6,056	3,470	5,437
Accrued expenses - related parties	20,267	25,835	7,459	13,248
Accrued expenses - unrelated parties	110,751	101,008	5,700	8,429
Advance received for share subscription - related parties	20,500	20,644	20,500	20,644
Unearned revenue - unrelated parties	1,161	3,187	35	2,035
Total	<u>248,734</u>	<u>250,696</u>	<u>50,423</u>	<u>78,128</u>



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13. Long-term loans

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial 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	-	(39,666)	(39,666)	(39,315)
Balance as at 30 September 2014	43,405	107	43,512	-
Less: Current portion	-	(107)	(107)	-
Amount classified as current liability	(43,405)	-	(43,405)	-
Long-term loans, net of current portion	-	-	-	-

Long-term debt restructuring loan is secured by the Company. Other long-term loans of a subsidiary are secured by the mortgage of land and construction thereon of a subsidiary.

14. Provisions

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Short-term provision				
Provisions for litigation	16,205	-	-	-
Total	16,205	-	-	-
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



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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 nine-month periods ended 30 September 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	281	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	2,906	632	47	88
Income tax expense reported in the statements of comprehensive income	3,187	632	47	88

(Unit: Thousand Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2014	2013	2014	2013
Current income tax:				
Interim corporate income tax charge	886	446	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	3,120	54,931	135	47,050
Income tax expense reported in the statements of comprehensive income	4,006	55,377	135	47,050



15/11/2014

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.

Future minimum lease payments were as follows.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Payable:				
In up to 1 year	6	5	-	1
In over 1 and up to 5 years	1	2	-	-

18.2 Guarantees

- a) As at 30 September 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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(Unaudited but reviewed)

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

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2014	31 December 2013	30 September 2014	31 December 2013
Guarantee electricity use	6	9	1	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 Curiry 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 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.



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(Unaudited but reviewed)

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 September 2014 (Million)	31 December 2013 (Million)	30 September 2014 (Million)	31 December 2013 (Million)	30 September 2014 (Baht per 1 foreign currency unit)	31 December 2013 (Baht per 1 foreign currency unit)
USD	1	-	-	1	32.3733	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 November 2014.



W. Abeyaratne