

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 2015

## **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 2015, 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 9 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 2015 of PA Capital Co., Ltd., the associate, and subsidiaries of the associate. The Company obtained only the separate financial statements as at 31 December 2014, 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 2015 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 separate statement of financial position as at 30 June 2015, the Company has current liabilities exceeded current assets by Baht 88 million and has deficits of Baht 2,449 million (Consolidated financial statements: Baht 2,600 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's and its subsidiaries' ability to continue as a going concern. My conclusion is not qualified in respect of this matter.

Manee Rattanabunnakit  
Certified Public Accountant (Thailand) No. 5313

EY Office Limited  
Bangkok: 14 August 2015

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)	30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		68,027	81,683	2,512	23,490
Current investments		28,931	105,463	20,928	40,463
Trade and other receivables	3	116,706	127,519	15,548	11,408
Short-term loans to related parties and other	4	3,693	6,916	-	-
Inventories	5	68,659	76,688	9,450	13,004
Other current assets		10,606	9,836	2,243	1,214
		<u>296,622</u>	<u>408,105</u>	<u>50,681</u>	<u>89,579</u>
Assets classified as held for sale	6	29,650	31,093	22,968	22,968
<b>Total current assets</b>		<u>326,272</u>	<u>439,198</u>	<u>73,649</u>	<u>112,547</u>
<b>Non-current assets</b>					
Restricted bank deposits	7	5,238	5,234	1,349	1,349
Investments in available-for-sale securities		44	58	44	58
Investments in subsidiaries	8	-	-	195,080	142,483
Investments in associates	9	53,567	47,694	17,328	17,328
Investments in related parties	10	8,985	8,985	7,745	7,745
Long-term loans to related parties	4	-	-	-	1,500
Investment properties	11	107,040	101,482	107,040	101,482
Property, plant and equipment	12	75,920	71,825	155,863	169,039
Goodwill		-	-	-	-
Leasehold right		-	-	-	-
Receivables from guarantee - related parties	4	-	-	-	-
Deferred tax assets		167	4,057	-	-
Other non-current assets		23,285	19,776	12,312	13,229
<b>Total non-current assets</b>		<u>274,246</u>	<u>259,111</u>	<u>496,761</u>	<u>454,213</u>
<b>Total assets</b>		<u>600,518</u>	<u>698,309</u>	<u>570,410</u>	<u>566,760</u>

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



  
นายสมมาตร ขุนเศรษฐ์

  
นายวิจิต ประยูรวิวัฒน์

Pan Asia Footwear Public Company Limited and its subsidiaries  
Statement of financial position (continued)  
As at 30 June 2015

(Unit: Thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)	30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from					
financial institutions	13	7,812	152,718	3,607	44,727
Trade and other payables	14	124,841	244,004	44,855	46,798
Short-term loan from related party	4	100,000	100,000	100,000	100,000
Current portion of liabilities under finance					
lease agreements		2,770	914	-	-
Current portion of long-term loan under debt					
restructuring agreement	15	13,080	43,405	-	-
Income tax payable		399	170	-	-
Short-term provisions	16	-	17,685	13,080	36,119
Other current liabilities		2,452	2,997	110	773
		<u>251,354</u>	<u>561,893</u>	<u>161,652</u>	<u>228,417</u>
Liabilities directly associated with the assets classified					
as held for sales		33,122	33,202	-	-
<b>Total current liabilities</b>		<u>284,476</u>	<u>595,095</u>	<u>161,652</u>	<u>228,417</u>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements,					
net of current portion		1,745	929	-	-
Long-term loan under debt restructuring agreement, net					
of current portion	15	75,438	-	-	-
Accrued interest under debt restructuring agreement	15	84,679	-	-	-
Provision for long-term employee benefits		2,850	2,431	729	535
Long-term provisions	16	29,865	29,865	134,035	167,084
Deferred tax liabilities		955	788	638	547
Other non-current liabilities		3,051	3,382	23	23
<b>Total non-current liabilities</b>		<u>198,583</u>	<u>37,395</u>	<u>135,425</u>	<u>168,189</u>
<b>Total liabilities</b>		<u>483,059</u>	<u>632,490</u>	<u>297,077</u>	<u>396,606</u>

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Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 30 June 2015

(Unit: Thousand Baht)

Note	Consolidated financial statements		Separate financial statements		
	30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)	30 June 2015 (Unaudited but reviewed)	31 December 2014 (Audited)	
<b>Shareholders' equity</b>					
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)	(2,600,389)	(2,649,641)	(2,449,264)	(2,552,457)
	Other component of shareholders' equity	(80)	(66)	(80)	(66)
	Equity attributable to owners of the Company	104,655	55,417	273,333	170,154
	Non-controlling interests of the subsidiaries	12,804	10,402	-	-
	<b>Total shareholders' equity</b>	<b>117,459</b>	<b>65,819</b>	<b>273,333</b>	<b>170,154</b>
	<b>Total liabilities and shareholders' equity</b>	<b>600,518</b>	<b>698,309</b>	<b>570,410</b>	<b>566,760</b>

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 นายสมมาตร ขุนเศรษฐ  
  
 นายวิจิต ประยูรวิวัฒน์

Directors

(Unaudited but reviewed)

**Pan Asia Footwear Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the three-month period ended 30 June 2015**

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

	Consolidated financial statements		Separate financial statements		
	Note	2015	2014 (Restated)	2015	2014 (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		96,631	102,670	5,168	5,824
Revenues from hire of work		6,911	8,050	-	-
Interest income		7,336	8,351	3,354	4,115
Dividend income		151	-	9,151	-
Gain on sales of assets		5,884	6,715	541	4,129
Other income		10,267	6,361	1,937	6,319
<b>Total revenues</b>		<b>127,180</b>	<b>132,147</b>	<b>20,151</b>	<b>20,387</b>
<b>Expenses</b>					
Cost of sales and hire of work		88,250	96,108	5,243	1,061
Selling expenses		2,404	1,512	914	444
Administrative expenses		21,922	19,841	6,573	5,561
Allowance for doubtful accounts (reversal)		6,736	9,525	(27,654)	4,245
Reversal impairment loss on investments		-	(7,250)	-	-
Impairment loss on assets		-	3,028	-	2,542
Reversal of provision from guarantee for subsidiaries		-	-	(4,779)	-
<b>Total expenses</b>		<b>119,312</b>	<b>122,764</b>	<b>(19,703)</b>	<b>13,853</b>
<b>Profit before shares of profit from investments in associates, finance cost and income tax expenses</b>		<b>7,868</b>	<b>9,383</b>	<b>39,854</b>	<b>6,534</b>
Shares of profit from investments in associates		2,055	2,043	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>9,923</b>	<b>11,426</b>	<b>39,854</b>	<b>6,534</b>
Finance cost		(5,102)	(6,908)	(1,290)	(2,105)
<b>Profit before income tax expenses</b>		<b>4,821</b>	<b>4,518</b>	<b>38,564</b>	<b>4,429</b>
Income tax (expenses) benefit	17	(616)	(2,403)	(46)	97
<b>Profit for the period before loss from discontinued operations</b>		<b>4,205</b>	<b>2,115</b>	<b>38,518</b>	<b>4,526</b>
Loss for the period from discontinued operations		(1,216)	(5,936)	-	-
<b>Profit (loss) for the period</b>		<b>2,989</b>	<b>(3,821)</b>	<b>38,518</b>	<b>4,526</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments - net of income tax		(5)	8	(5)	8
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains - net of income tax		-	699	-	570
<b>Other comprehensive income for the period</b>		<b>(5)</b>	<b>707</b>	<b>(5)</b>	<b>578</b>
<b>Total comprehensive income for the period</b>		<b>2,984</b>	<b>(3,114)</b>	<b>38,513</b>	<b>5,104</b>

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



นายสมมาตร ขุนเศรษฐ

นายวิจิต ประยูรวิวัฒน์

(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 2015

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014 (Restated)
<b>Profit (loss) attributable to:</b>					
Equity holders of the Company (loss)		1,789	(3,801)	38,518	4,526
Non-controlling interests of the subsidiaries (loss)		1,200	(20)		
		<u>2,989</u>	<u>(3,821)</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company (loss)		1,784	(3,094)	38,513	5,104
Non-controlling interests of the subsidiaries (loss)		1,200	(20)		
		<u>2,984</u>	<u>(3,114)</u>		
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holder of the Company	18	<u>0.003</u>	<u>(0.007)</u>	<u>0.071</u>	<u>0.008</u>

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นายสมมาตร ชุนเศษฐ์

  
นายวิชิต ประยูรวิวัฒน์



(Unaudited but reviewed)

**Pan Asia Footwear Public Company Limited and its subsidiaries**  
**Statement of comprehensive income**  
**For the six-month period ended 30 June 2015**

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014 (Restated)
<b>Profit or loss:</b>					
<b>Revenues</b>					
Sales		219,208	225,507	10,920	18,928
Revenues from hire of work		16,044	17,983	-	-
Interest income		15,021	15,462	7,041	8,047
Dividend income		151	-	9,151	-
Gain on sales of assets		25,834	8,215	9,671	2,614
Gain on debt restructuring	15	39,068	-	-	-
Other income		12,229	10,126	3,804	8,475
<b>Total revenues</b>		<b>327,555</b>	<b>277,293</b>	<b>40,587</b>	<b>38,064</b>
<b>Expenses</b>					
Cost of sales and hire of work		197,910	205,623	10,849	4,634
Selling expenses		4,358	2,632	1,371	589
Administrative expenses		49,506	39,757	13,923	10,285
Allowance for doubtful accounts (reversal)		13,418	4,283	(35,778)	(23,025)
Impairment loss on investments (reversal)		-	(7,250)	-	3,400
Impairment loss on assets		-	3,978	-	3,579
Reversal of provision from guarantee for subsidiaries	20.4 b)	-	-	(56,088)	-
<b>Total expenses</b>		<b>265,192</b>	<b>249,023</b>	<b>(65,723)</b>	<b>(538)</b>
<b>Profit before shares of profit from investments</b>					
in associates, finance cost and income tax expenses		62,363	28,270	106,310	38,602
Shares of profit from investments in associates		5,873	5,117	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>68,236</b>	<b>33,387</b>	<b>106,310</b>	<b>38,602</b>
Finance cost		(10,569)	(14,169)	(3,026)	(4,662)
<b>Profit before income tax expenses</b>		<b>57,667</b>	<b>19,218</b>	<b>103,284</b>	<b>33,940</b>
Income tax (expenses) benefit	17	(4,653)	(613)	(91)	54
<b>Profit for the period before loss from discontinued operations</b>					
discontinued operations		53,014	18,605	103,193	33,994
Loss for the period from discontinued operations		(1,363)	(6,010)	-	-
<b>Profit for the period</b>		<b>51,651</b>	<b>12,595</b>	<b>103,193</b>	<b>33,994</b>
<b>Other comprehensive income:</b>					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Gain (loss) on changes in value of available-for-sale investments - net of income tax		(14)	1	(14)	1
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains - net of income tax		-	825	-	570
<b>Other comprehensive income for the period</b>		<b>(14)</b>	<b>826</b>	<b>(14)</b>	<b>571</b>
<b>Total comprehensive income for the period</b>		<b>51,637</b>	<b>13,421</b>	<b>103,179</b>	<b>34,565</b>

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



นายสมมาตร ขุนเศรษฐ์

นายวิจิต ประยูรวิวัฒน์

(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 2015

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

	Note	Consolidated financial statements		Separate financial statements	
		2015	2014 (Restated)	2015	2014 (Restated)
<b>Profit attributable to:</b>					
Equity holders of the Company		49,252	12,292	103,193	33,994
Non-controlling interests of the subsidiaries		2,399	303		
		<u>51,651</u>	<u>12,595</u>		
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		49,238	13,118	103,179	34,565
Non-controlling interests of the subsidiaries		2,399	303		
		<u>51,637</u>	<u>13,421</u>		
<b>Basic earnings per share</b>					
Profit attributable to equity holder of the Company	18	<u>0.092</u>	<u>0.023</u>	<u>0.191</u>	<u>0.063</u>

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นายสมมาตร ชุนเศรษฐ์

  
นายวิจิต ประยูรวิวัฒน์

(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 2015

(Unit: Thousand Baht)

	Consolidated financial statements									
	Equity attributable to owners of the Company									
	Issued and paid-up share capital	Share premium	The Company's shares held by its subsidiaries	Retained earnings (deficit)		Other comprehensive income	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
Appropriated legal reserve				Unappropriated	on changes in value of available-for-sale investments					
<b>Balance as at 1 January 2014</b>	2,700,000	1,677	(17,553)	21,000	(2,680,502)	(92)	24,530	10,330	34,860	
Profit for the period (restated)	-	-	-	-	12,292	-	12,292	303	12,595	
Other comprehensive income for the period (restated)	-	-	-	-	825	1	826	-	826	
Total comprehensive income for the period	-	-	-	-	13,117	1	13,118	303	13,421	
<b>Balance as at 30 June 2014</b>	2,700,000	1,677	(17,553)	21,000	(2,667,385)	(91)	37,648	10,633	48,281	
<b>Balance as at 1 January 2015</b>	2,700,000	1,677	(17,553)	21,000	(2,649,641)	(66)	55,417	10,402	65,819	
Profit for the period	-	-	-	-	49,252	-	49,252	2,399	51,651	
Other comprehensive income for the period	-	-	-	-	-	(14)	(14)	-	(14)	
Total comprehensive income for the period	-	-	-	-	49,252	(14)	49,238	2,399	51,637	
Increased in non-controlling interests of the subsidiaries	-	-	-	-	-	-	-	3	3	
<b>Balance as at 30 June 2015</b>	2,700,000	1,677	(17,553)	21,000	(2,600,389)	(80)	104,655	12,804	117,459	

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



*[Signature]*

นายสมชาติ ขุนสมบูรณ์

*[Signature]*

นายวิฑิต ประยูรวิวัฒน์

(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 2015

(Unit: Thousand Baht)

	Separate financial statements									
	Note	Issued and paid-up share capital	Share premium	Retained earnings (deficit)		Unappropriated legal reserve	Unappropriated	Other comprehensive income		Total shareholders' equity
				Appropriated -	Unappropriated			income	Deficit	
<b>Balance as at 1 January 2014</b>		2,700,000	1,677	21,000	(2,605,325)		(92)			117,260
Profit for the period (restated)		-	-	-	33,994		-			33,994
Other comprehensive income for the period (restated)	2	-	-	-	570		1			571
Total comprehensive income for the period		-	-	-	34,564		1			34,565
<b>Balance as at 30 June 2014</b>		2,700,000	1,677	21,000	(2,570,761)		(91)			151,825
<b>Balance as at 1 January 2015</b>		2,700,000	1,677	21,000	(2,552,457)		(66)			170,154
Profit for the period		-	-	-	103,193		-			103,193
Other comprehensive income for the period		-	-	-	-		(14)			(14)
Total comprehensive income for the period		-	-	-	103,193		(14)			103,179
<b>Balance as at 30 June 2015</b>		2,700,000	1,677	21,000	(2,449,264)		(80)			273,333

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



*[Signature]*  
**นายสมมาตร ขุนเศรษฐ์**

*[Signature]*  
**นายวิฑิต ประเสริฐวิวัฒน์**

(Unaudited but reviewed)

## Pan Asia Footwear Public Company Limited and its subsidiaries

## Cash flows statement

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014 (Restated)
<b>Cash flows from operating activities</b>				
Profit before tax	57,667	19,218	103,284	33,940
Loss from discontinued operations	(1,363)	(6,010)	-	-
Profit for the period	56,304	13,208	103,284	33,940
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	6,515	6,959	3,571	3,734
Bad debt and allowance for doubtful accounts (reversal)	13,418	4,283	(35,778)	(23,025)
Reversal of reduction of inventory to net realisable value	(336)	(24,430)	(962)	(23,971)
Loss from impairment of assets	-	3,978	-	3,579
Gain on sales of property, plant and equipment	(25,834)	(8,215)	(9,671)	(2,614)
Reversal of short-term loan from other party	-	(721)	-	-
Share of profit from investments in associates	(5,873)	(5,117)	-	-
Allowance for impairment loss on investments (reversal)	-	(7,250)	-	3,400
Provision for litigation	-	3,023	-	-
Reversal of provision from guarantee for subsidiaries	-	-	(56,088)	-
Provision for long-term employee benefits (reversal)	419	278	194	34
Gain on debt restructuring	(39,068)	-	-	-
Unrealised gain on exchange rate	(68)	(594)	(17)	(699)
Interest income	(15,021)	(15,462)	(7,041)	(8,047)
Dividend income	(151)	-	(9,151)	-
Interest expenses	10,569	14,169	3,026	4,662
Profit (loss) from operating activities before changes in operating assets and liabilities	874	(15,891)	(8,633)	(9,007)
Operating assets (increase) decrease				
Trade and other receivables	11,160	4,573	(37,996)	29,441
Inventories	8,365	27,428	4,516	27,424
Other current assets	(770)	(3,109)	(1,029)	(1,465)
Other non-current assets	(2,994)	3,115	1,278	-
Assets of subsidiaries that classified as held for sale	1,443	(2,912)	-	-
Operating liabilities increase (decrease)				
Trade and other payables	(26,877)	(13,870)	(1,845)	(22,275)
Other current liabilities	(545)	(1,474)	(663)	(587)
Other non-current liabilities	(331)	295	-	93
Liabilities directly associated with assets of subsidiaries that classified as held for sales	(80)	8,823	-	-
Cash from (used in) operating activities	(9,755)	6,978	(44,372)	23,624
Cash paid for corporate income tax	(1,011)	(2,457)	(361)	(709)
Income tax refunded	129	588	-	-
<b>Net cash flows from (used in) operating activities</b>	<b>(10,637)</b>	<b>5,109</b>	<b>(44,733)</b>	<b>22,915</b>

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



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## Pan Asia Footwear Public Company Limited and its subsidiaries

## Cash flows statement (continued)

For the six-month period ended 30 June 2015

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2015	2014 (Restated)	2015	2014 (Restated)
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted bank deposits	(4)	57	-	60
Decrease (increase) in current investments	76,532	(40,253)	19,535	(40,253)
Increase in short-term loans to related parties and other	-	(950)	-	-
Cash receipt from short-term loans to related parties and other	3,423	1,210	-	-
Increase in long-term loan to related parties	-	-	(4,480)	-
Cash receipt from long-term loans to related parties	-	20,260	22,400	24,040
Cash paid for investment in a subsidiary	-	-	(3,907)	-
Dividend received	151	-	9,151	-
Purchase of property, plant and equipment	(8,473)	(348)	(2,434)	-
Proceeds from disposal of property, plant and equipment	27,839	8,643	21,772	2,978
Purchase of investment properties	(5,620)	-	(5,620)	-
Interest income	1,118	1,813	11,566	358
<b>Net cash flows from (used in) investing activities</b>	<b>94,966</b>	<b>(9,568)</b>	<b>67,983</b>	<b>(12,817)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	(53,118)	(59,454)	(41,120)	(58,547)
Repayment of short-term loans from related parties	-	-	-	(5,000)
Repayment of liabilities under finance lease agreements	(1,408)	(399)	-	-
Repayment of long-term loans	(35,912)	(39,549)	-	(39,315)
Cash receipt from non-controlling interests of a subsidiary for investment in a subsidiary	3	-	-	-
Cash paid for interest expenses	(7,550)	(5,387)	(3,108)	(5,243)
<b>Net cash flows used in financing activities</b>	<b>(97,985)</b>	<b>(104,789)</b>	<b>(44,228)</b>	<b>(108,105)</b>
Net decrease in cash and cash equivalents	(13,656)	(109,248)	(20,978)	(98,007)
Cash and cash equivalents at the beginning of period	81,683	194,652	23,490	124,420
<b>Cash and cash equivalents at end of period</b>	<b>68,027</b>	<b>85,404</b>	<b>2,512</b>	<b>26,413</b>

## Supplementary cash flows information:

## Non-cash transactions:

Equipment increased due to payment received from an

account receivable - subsidiary

-

12,090

-

Transfer equipment to investment in a subsidiary

-

12,090

-

Transfer assets classified as held for sale to

investment properties

-

95,808

95,808

Assets acquired under finance lease agreement

4,080

-

-

Transfer short-term loan from a financial institution to

long-term loan under debt restructuring agreement

91,788

-

-

Transfer accrued interest from short-term loan to

accrued interest under debt restructuring agreement

84,679

-

-

Investment in subsidiary increase due to payment received

from an account receivable - subsidiary

-

36,600

-

Long-term loans to related parties decrease due to the debt  
forgiveness as a result of the liquidation of a subsidiary

750

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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 2015**

**1. General information**

**1.1 Corporate information**

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

**1.2 Going concern**

As presented in the separate financial statements as at 30 June 2015, the Company has current liabilities exceeded current assets by Baht 88 million and has deficits of Baht 2,449 million (Consolidated financial statements: Baht 2,600 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, the Company had restructured its business and the Company and its subsidiaries had entered into the debt restructuring with the bank as described in Note 15 to the financial statements. 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 2014) “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.

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.



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#### 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 2014. During the current period, the Company has invested in a new subsidiary, Exact Q Co., Ltd., as described in Note 8 to the financial statements.

#### 1.5 New financial reporting standards

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

##### **TAS 19 (revised 2014) Employee Benefits**

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

The Company and its subsidiaries have changed the recognition of actuarial gains and losses in the current period from an immediate recognition in profit or loss to an immediate recognition in other comprehensive income and adjusted the current period's transactions and restated the prior period's financial statements, presented as comparative information, as if the Company and its subsidiaries had always applied this accounting policy. The cumulative effect of changes in accounting policies is presented in Note 2 to the financial statements.



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### **TFRS 10 Consolidated Financial Statements**

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

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

### **TFRS 12 Disclosure of Interests in Other Entities**

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

### **TFRS 13 Fair Value Measurement**

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

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

## **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 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in Note 1.5 to the financial statements.



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

As described in Note 1.5 and Note 1.6 to the financial statements, during the current period, the Company and its subsidiaries have changed some of their accounting policies, as a result of the adoption of new and revised financial reporting standards.

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

(Unit: Thousand Baht)

For the three-month period ended  
30 June 2014

	Consolidated financial statements	Separate financial statements
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease in actuarial gains	(699)	(570)
Decrease in profit for the period	(699)	(570)
<b>Other comprehensive income:</b>		
Increase in actuarial gains	699	570
Increase in other comprehensive income for the period	699	570
<b>Earnings per share (Baht):</b>		
Decrease in basic earnings per share	-	-

(Unit: Thousand Baht)

For the six-month period ended  
30 June 2014

	Consolidated financial statements	Separate financial statements
<b>Statements of comprehensive income</b>		
<b>Profit or loss:</b>		
Decrease in actuarial gains	(825)	(570)
Decrease in profit for the period	(825)	(570)
<b>Other comprehensive income:</b>		
Increase in actuarial gains	825	570
Increase in other comprehensive income for the period	825	570
<b>Earnings per share (Baht):</b>		
Decrease in basic earnings per share	-	-



  
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**3. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	10,358	29,853	210	-
Past due				
Up to 3 months	19,600	28,998	71	485
3 - 6 months	7,798	8,942	459	493
6 - 12 months	16,891	13,708	407	321
Over 12 months	69,167	67,984	391	231
Total	123,814	149,485	1,538	1,530
Less: Allowance for doubtful accounts	(63,718)	(63,718)	(231)	(231)
Total trade receivables - related parties, net	60,096	85,767	1,307	1,299
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	18,431	19,700	3,409	-
Past due				
Up to 3 months	28,835	12,009	44	312
3 - 6 months	222	307	-	133
6 - 12 months	414	231	132	137
Over 12 months	10,948	11,476	195	174
Total	58,850	43,723	3,780	756
Less: Allowance for doubtful accounts	(10,800)	(10,800)	(7)	(7)
Total trade receivables - unrelated parties, net	48,050	32,923	3,773	749
Total trade receivables - net	108,146	118,690	5,080	2,048
<u>Other receivables</u>				
Other receivables - related parties	356,451	339,083	151,498	168,605
Other receivables - unrelated parties	15,398	15,134	5,805	5,423
Total	371,849	354,217	157,303	174,028
Less: Allowance for doubtful accounts	(363,289)	(345,388)	(146,835)	(164,668)
Total other receivables - net	8,560	8,829	10,468	9,360
Total trade and other receivables - net	116,706	127,519	15,548	11,408



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#### 4. 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	
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	1	2	Cost plus margins of 3% - 10%
Interest income	-	-	3	4	7.5% per annum
Other income	-	-	1	4	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	2	1	Cost plus margins of 3% - 10%
<u>Transactions with associates</u>					
Sales of goods	1	1	-	-	Cost plus margins of 3% - 10%
Interest income	7	8	-	-	5.0% - 7.5% per annum
Other income	1	1	-	-	Cost plus margins or as indicated in the agreement
Purchase of goods	2	3	-	-	Cost plus margins of 3% - 10%
<u>Transactions with related companies</u>					
Sales of goods	30	60	-	-	Cost plus margins of 3% - 10%
Other income	2	-	1	-	Cost plus margins or as indicated in the agreement
Purchases of goods	1	3	-	-	Cost plus margins of 3% - 10%
Utilities expenses	-	5	-	-	As indicated in the agreement
Other expenses	2	8	-	-	As indicated in the agreement
<u>Transaction with related person</u>					
Interest expenses	1	1	1	1	4.9% per annum



  
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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	
	2015	2014	2015	2014	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	1	2	Cost plus margins of 3% - 10%
Interest income	-	-	7	8	7.5% per annum
Other income	-	-	1	4	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	4	1	Cost plus margins of 3% - 10%
<u>Transactions with associates</u>					
Sales of goods	2	2	-	-	Cost plus margins of 3% - 10%
Interest income	14	14	-	-	5.0% - 7.5% per annum
Other income	1	1	-	-	Cost plus margins or as indicated in the agreement
Purchase of goods	4	5	-	-	Cost plus margins of 3% - 10%
<u>Transactions with related companies</u>					
Sales of goods	102	127	-	-	Cost plus margins of 3% - 10%
Other income	2	-	1	-	Cost plus margins or as indicated in the agreement
Purchases of goods	2	5	-	-	Cost plus margins of 3% - 10%
Utilities expenses	2	5	-	-	As indicated in the agreement
Other expenses	4	10	-	-	As indicated in the agreement
<u>Transaction with related person</u>					
Interest expenses	2	2	2	2	4.9% per annum



  
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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 2015	31 December 2014	30 June 2015	31 December 2014
<b><u>Trade and other receivables - related parties (Note 3)</u></b>				
Subsidiaries	-	-	96,893	113,624
Associates	280,248	262,280	18,261	18,239
Related companies (related by common shareholders and directors)	200,017	226,288	37,882	38,272
Total	480,265	488,568	153,036	170,135
Less: Allowance for doubtful accounts	(415,823)	(397,940)	(143,433)	(161,266)
Net	64,442	90,628	9,603	8,869
<b><u>Receivables from guarantee - related parties</u></b>				
Subsidiaries	-	-	47,682	17,055
Associates	36,286	36,286	36,286	36,286
Related companies (related by common shareholders)	14,734	14,734	14,734	14,734
Total	51,020	51,020	98,702	68,075
Less: Allowance for doubtful accounts	(51,020)	(51,020)	(98,702)	(68,075)
Net	-	-	-	-
<b><u>Trade and other payables - related parties (Note 14)</u></b>				
Subsidiaries	-	-	10,169	7,246
Associates	24,028	26,543	289	289
Related companies (related by common shareholders)	50,823	51,380	29,191	29,394
Total	74,851	77,923	39,649	36,929

**Short-term loans to related parties and other**

During the six-month period ended 30 June 2015, 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 2015	Decrease	30 June 2015
<b><u>Short-term loans to related parties and other</u></b>			
Short-term loans to related parties			
Associates			
Nongchang Rubber Co., Ltd.	850	-	850
PA Capital Co., Ltd.	2,533	(2,533)	-
Total	3,383	(2,533)	850



  
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(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2015	Decrease	As at 30 June 2015
Related companies			
Narai Bangkok Rubber Co., Ltd.	200	(200)	-
Thai Sung Shin New Material Co., Ltd.	2,600	-	2,600
Pan Biotech Co., Ltd.	240	(240)	-
Natural Art and Technology Co., Ltd.	3,000	-	3,000
Rattanakorn Engineering Co., Ltd.	650	(400)	250
Total	6,690	(840)	5,850
Total short-term loans to related parties	10,073	(3,373)	6,700
Less: Allowance for doubtful accounts	(3,650)	200	(3,450)
Total short-term loans to related parties - net	6,423	(3,173)	3,250
Short-term loans to other	493	(50)	443
Total short-term loans to related parties and other, net	6,916	(3,223)	3,693

#### Long-term loans to related parties


During the six-month period ended 30 June 2015, the movements of long-term loans to related parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2015	Decrease	As at 30 June 2015
<b><u>Long-term loans to related parties</u></b>			
Associates			
PA Capital Co., Ltd.	390,785	-	390,785
P.L. John Industries Co., Ltd.	10,700	-	10,700
Pek Engineering Co., Ltd.	9,540	-	9,540
Total	411,025	-	411,025
Related companies			
Rangsit Footwear Co., Ltd.	2,109	-	2,109
Pan Tech Machinery Co., Ltd.	1,820	(750)	1,070
Total	3,929	(750)	3,179
Total long-term loans to related parties	414,954	(750)	414,204
Less: Allowance for doubtful accounts	(414,954)	750	(414,204)
Total long-term loans to related parties, net	-	-	-



  
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(Unit: Thousand Baht)

	Separate financial statements			As at 30 June 2015
	As at 1 January 2015	Increase	Decrease	
<b><u>Long-term loans to related parties</u></b>				
Subsidiaries				
Modern Technology Component Co., Ltd.	22,400	-	(22,400)	-
Kabinburi Pan Asia Footwear Co., Ltd.	152,000	-	(32,152)	119,848
Phimai Footwear Co., Ltd.	23,050	-	-	23,050
International Curity Footwear Co., Ltd.	1,500	2,000	-	3,500
Innovation Nakornluang Footwear Co., Ltd.	-	2,480	-	2,480
Total	198,950	4,480	(54,552)	148,878
Related company				
Rangsit Footwear Co., Ltd.	2,109	-	-	2,109
Total	2,109	-	-	2,109
Total long-term loans to related parties	201,059	4,480	(54,552)	150,987
Less: Allowance for doubtful accounts	(199,559)	(5,980)	54,552	(150,987)
Total long-term loans to related parties, net	1,500	(1,500)	-	-

**Short-term loan from related party**

As at 30 June 2015, the balance of short-term loan from related person is as follows:

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	30 June 2015	31 December 2014
<b><u>Short-term loan from related party</u></b>		
Related person		
Mr. Boonyasit Chokwatana	100,000	100,000
Total short-term loan from related party	100,000	100,000



  
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Directors and management's benefits

During the six-month periods ended 30 June 2015 and 2014, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	4,183	2,053	1,859	640
Post-employment benefits	199	49	193	33
Total	<u>4,382</u>	<u>2,102</u>	<u>2,052</u>	<u>673</u>

Guarantee obligations with related parties

The Company and its subsidiary have outstanding guarantee obligations with its related parties, as described in Note 20.3 a) to the financial statements.

**5. 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 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	138,949	96,598
Add: Reduce cost to net realisable value of inventories increase during the period	807	-
Less: Reversal of reduce cost to net realisable value of inventory account during the period	(1,143)	(962)
Balance as at 30 June 2015	<u>138,613</u>	<u>95,636</u>



  
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**6. Assets classified as held for sale**

Movements in assets classified as held for sale account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2015	31,093	22,968
Decrease during the period	(1,443)	-
Balance as at 30 June 2015	29,650	22,968

**7. Restricted bank deposits**

As at 30 June 2015, 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.

**8. Investments in subsidiaries**

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment on investments		Net		Dividend received during the six-month periods ended 30 June	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	2015	2014
			(%)	(%)								
Footwear Tech 1530 Co., Ltd.	400,000	400,000	100	100	467,968	467,968	(467,968)	(467,968)	-	-	-	-
International Curity Footwear Co., Ltd.	350,000	350,000	100	100	349,999	349,999	(349,999)	(349,999)	-	-	-	-
Kabinburi Pan Asia Footwear Co., Ltd.	350,000	350,000	100	100	443,523	443,523	(443,523)	(443,523)	-	-	-	-
Excellent Rubber Co., Ltd.	370,000	370,000	100	100	385,887	385,887	(385,887)	(385,887)	-	-	-	-
Phimai Footwear Co., Ltd.	100,000	100,000	100	100	115,969	115,969	(115,969)	(115,969)	-	-	-	-
WBLP Co., Ltd.	30,000	30,000	100	100	43,371	43,371	-	-	43,371	43,371	9,000	-
Pantech R&D Co., Ltd.	150,000	150,000	100	100	149,998	149,998	(149,998)	(149,998)	-	-	-	-
Innovation Nakornluang Footwear Co., Ltd.	350,150	350,150	96	96	264,290	264,290	(264,290)	(264,290)	-	-	-	-
Pontex (Thailand) Co., Ltd.	60,800	60,800	93	93	122,112	122,112	(23,000)	(23,000)	99,112	99,112	-	-
Exact Q Co., Ltd.	16,000	-	100	-	15,997	-	-	-	15,997	-	-	-
Modern Technology Component Co., Ltd.	50,000	-	100	-	36,600	-	-	-	36,600	-	-	-
<b>Total</b>					<b>2,395,714</b>	<b>2,343,117</b>	<b>(2,200,634)</b>	<b>(2,200,634)</b>	<b>195,080</b>	<b>142,483</b>	<b>9,000</b>	<b>-</b>



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

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

## 9. Investments in associates

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2015	31 December 2014
Investments in associates - at cost	504,943	504,943
Accumulated share of loss in associates	(451,376)	(457,249)
Investments in associates - equity method	53,567	47,694


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 2015 of the associate and subsidiaries of the associate. The latest financial statements of the associate available to the Company were the financial statements as at 31 December 2014, which were audited by its auditor, and only separate financial statements was presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in the associate under the equity method as equal to zero.

(Unit: Thousand Baht)

	Separate financial statements	
	30 June 2015	31 December 2014
Investments in associates - at cost	81,887	81,887
Less: Allowance for impairment of investments	(64,559)	(64,559)
Investment in associates - net	17,328	17,328



  
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**10. Investments in related parties**

Details of investments in related parties are as follows:

(Unit : Thousand Baht)

Company's name	Consolidated financial statements							
	Cost		Allowance for impairment of investments		Net		Dividend received during the six-month periods ended 30 June	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	2015	2014
Sahapat Properties Co., Ltd.	500	500	-	-	500	500	150	-
Nutrition House Co., Ltd.	13,598	13,598	(8,232)	(8,232)	5,366	5,366	-	-
Thai Takaya Co., Ltd.	2,000	2,000	-	-	2,000	2,000	-	-
Pan Long John Co., Ltd.	1,750	1,750	(1,631)	(1,631)	119	119	-	-
Natural Art and Technology Co., Ltd.	1,000	1,000	-	-	1,000	1,000	-	-
Barnpan Engineering and Holding Co., Ltd.	130,000	130,000	(130,000)	(130,000)	-	-	-	-
Pancomp International Co., Ltd.	2,000	2,000	(2,000)	(2,000)	-	-	-	-
<b>Total</b>	<b>150,848</b>	<b>150,848</b>	<b>141,863</b>	<b>141,863</b>	<b>8,985</b>	<b>8,985</b>	<b>150</b>	<b>-</b>

(Unit : Thousand Baht)

Company's name	Separate financial statements							
	Cost		Allowance for impairment of investments		Net		Dividend received during the six-month periods ended 30 June	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014	2015	2014
Sahapat Properties Co., Ltd.	1,050	1,050	-	-	1,050	1,050	150	-
Nutrition House Co., Ltd.	4,268	4,268	-	-	4,268	4,268	-	-
Thai Takaya Co., Ltd.	2,308	2,308	-	-	2,308	2,308	-	-
Pan Long John Co., Ltd.	119	119	-	-	119	119	-	-
<b>Total</b>	<b>7,745</b>	<b>7,745</b>	<b>-</b>	<b>-</b>	<b>7,745</b>	<b>7,745</b>	<b>150</b>	<b>-</b>

**11. Investment properties**

Movements in the investment properties account during the six-month period ended 30 June 2015 are summarised below.

(Unit: Thousand Baht)

Consolidated/Separate financial statements

Balance as at 1 January 2015

101,482

Addition

5,620

Depreciation for the period

(62)

Balance as at 30 June 2015

107,040



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As at 30 June 2015, the Company has mortgaged investment properties with net book value amounting to Baht 94 million (31 December 2014: Baht 94 million) as collateral against loan from related person.

## 12. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2015	71,825	169,039
Acquisitions during the period - cost	12,553	14,524
Disposals/write-off during the period - net book value at disposal date	(2,005)	(12,101)
Transfer equipment to investment in a subsidiary	-	(12,090)
Depreciation for the period	(6,453)	(3,509)
Balance as at 30 June 2015	<u>75,920</u>	<u>155,863</u>

As at 30 June 2015, the Company and its subsidiaries have mortgaged assets with net book value amounting to Baht 31 million (31 December 2014: Baht 33 million) as collaterals against credit facilities received from financial institutions (Separate financial statements: Baht 144 million (31 December 2014: Baht 145 million)).

## 13. 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 of the Company. 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 7 and 12 to the financial statements.



  
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#### 14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
Trade accounts payable - related parties	30,686	31,519	7,288	4,307
Trade accounts payable - unrelated parties	29,800	44,827	885	898
Other payables - related parties	6,560	6,249	5,036	5,220
Other payables - unrelated parties	2,472	2,353	1,969	1,952
Accrued expenses - related parties	17,105	19,655	6,825	6,902
Accrued expenses - unrelated parties	17,505	117,735	2,317	6,984
Advance received for share subscription - related parties	20,500	20,500	20,500	20,500
Unearned revenue - unrelated parties	213	1,166	35	35
Total	124,841	244,004	44,855	46,798

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

Movements in long-term loan under debt restructuring agreement account during the six-month period ended 30 June 2015 are summarised below.

(Unit: Thousand Baht)

	Consolidated
	financial statements
Balance as at 1 January 2015	43,405
Add: Transfer short-term loan to long-term loan under debt restructuring agreement	91,788
Less: Repayment	(35,912)
Unpaid interest forgiven by the bank	(10,763)
Balance as at 30 June 2015	88,518
Less: Portion due within one year	(13,080)
Long-term loan under debt restructuring agreement, net of current portion	75,438



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

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

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

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

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

As at 30 June 2015, the Company and its subsidiary classified short-term loan and accrued interest according to the original agreement to long-term loan under debt restructuring agreement amounting to Baht 89 million and accrued interest under debt restructuring agreement amounting to Baht 85 million according to the term of payment.



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**16. Provisions**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
<b>Short-term provisions</b>				
Provision from guarantee for subsidiaries	-	-	13,080	36,119
Provision for litigation	-	17,685	-	-
<b>Total</b>	<b>-</b>	<b>17,685</b>	<b>13,080</b>	<b>36,119</b>
<b>Long-term provisions</b>				
Provision from guarantee for subsidiaries	-	-	104,170	137,219
Provision from guarantee for related companies	241	241	241	241
Provision for litigation	29,624	29,624	29,624	29,624
<b>Total</b>	<b>29,865</b>	<b>29,865</b>	<b>134,035</b>	<b>167,084</b>

**17. 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 expense (benefit) for the three-month and six-month periods ended 30 June 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Restated)		(Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	302	144	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	314	2,259	46	(97)
<b>Income tax expense (benefit) reported in the statements of comprehensive income</b>	<b>616</b>	<b>2,403</b>	<b>46</b>	<b>(97)</b>



  
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(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2015</u>	<u>2014</u> (Restated)	<u>2015</u>	<u>2014</u> (Restated)
<b>Current income tax:</b>				
Interim corporate income tax charge	596	605	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	4,057	8	91	(54)
<b>Income tax expense (benefit) reported in the statements of comprehensive income</b>	<u>4,653</u>	<u>613</u>	<u>91</u>	<u>(54)</u>

## 18. Earnings per share

Basic earnings (loss) per share is calculated by dividing profit (loss) 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.

## 19. 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.

For the six-month period ended 30 June 2015, the Company and its subsidiaries have revenue from 2 major customers in amount of Baht 63 million (2014: Baht 76 million derived from 2 major customers).

## 20. Commitments and contingent liabilities

### 20.1 Capital commitments

As at 30 June 2015, a subsidiary has capital commitments of approximately Baht 1 million relating to acquisition of machinery (31 December 2014: Baht 4 million).



  
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## 20.2 Operating lease commitments

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

Future minimum lease payments were as follows.

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Payable:				
In up to 1 year	8	13	-	-
In over 1 and up to 5 years	2	1	-	-

## 20.3 Guarantees

- a) As at 30 June 2015, 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 256 million (31 December 2014: Baht 349 million) (Separate financial statements: Baht 251 million (31 December 2014: Baht 344 million)).
- b) The Company and its subsidiaries have outstanding bank guarantees as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014
Guarantee electricity use	6	6	1	1
Other guarantees	9	9	-	-

## 20.4 Legal cases

- a) The Company faced a lawsuit in connection with the layoff its directors, demanding compensation totaling Baht 32 million, 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 under consideration of the Appeal Court. The Company then recorded provision for the litigation at the amount ordered by the Court.



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

Subsequently, on 26 January 2015, the Company and these subsidiaries entered into compromise agreements with the bank in the presence of the court to restructure their debts as described in Note 15 to the financial statements.

As at 30 June 2015, the Company reversed provisions from guarantee for subsidiaries amounting to Baht 56 million in the profit or loss in the separate financial statements for the current period and remained the contingent liability under provision from guarantee from subsidiaries amounting to Baht 117 million.

- c) In 2010, the Company sued a related company in relation to the hire of work agreement, claiming compensation of Baht 34 million, and that company countersued. The Court of First Instance dismissed the Company's suit and ordered the Company to make payment amounting to Baht 19 million plus interest charged 7.5% per annum to that related company. In addition, in July 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.
- d) Two subsidiaries faced the lawsuit in connection with layoff of its directors, demanding compensation totaling Baht 20 million. The Court of First Instance dismissed the case, and so the plaintiff appealed to the Supreme Court. The cases are currently under consideration of the Supreme Court.
- e) During the first quarter and the second quarter of 2015, two subsidiaries were sued by a related company for the unpaid rent and damages for breach of the car rental agreement amounting to Baht 4 million. The Court scheduled the mediation, testimony and hearing to be in September 2015.



  
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## 21. Financial instruments

The outstanding balances of the Company's and its subsidiaries' financial assets and liabilities denominated in foreign currencies which were unhedged are summarised below.


Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June	31 December	30 June	31 December	30 June	31 December
	2015	2014	2015	2014	2015	2014
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
US dollar	0.6	0.3	0.1	0.3	33.7768	32.9630

## 22. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Boards of Directors on 14 August 2015.



  
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