

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 2013



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Ernst & Young Office Limited  
33rd Floor, Lake Rajada Office Complex  
193/136-137 Rajadapisek Road  
Klongtoey, Bangkok 10110  
G.P.O.Box 1047, Bangkok 10501, Thailand  
Tel: +66 2264 0777  
Fax: +66 2264 0789-90  
ey.com

บริษัท สำนักงาน เอ็นส์ แอนด์ ยัง จำกัด  
ชั้น 33 อาคารเลคไรดา  
193/136-137 ถนนรัชดาภิเษก  
คลองเตย กรุงเทพฯ 10110  
ตู้ ป.ณ. 1047 กรุงเทพฯ 10501  
โทรศัพท์: +66 2264 0777  
โทรสาร: +66 2264 0789-90  
ey.com

## 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 2013, 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 matters 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 10 to the financial statements, the Company did not obtain the financial statements for the three-month and six-month periods ended 30 June 2013 of PA Capital Co., Ltd., ("the associate") and subsidiaries of the associate. The latest financial statements of the associate available to the Company were the financial statements as at 31 December 2012, which were audited by its auditor, and only separate financial statements were presented, not consolidated financial statements. I did not review the financial statements of this associate and subsidiaries of the associate since I was not appointed as their auditor and I was unable to apply other reviewing procedures to satisfy myself as to the value of such investment. This matter is considered to be a scope limitation imposed by circumstance.



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Besides, as discussed in Note 15 to the financial statements, the Company had a balance of "liabilities from guarantee defaulted debt" as at 30 June 2013 of Baht 380 million under its debt restructuring agreement. I was unable to apply reviewing procedures to obtain appropriate evidence with respect to such provision. 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 six-month periods ended 30 June 2013 as a result of the matters 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 matters**

I draw attention to the following notes to the financial statements;

- 1) Note 1.2 to the financial statements, regarding the ability of the Company and its subsidiaries to continue as a going concern. As at 30 June 2013, the Company and its subsidiaries have total current liabilities exceeded total current assets by Baht 319 million (Separate financial statements: Baht 215 million) and have capital deficit of Baht 167 million (Separate financial statements: Baht 11 million), and several subsidiaries had ceased their operations, while the Company and its subsidiaries had laid off employees. These factors may significantly affect to the continuity of the operations of the Company and its subsidiaries. However, during the current quarter, the Company and its subsidiaries sold partial fixed assets in value of Baht 1,171 million (Separate financial statements: Baht 907 million), resulted gain on sales of assets amounting to Baht 490 million (Separate financial statements: Baht 244 million) in order to settle debts and improve their liquidity. In addition, the Company has business restructuring plan, as discussed in Note 21 to the financial statements. For these reasons, the financial statements have been prepared on the going concern basis.
- 2) Note 1.5 to the financial statements, regarding the change in accounting policy as the result of adoption of Thai Accounting Standard 12 *Income Taxes*.

My conclusion is not qualified in respect of these matters.



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### Other matter

The consolidated statement of financial position of Pan Asia Footwear Public Company Limited and its subsidiaries, and the separate statement of financial position of Pan Asia Footwear Public Company Limited as at 31 December 2012 (before restatement) were audited by another auditor who expressed a qualified opinion on those statements with respect to the limitation of scope imposed by circumstance, under her report dated 30 March 2013. The consolidated statements of comprehensive income for the three-month and six-month periods ended 30 June 2012, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period ended 30 June 2012 of Pan Asia Footwear Public Company Limited and its subsidiaries, and the separate financial statements of Pan Asia Footwear Public Company Limited for the same periods (before restatement) were also reviewed by the aforementioned auditor who had expressed a qualified conclusion on those statements with respect to the limitation of scope imposed by circumstance, under her report dated 20 August 2012.

Termphong Opanaphan

Certified Public Accountant (Thailand) No. 4501

Ernst & Young Office Limited

Bangkok: 12 September 2013

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of financial position

As at 30 June 2013

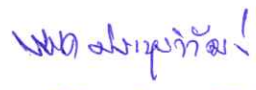
(Unit: Thousand Baht)

Note	Consolidated financial statements			Separate financial statements		
	30 June 2013	31 December 2012	1 January 2012	30 June 2013	31 December 2012	1 January 2012
	(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)	
<b>Assets</b>						
<b>Current assets</b>						
	277,048	18,181	72,649	228,897	1,086	3,702
Cash and cash equivalents						
Current investment	-	-	171	-	-	-
Trade and other receivables	4 251,329	289,051	553,541	188,545	198,364	392,359
Short-term loans to related parties and others	5 7,506	9,606	25,013	-	-	-
Inventories	6 238,966	323,115	616,245	181,259	257,211	306,435
Other current assets	25,981	7,965	26,865	16,171	18,564	44,660
	800,830	647,918	1,294,484	614,872	475,225	747,156
Assets classified as held for sale	7 182,297	871,457	-	134,876	795,712	-
<b>Total current assets</b>	<b>983,127</b>	<b>1,519,375</b>	<b>1,294,484</b>	<b>749,748</b>	<b>1,270,937</b>	<b>747,156</b>
<b>Non-current assets</b>						
Restricted bank deposits	8 5,828	994	7,947	-	-	-
Investments in available-for-sale securities	34	38	29	34	38	29
Investments in subsidiaries	9 -	-	-	165,483	169,075	682,692
Investments in associates	10 34,345	31,402	103,207	-	-	-
Investments in related parties	3,844	3,844	40,502	-	-	-
Long-term loans to related parties	5 -	12,800	-	15,800	51,300	98,300
Investment properties	-	-	227,017	3,034	3,214	795,089
Property, plant and equipment	11 124,517	208,053	1,281,340	209,813	296,657	448,272
Goodwill	-	-	-	-	-	-
Leasehold right	4,609	4,881	6,161	4,609	4,881	5,424
Receivables from guarantee - related parties	5 -	-	-	-	54,070	54,070
Deferred tax assets	3 7,293	61,938	54,677	-	46,730	40,954
Other non-current assets	32,572	27,730	53,005	23,530	13,751	17,671
<b>Total non-current assets</b>	<b>213,042</b>	<b>351,680</b>	<b>1,773,885</b>	<b>422,303</b>	<b>639,716</b>	<b>2,142,501</b>
<b>Total assets</b>	<b>1,196,169</b>	<b>1,871,055</b>	<b>3,068,369</b>	<b>1,172,051</b>	<b>1,910,653</b>	<b>2,889,657</b>

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



  
**นายสมมาต ขุนเศรษฐ**

  
**นายวิจิต ประยูรวิวัฒน์**

## Pan Asia Footwear Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As at 30 June 2013

(Unit: Thousand Baht)

Note	Consolidated financial statements			Separate financial statements				
	30 June 2013	31 December 2012	1 January 2012	30 June 2013	31 December 2012	1 January 2012		
	(Unaudited but reviewed)	(Audited) (Restated)		(Unaudited but reviewed)	(Audited) (Restated)			
<b>Liabilities and shareholders' equity</b>								
<b>Current liabilities</b>								
Bank overdrafts and short-term loans from								
	financial institutions	12	285,485	634,394	799,852	137,424	427,929	498,949
	Trade and other payables	13	331,425	401,067	606,720	165,000	213,425	273,519
	Short-term loans from related parties	5	104,861	116,265	118,899	159,866	182,950	15,000
	Long-term loan - classified as current liability	14	41,238	39,109	25,324	-	-	-
	Current portion of long-term loans	14	11,712	245,550	146,517	11,244	175,464	72,720
Current portion of liabilities under finance								
	lease agreements		778	737	199	-	-	-
	Income tax payable		603	3,170	17	-	-	-
	Short-term provisions	15	490,643	399,019	-	490,643	399,019	-
	Other current liabilities		5,733	19,604	30,995	1,056	-	-
			1,272,478	1,858,915	1,728,523	965,233	1,398,787	860,188
Liabilities directly associated with the assets classified								
	as held for sales		30,031	33,518	-	-	-	-
	<b>Total current liabilities</b>		1,302,509	1,892,433	1,728,523	965,233	1,398,787	860,188
<b>Non-current liabilities</b>								
	Long-term loans, net of current portion	14	32,980	160,702	321,400	32,756	115,450	260,804
Liabilities under finance lease agreements,								
	net of current portion		2,264	2,663	-	-	-	-
	Provision for long-term employee benefits		3,467	5,872	31,967	1,182	3,236	18,170
	Long-term provisions	15	10,665	10,665	431,191	184,003	184,003	504,961
	Deferred tax liabilities	3	616	962	525	231	-	-
	Other non-current liabilities		673	24	3,241	43	-	-
	<b>Total non-current liabilities</b>		50,665	180,888	788,324	218,215	302,689	783,935
	<b>Total liabilities</b>		1,353,174	2,073,321	2,516,847	1,183,448	1,701,476	1,644,123
<b>Shareholders' equity</b>								
<b>Share capital</b>								
Registered								
	540,000,000 ordinary shares of Baht 5 each		2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Issued and fully paid								
	540,000,000 ordinary shares of Baht 5 each		2,700,000	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
	Premium on ordinary shares		1,677	1,677	1,677	1,677	1,677	1,677
	The Company's shares held by subsidiaries		(17,553)	(17,553)	(35,526)	-	-	-
Retained earnings								
	Appropriated - statutory reserve		21,000	21,000	21,000	21,000	21,000	21,000
	Unappropriated (deficit)		(2,872,073)	(2,912,763)	(1,914,782)	(2,733,984)	(2,513,414)	(1,477,048)
	Other component of shareholders' equity		(90)	(86)	(95)	(90)	(86)	(95)
	Equity attributable to owners of the Company (capital deficit)		(167,039)	(207,725)	772,274	(11,397)	209,177	1,245,534
	Non-controlling interests of the subsidiaries		10,034	5,459	(220,752)	-	-	-
	<b>Total shareholders' equity</b>		(157,005)	(202,266)	551,522	(11,397)	209,177	1,245,534
	<b>Total liabilities and shareholders' equity</b>		1,196,169	1,871,055	3,068,369	1,172,051	1,910,653	2,889,657

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 June 2013

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

Note	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales	275,313	643,625	206,668	491,432
Revenues from hire of work	11,912	17,182	4,508	2,285
Interest income	8,690	8,686	5,020	2,522
Rental income	3,232	9,154	3,020	11,489
Gain on sales of assets	64,783	4,905	-	973
Other income	20,512	52,898	11,425	3,683
<b>Total revenues</b>	<b>384,442</b>	<b>736,450</b>	<b>230,641</b>	<b>512,384</b>
<b>Expenses</b>				
Cost of sales and hire of work	312,342	675,090	236,763	506,807
Selling expenses	6,063	15,714	6,146	12,888
Administrative expenses	68,413	72,922	43,249	29,592
Allowance for doubtful accounts	15,129	2,102	46,331	(100)
Severance payment	93,777	-	93,777	-
Impairment loss on investments	-	-	3,592	-
Impairment loss on assets	63,527	-	73,472	-
Other expenses	6,534	9,621	4,569	4,648
<b>Total expenses</b>	<b>565,785</b>	<b>775,449</b>	<b>507,899</b>	<b>553,835</b>
<b>Loss before share of profit (loss) from investments</b>				
in associates, finance cost and income tax expenses	(181,343)	(38,999)	(277,258)	(41,451)
Share of profit (loss) from investments in associates	1,345	(509)	-	-
<b>Loss before finance cost and income tax expenses</b>	<b>(179,998)</b>	<b>(39,508)</b>	<b>(277,258)</b>	<b>(41,451)</b>
Finance cost	(17,092)	(28,855)	(11,308)	(18,536)
<b>Loss before income tax expenses</b>	<b>(197,090)</b>	<b>(68,363)</b>	<b>(288,566)</b>	<b>(59,987)</b>
Income tax expenses	16 (11,973)	(368)	(12,586)	(259)
<b>Loss for the period before loss from discontinued operations</b>	<b>(209,063)</b>	<b>(68,731)</b>	<b>(301,152)</b>	<b>(60,246)</b>
Loss for the period from discontinued operations	(3,912)	-	-	-
<b>Loss for the period</b>	<b>(212,975)</b>	<b>(68,731)</b>	<b>(301,152)</b>	<b>(60,246)</b>
<b>Other comprehensive income:</b>				
Loss on change in value of available-for-sale investments	(7)	-	(7)	-
<b>Other comprehensive income for the period</b>	<b>(7)</b>	<b>-</b>	<b>(7)</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>(212,982)</b>	<b>(68,731)</b>	<b>(301,159)</b>	<b>(60,246)</b>

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



นายสมมาต ขุนเศษฐ์

นายวิจิต ประยูรวิวัฒน์

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 2013


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

Note	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	(212,704)	(68,711)	<u>(301,152)</u>	<u>(60,246)</u>
Non-controlling interests of the subsidiaries	(271)	(20)		
	<u>(212,975)</u>	<u>(68,731)</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	(212,711)	(68,711)	<u>(301,159)</u>	<u>(60,246)</u>
Non-controlling interests of the subsidiaries	(271)	(20)		
	<u>(212,982)</u>	<u>(68,731)</u>		
<b>Basic earnings per share</b>				
Loss attributable to equity holder of the Company	17		<u>(0.56)</u>	<u>(0.11)</u>

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



  
นายสมมาตร ชุนเศรษฐ์

  
นายวิจิต 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 2013

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

Note	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Profit or loss:</b>				
<b>Revenues</b>				
Sales	591,288	1,384,718	430,423	1,064,292
Revenues from hire of work	25,133	31,885	7,176	2,330
Interest income	17,002	17,323	8,981	4,998
Rental income	12,094	18,314	11,791	23,212
Gain on sales of assets	490,468	4,905	244,180	973
Other income	34,428	65,643	23,049	6,141
<b>Total revenues</b>	<b>1,170,413</b>	<b>1,522,788</b>	<b>725,600</b>	<b>1,101,946</b>
<b>Expenses</b>				
Cost of sales and hire of work	649,474	1,403,295	484,620	1,063,663
Selling expenses	16,986	57,920	15,936	38,863
Administrative expenses	125,288	144,872	69,753	61,271
Allowance for doubtful accounts	25,548	542,621	86,969	4,969
Severance payment	129,882	-	129,882	-
Impairment loss on investments	-	-	3,592	178,714
Impairment loss on assets	63,527	-	73,472	-
Other expenses	11,153	35,162	8,846	13,952
<b>Total expenses</b>	<b>1,021,858</b>	<b>2,183,870</b>	<b>873,070</b>	<b>1,361,432</b>
<b>Profit (loss) before share of profit from investments in associates, finance cost and income tax expenses</b>	<b>148,555</b>	<b>(661,082)</b>	<b>(147,470)</b>	<b>(259,486)</b>
Share of profit from investments in associates	2,943	48,386	-	-
<b>Profit (loss) before finance cost and income tax expenses</b>	<b>151,498</b>	<b>(612,696)</b>	<b>(147,470)</b>	<b>(259,486)</b>
Finance cost	(41,452)	(58,648)	(26,138)	(36,918)
<b>Profit (loss) before income tax expenses</b>	<b>110,046</b>	<b>(671,344)</b>	<b>(173,608)</b>	<b>(296,404)</b>
Income tax expenses	16 (54,745)	(732)	(46,962)	(518)
<b>Profit (loss) for the period before loss from discontinued operations</b>	<b>55,301</b>	<b>(672,076)</b>	<b>(220,570)</b>	<b>(296,922)</b>
Loss for the period from discontinued operations	(10,036)	-	-	-
<b>Profit (loss) for the period</b>	<b>45,265</b>	<b>(672,076)</b>	<b>(220,570)</b>	<b>(296,922)</b>
<b>Other comprehensive income:</b>				
Gain (loss) on change in value of available-for-sale investments	(4)	1	(4)	1
<b>Other comprehensive income for the period</b>	<b>(4)</b>	<b>1</b>	<b>(4)</b>	<b>1</b>
<b>Total comprehensive income for the period</b>	<b>45,261</b>	<b>(672,075)</b>	<b>(220,574)</b>	<b>(296,921)</b>

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



นายสมมาตร ขุนเศรษฐ์

นายวิจิตต์ 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 2013

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

Note	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Profit (loss) attributable to:</b>				
Equity holders of the Company	40,690	(669,481)	<u>(220,570)</u>	<u>(296,922)</u>
Non-controlling interests of the subsidiaries	4,575	(2,595)		
	<u>45,265</u>	<u>(672,076)</u>		
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Company	40,686	(669,480)	<u>(220,574)</u>	<u>(296,921)</u>
Non-controlling interests of the subsidiaries	4,575	(2,595)		
	<u>45,261</u>	<u>(672,075)</u>		
<b>Basic earnings per share</b>				
Profit (loss) attributable to equity holder of the Company	17	0.08	<u>(0.41)</u>	<u>(0.55)</u>

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



  
นายสมมาตร ชุนเสษฐ

  
นายวิชิต 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 2013

(Unit: Thousand Baht)

Consolidated financial statements

Equity attributable to owners of the Company

	Equity attributable to owners of the Company				Other component of equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
	Issued and fully paid-up share capital	Share premium	The Company's shares held by its subsidiaries		Retained earnings (deficit)	Unappropriated	Deficit on changes in value of available-for-sale investments				Total equity attributable to owners of the Company
			Appropriated	Unappropriated							
Balance as at 1 January 2012 - as previously reported	2,700,000	1,677	(35,526)	21,000	(1,968,949)	(95)	718,107	(220,737)	497,370		
Cumulative effect of change in accounting policy for income taxes (Note 3)	-	-	-	-	54,167	-	54,167	(15)	54,152		
Balance as at 1 January 2012 - as restated	2,700,000	1,677	(35,526)	21,000	(1,914,782)	(95)	772,274	(220,752)	551,522		
Selling of treasury stock	-	-	17,973	-	(12,616)	-	5,357	-	5,357		
Changes in non-controlling interests	-	-	-	-	-	-	-	(83,286)	(83,286)		
- decrease from changes in status of subsidiaries to be associates	-	-	-	-	-	-	-	-	-		
- transfer discount from selling common shares of the Company held by non-controlling interests from changing status from subsidiaries to associates	-	-	-	-	(689,481)	1	(689,480)	314,298	314,298		
Total comprehensive income for the period - restated	-	-	-	21,000	(2,596,879)	(94)	108,151	7,665	(672,075)		
Balance as at 30 June 2012 - as restated	2,700,000	1,677	(17,553)	21,000	(2,973,763)	(86)	(268,725)	5,483	115,816		
Balance as at 1 January 2013 - as previously reported	2,700,000	1,677	(17,553)	21,000	(2,973,763)	(86)	(268,725)	5,483	(263,242)		
Cumulative effect of change in accounting policy for income taxes (Note 3)	-	-	-	-	61,000	-	61,000	(24)	60,976		
Balance as at 1 January 2013 - as restated	2,700,000	1,677	(17,553)	21,000	(2,912,763)	(86)	(207,725)	5,459	(202,266)		
Total comprehensive income for the period	-	-	-	-	40,690	(4)	40,686	4,575	45,261		
Balance as at 30 June 2013	2,700,000	1,677	(17,553)	21,000	(2,872,073)	(90)	(167,039)	10,034	(157,005)		



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

(Unaudited but reviewed)

Pan Asia Footwear Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the six-month period ended 30 June 2013

(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		
<b>Balance as at 1 January 2012 - as previously reported</b>	2,700,000	1,677	21,000	(1,518,002)	(95)	1,204,580
Cumulative effect of change in accounting policy for income taxes (Note 3)	-	-	-	40,954	-	40,954
<b>Balance as at 1 January 2012 - as restated</b>	2,700,000	1,677	21,000	(1,477,048)	(95)	1,245,534
Total comprehensive income for the period - restated	-	-	-	(296,922)	1	(296,921)
<b>Balance as at 30 June 2012 - as restated</b>	2,700,000	1,677	21,000	(1,773,970)	(94)	948,613
<b>Balance as at 1 January 2013 - as previously reported</b>	2,700,000	1,677	21,000	(2,560,144)	(86)	162,447
Cumulative effect of change in accounting policy for income taxes (Note 3)	-	-	-	46,730	-	46,730
<b>Balance as at 1 January 2013 - as restated</b>	2,700,000	1,677	21,000	(2,513,414)	(86)	209,177
Total comprehensive income for the period	-	-	-	(220,570)	(4)	(220,574)
<b>Balance as at 30 June 2013</b>	2,700,000	1,677	21,000	(2,733,984)	(90)	(11,397)



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 six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Cash flows from operating activities</b>				
Profit (loss) before tax	110,046	(671,344)	(173,608)	(296,404)
Loss from discontinued operations	(10,036)	-	-	-
Profit (loss) for the period	100,010	(671,344)	(173,608)	(296,404)
Adjustments to reconcile profit (loss) to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	24,835	44,445	14,957	23,301
Allowance for doubtful accounts	25,548	542,621	86,969	4,969
Reversal of reduce cost to net realisable value	(44,982)	(9,309)	(5,482)	(3,597)
Impairment loss on assets	63,527	-	73,472	-
Gain on sales of property, plant and equipment	(490,468)	(4,905)	(244,180)	(973)
Share of profit from investments in associates	(2,943)	(48,386)	-	-
Allowance for impairment loss on investments	-	-	3,592	178,714
Loss from guarantee	-	15,204	-	318
Severance payment	129,882	-	129,882	-
Provision for long-term employee benefits (reversal)	(2,405)	1,267	(2,054)	904
Unrealised (gain) loss on exchange	(598)	184	(783)	184
Interest income	(17,002)	(17,323)	(8,981)	(4,998)
Interest expenses	41,452	56,540	26,138	36,918
Loss from operating activities before changes in operating assets and liabilities	(173,144)	(91,006)	(100,078)	(60,664)
Operating assets (increase) decrease				
Trade and other receivables	37,025	1,049	4,902	63,960
Inventories	129,131	137,419	81,434	42,929
Other current assets	(18,016)	43,552	2,393	6,676
Other non-current assets	(8,386)	(543)	(9,035)	34
Assets of subsidiaries that classified as held for sale	11,922	-	-	-
Receivables from guarantee	(7,728)	-	21,342	-
Operating liabilities increase (decrease)				
Trade and other payables	(70,136)	(74,197)	(49,876)	(71,778)
Other current liabilities	(13,871)	(13,192)	1,055	1,291
Short-term provisions	(38,258)	(37,874)	(38,258)	(22,988)
Other non-current liabilities	649	(61)	43	41
Liabilities directly associated with assets of subsidiaries that classified as held for sales	(3,487)	-	-	-
Cash used in operating activities	(154,299)	(34,853)	(86,078)	(40,499)
Cash paid for corporate income tax	(3,787)	(6,296)	(744)	(882)
Income tax refunded	4,318	6,447	-	-
<b>Net cash flows used in operating activities</b>	<b>(153,768)</b>	<b>(34,702)</b>	<b>(86,822)</b>	<b>(41,381)</b>

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



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(Unaudited but reviewed)

## Pan Asia Footwear Public Company Limited and its subsidiaries

## Cash flows statement (continued)

For the six-month period ended 30 June 2013

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Cash flows from investing activities</b>				
Decrease in cash from changes in status of subsidiaries				
to be associates	-	(34,396)	-	-
Increase in restricted bank deposits	(4,834)	(62)	-	-
Decrease in current investment	-	113	-	-
Increase in short-term loans to related parties	-	(933)	-	-
Cash receipt from short-term loans to related parties	2,100	-	-	-
Increase in long-term loans to related parties	(5,900)	-	(83,527)	(5,730)
Cash receipt from long-term loans to related parties	19,700	3,000	77,667	-
Proceeds from disposal of assets classified as held for sale	1,147,859	-	904,452	-
Purchase of property, plant and equipment	(7,457)	(13,014)	(3,377)	(8,468)
Proceeds from disposal of property, plant and equipment	22,750	7,248	2,808	981
Interest income	1,433	13,450	3,715	539
<b>Net cash flows from (used in) investing activities</b>	<b>1,175,651</b>	<b>(24,594)</b>	<b>901,738</b>	<b>(12,678)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	(350,273)	37,151	(291,920)	50,630
Cash receipt from short-term loans from related parties	-	57,600	-	79,900
Repayment of short-term loans from related parties	(11,404)	-	(23,084)	-
Repayment of liabilities under finance lease agreements	(530)	(153)	-	-
Repayment of long-term loans	(361,560)	(22,976)	(246,914)	(42,610)
Proceeds from sales of treasury stocks	-	5,357	-	-
Interest expenses	(39,249)	(40,038)	(25,187)	(35,175)
<b>Net cash flows from (used in) financing activities</b>	<b>(763,016)</b>	<b>36,941</b>	<b>(587,105)</b>	<b>52,745</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>258,867</b>	<b>(22,355)</b>	<b>227,811</b>	<b>(1,314)</b>
Cash and cash equivalents at the beginning of period	18,181	72,649	1,086	3,702
<b>Cash and cash equivalents at end of period</b>	<b>277,048</b>	<b>50,294</b>	<b>228,897</b>	<b>2,388</b>

**Supplementary cash flows information:**

## Non-cash transactions:

Purchase of assets for which no cash has been paid	-	1,285	-	1,285
Transfer share discount from sales of the Company's shares held				
by subsidiaries to deficits and non-controlling interests	-	557,960	-	-
Decrease of assets from change in status of				
subsidiaries to be associates	-	34,396	-	-
Transfer assets classified as held for sale to				
assets available for use	16,746	-	-	-

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



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**Pan Asia Footwear Public Company Limited and its subsidiaries**  
**Notes to consolidated interim financial statements**  
**For the three-month and six-month periods ended 30 June 2013**

**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. The registered office of the Company is at 177/20 Moo 5, Nongkharm, Siracha, Chonburi.

**1.2 Going concern**

As at 30 June 2013, total current liabilities exceeded total current assets by Baht 319 million, and several subsidiaries had ceased their operations, while the Company and its subsidiaries had laid off employees. These factors may significantly affect to the continuity of the operations of the Company and its subsidiaries. However, during the current period, the Company and its subsidiaries sold partial fixed assets in value of Baht 1,171 million (Separate financial statements: Baht 907 million), resulted gain on sales of assets amounting to Baht 490 million (Separate financial statements: Baht 244 million) in order to settle debts and improve their liquidity. In addition, the Company has business restructuring plan as discussed in Note 21 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**

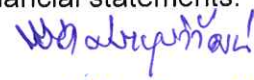
These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, comprehensive 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 2012, with no changes in the shareholding structure of the subsidiaries during the period.

#### 1.5 Application of new accounting standards during the period

The Federation of Accounting Professions issued the following accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance, all of which are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

- TAS 12 Income Taxes
- TAS 20 (revised 2009) Accounting for Government Grants and Disclosure of Government Assistance
- TAS 21 (revised 2009) The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

- TFRS 8 Operating Segments

Accounting Standard Interpretations:

- TSIC 10 Government Assistance - No Specific Relation to Operating Activities
- TSIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

#### **TAS 12 Income Taxes**

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in the first quarter of this year and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect for the change in the accounting policies has presented in Note 3 to the financial statements.



  
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## 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 2012, except for the change in the accounting policy due to the adoption of TAS 12 *Income Taxes* as follows:

### Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

### Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

### Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.



  
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## 2. New accounting standards issued during the period and not yet effective

The Federation of Accounting Professions has issued notifications, which have been published in the Royal Gazette during the first quarter of this year, mandating the use of financial reporting standard, accounting standard interpretation and financial reporting standard interpretations as follows:

	<u>Effective date</u>
Financial Reporting Standard:	
TFRS 4 Insurance Contracts	1 January 2016
Accounting Standard Interpretation:	
TSIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics	1 January 2014
TFRIC 10 Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programs	1 January 2014

The management of the Company and its subsidiaries has assessed the effect of the above financial reporting standard, accounting standard interpretation and financial reporting standard interpretations and believes that they are not relevant to the business of the Company and its subsidiaries, except TFRIC 1, for which the management is still evaluating the first-year impact to the financial statements and has yet to reach a conclusion.



  
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**3. Cumulative effect of the change in accounting policies due to the adoption of new accounting standard**

During the first quarter of this year, the Company and its subsidiaries made the change described in Note 1.5 to the financial statements to its significant accounting policies, as a result of the adoption of TAS 12 *Income Taxes*. The cumulative effect of the change in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

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

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	As at 30 June 2013	As at 31 December 2012	As at 1 January 2012	As at 30 June 2013	As at 31 December 2012	As at 1 January 2012
<b>Statements of financial position</b>						
Increase in deferred tax assets	7,293	61,938	54,677	-	46,730	40,954
Increase in deferred tax liabilities	616	962	525	231	-	-
Decrease in non-controlling interests of the subsidiaries	(29)	(24)	(15)	-	-	-
Increase (decrease) in unappropriated retained earnings	6,706	61,000	54,167	(231)	46,730	40,954

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 June 2013	2012	For the three-month periods ended 30 June 2013	2012
<b>Statements of comprehensive income</b>				
<b>Profit or loss:</b>				
Increase in income tax expenses	11,527	368	12,586	259
Decrease in profit attributable to non-controlling interest of the subsidiaries	(2)	(2)	-	-
Decrease in profit attributable to equity holders of the Company	(11,525)	(366)	(12,586)	(259)
Decrease in basic earnings per share (Baht)	(0.02)	-	(0.02)	-



  
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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	2013	2012	2013	2012
<b>Statements of comprehensive income</b>				
<b>Profit or loss:</b>				
Increase in income tax expenses	54,299	732	46,962	518
Decrease in profit attributable to non-controlling interest of the subsidiaries	(4)	(4)	-	-
Decrease in profit attributable to equity holders of the Company	(54,295)	(728)	(46,962)	(518)
Decrease in basic earnings per share (Baht)	(0.10)	-	(0.09)	-

**4. Trade and other receivables**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	14,982	20,399	-	-
Past due				
Up to 3 months	17,394	17,665	703	-
3 - 6 months	9,450	7,156	-	144
6 - 12 months	12,781	5,191	144	15
Over 12 months	66,435	65,617	141	141
Total	121,042	116,028	988	300
Less: Allowance for doubtful accounts	(63,995)	(62,092)	(87)	(87)
Total trade receivables - related parties, net	57,047	53,936	901	213
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	123,034	95,619	109,818	87,352
Past due				
Up to 3 months	41,779	77,202	31,584	46,999
3 - 6 months	754	9,912	413	9,804
6 - 12 months	1,158	790	818	543
Over 12 months	11,988	13,005	306	143
Total	178,713	196,528	142,939	144,841
Less: Allowance for doubtful accounts	(11,542)	(13,900)	(776)	(359)
Total trade receivables - unrelated parties, net	167,171	182,628	142,163	144,482
Total trade receivables - net	224,218	236,564	143,064	144,695



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(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
<u>Other receivables</u>				
Other receivables - related parties	332,395	312,921	189,964	185,801
Other receivables - unrelated parties	17,656	43,231	7,876	7,763
Total	350,051	356,152	197,840	193,564
Less: Allowance for doubtful accounts	(322,940)	(303,665)	(152,359)	(139,895)
Total other receivables - net	27,111	52,487	45,481	53,669
Total trade and other receivables - net	251,329	289,051	188,545	198,364

## 5. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	1	-	Cost plus margins of 3% - 10%
Hire of work income	-	-	-	2	Cost plus margins of 3% - 10%
Interest income	-	-	4	2	6.0% per annum
Rental income	-	-	-	4	Cost plus margins of 3% or market price
Other income	-	-	-	1	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	5	48	Cost plus margins of 3% - 10%
Hire of work expenses	-	-	1	98	Cost plus margins of 3% - 10%
Interest expenses	-	-	3	1	5.85% per annum
Other expenses	-	-	-	2	As indicated in the agreement



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(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended 30 June		periods ended 30 June		
	2013	2012	2013	2012	
<u>Transactions with associates</u>					
Sales of goods	2	3	-	-	Cost plus margins of 3% - 10%
Interest income	6	7	-	-	5.5% - 6.5% per annum
Rental income	-	5	-	5	Cost plus margins of 3% or market price
Service income	2	1	-	-	As indicated in the agreement
Other income	1	1	-	-	Cost plus margins or as indicated in the agreement
Purchase of goods	8	34	8	6	Cost plus margins of 3% - 10%
Hire of work expenses	-	3	-	-	Cost plus margins of 3% - 10%
Other expenses	1	5	-	-	As indicated in the agreement
<u>Transactions with related companies</u>					
Sales of goods	34	38	1	2	Cost plus margins of 3% - 10%
Hire of work income	5	53	4	-	Cost plus margins of 3% - 10%
Rental income	2	2	2	2	Cost plus margins of 3% or market price
Other income	1	1	1	-	Cost plus margins or as indicated in the agreement
Purchases of goods	3	4	1	1	Cost plus margins of 3% - 10%
Public utilities expenses	5	6	4	5	As indicated in the agreement
Other expenses	2	10	-	6	As indicated in the agreement

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the six-month		For the six-month		
	periods ended 30 June		periods ended 30 June		
	2013	2012	2013	2012	
<u>Transactions with subsidiaries</u>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	1	-	Cost plus margins of 3% - 10%
Hire of work income	-	-	-	2	Cost plus margins of 3% - 10%
Interest income	-	-	8	5	6.0% per annum
Rental income	-	-	1	7	Cost plus margins of 3% or market price
Other income	-	-	1	2	Cost plus margins or as indicated in the agreement
Purchases of goods	-	-	13	123	Cost plus margins of 3% - 10%
Hire of work expenses	-	-	4	217	Cost plus margins of 3% - 10%
Interest expenses	-	-	3	1	5.85% per annum
Other expenses	-	-	-	4	As indicated in the agreement



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(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the six-month periods ended 30 June		For the six-month periods ended 30 June		
	2013	2012	2013	2012	
<u>Transactions with associates</u>					
Sales of goods	4	9	-	3	Cost plus margins of 3% - 10%
Interest income	9	15	-	-	5.5% - 6.5% per annum
Rental income	5	10	4	9	Cost plus margins of 3% or market price
Service income	2	1	-	-	As indicated in the agreement
Other income	1	2	-	1	Cost plus margins or as indicated in the agreement
Purchase of goods	23	72	21	19	Cost plus margins of 3% - 10%
Hire of work expenses	-	10	-	1	Cost plus margins of 3% - 10%
Other expenses	1	8	-	-	As indicated in the agreement
<u>Transactions with related companies</u>					
Sales of goods	88	69	1	2	Cost plus margins of 3% - 10%
Hire of work income	9	93	7	-	Cost plus margins of 3% - 10%
Rental income	4	5	4	5	Cost plus margins of 3% or market price
Other income	1	1	1	-	Cost plus margins or as indicated in the agreement
Purchases of goods	7	9	1	3	Cost plus margins of 3% - 10%
Hire of work expenses	-	18	-	2	Cost plus margins of 3% - 10%
Public utilities expenses	8	13	8	12	As indicated in the agreement
Other expenses	4	16	1	9	As indicated in the agreement

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 2013	31 December 2012	30 June 2013	31 December 2012
<u>Trade and other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	112,979	108,971
Associates	250,984	235,063	30,260	27,036
Related companies (related by common shareholders and directors)	202,453	193,886	47,713	50,094
Total	453,437	428,949	190,952	186,101
Less: Allowance for doubtful accounts	(380,736)	(356,755)	(152,446)	(139,982)
Net	72,701	72,194	38,506	46,119



  
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(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2013	2012	2013	2012
<b><u>Receivables from guarantee - related parties</u></b>				
Subsidiaries	-	-	25,000	54,070
Associates	36,286	28,558	36,286	28,558
Related companies (related by common shareholders)	14,734	14,734	14,734	14,734
Total	51,020	43,292	76,020	97,362
Less: Allowance for doubtful accounts	(51,020)	(43,292)	(76,020)	(43,292)
Net	-	-	-	54,070
<b><u>Trade and other payables - related parties (Note 13)</u></b>				
Subsidiaries	-	-	33,919	37,248
Associates	32,234	51,484	2,556	10,999
Related companies (related by common shareholders)	77,324	50,248	44,053	25,096
Total	109,558	101,732	80,528	73,343

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

During the six-month periods ended 30 June 2013, the movements of short-term loans to related parties and others were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at		As at
	1 January 2013	Decrease	30 June 2013
<b><u>Short-term loans to related parties and others</u></b>			
Short-term loans to related parties			
Associates			
Nongchang Rubber Co., Ltd.	850	-	850
PA Capital Co., Ltd.	3,033	(500)	2,533
Total	3,883	(500)	3,383
Related companies			
Rangsit Polymer Co., Ltd.	6,500	-	6,500
Narai Bangkok Rubber Co., Ltd.	500	-	500
Thai Sung Shin New Material Co., Ltd.	2,600	-	2,600
Naturalart and Technology Co., Ltd. (formerly known as "Pan Asia Biotechnology Co., Ltd.")	6,000	(1,600)	4,400
Total	15,600	(1,600)	14,000
Total short-term loans to related parties	19,483	(2,100)	17,383
Less: Allowance for doubtful accounts	(10,450)	-	(10,450)
Total short-term loans to related parties - net	9,033	(2,100)	6,933
Short-term loans to others	573	-	573
Total short-term loans to related parties and others, net	9,606	(2,100)	7,506



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Long-term loans to related parties

During the six-month periods ended 30 June 2013, the movements of long-term loans to related parties were as follows:

(Unit: Thousand Baht)

Consolidated financial statements

	As at 1 January 2013	Increase	Decrease	As at 30 June 2013
<b><u>Long-term loans to related parties</u></b>				
Associates				
Pan Asia Leather Co., Ltd.	47,000	-	(1,000)	46,000
PA Capital Co., Ltd.	395,785	-	-	395,785
P.L. John Industries Co., Ltd.	10,700	-	-	10,700
Pek Engineering Co., Ltd.	9,540	-	-	9,540
Advantage Footwear Co., Ltd.	12,800	5,900	(18,700)	-
<b>Total</b>	<b>475,825</b>	<b>5,900</b>	<b>(19,700)</b>	<b>462,025</b>
Related companies				
Rangsit Footwear Co., Ltd.	2,109	-	-	2,109
Pan Tech Machinery Co., Ltd.	2,180	-	-	2,180
Rangsit Polymer Co., Ltd.	3,721	-	-	3,721
<b>Total</b>	<b>8,010</b>	<b>-</b>	<b>-</b>	<b>8,010</b>
<b>Total long-term loans to related parties</b>	<b>483,835</b>	<b>5,900</b>	<b>(19,700)</b>	<b>470,035</b>
Less: Allowance for doubtful accounts	(471,035)	-	1,000	(470,035)
<b>Total long-term loans to related parties, net</b>	<b>12,800</b>	<b>5,900</b>	<b>(18,700)</b>	<b>-</b>

(Unit: Thousand Baht)

Separate financial statements

	As at 1 January 2013	Increase	Decrease	As at 30 June 2013
<b><u>Long-term loans to related parties</u></b>				
Subsidiaries				
Modern Technology Component Co., Ltd.	41,600	7,800	(25,000)	24,400
Kabinburi Pan Asia Footwear Co., Ltd.	136,070	48,970	(11,000)	174,040
Excellent Rubber Co., Ltd.	18,300	5,473	(23,773)	-
Phimai Footwear Co., Ltd.	19,660	3,890	(500)	23,050
International Curity Footwear Co., Ltd.	-	11,494	(11,494)	-
<b>Total</b>	<b>215,630</b>	<b>77,627</b>	<b>(71,767)</b>	<b>221,490</b>
Associate				
Advantage Footwear Co., Ltd.	-	5,900	(5,900)	-
<b>Total</b>	<b>-</b>	<b>5,900</b>	<b>(5,900)</b>	<b>-</b>
Related company				
Rangsit Footwear Co., Ltd.	2,109	-	-	2,109
<b>Total</b>	<b>2,109</b>	<b>-</b>	<b>-</b>	<b>2,109</b>
<b>Total long-term loans to related parties</b>	<b>217,739</b>	<b>83,527</b>	<b>(77,667)</b>	<b>223,599</b>
Less: Allowance for doubtful accounts	(166,439)	(41,410)	50	(207,799)
<b>Total long-term loans to related parties, net</b>	<b>51,300</b>	<b>42,117</b>	<b>(77,617)</b>	<b>15,800</b>



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Short-term loans from related parties and others

During the six-month periods ended 30 June 2013, the movements of short-term loans to related persons and parties were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 1 January 2013	Decrease	As at 30 June 2013
<b><u>Short-term loans from related parties and others</u></b>			
Associate			
Aphakorn Industrial Co., Ltd.	4,000	-	4,000
Total	4,000	-	4,000
Related persons and companies			
Mr. Boonyasit Chokwatana	100,000	-	100,000
Mr. Boonyakiat Chokwatana	10,000	(10,000)	-
Total	110,000	(10,000)	100,000
Others			
Sajja Aomsap Mutual Fund	861	-	861
Employee Relief Fund Buriram	1,404	(1,404)	-
Total	2,265	(1,404)	861
Total short-term loans from related parties and others	116,265	(11,404)	104,861

(Unit: Thousand Baht)

	Separate financial statements		
	As at 1 January 2013	Decrease	As at 30 June 2013
<b><u>Short-term loans from related parties</u></b>			
Subsidiaries			
Pontex (Thailand) Co., Ltd.	11,000	(11,000)	-
Footwear Tech 1530 Co., Ltd.	14,300	(84)	14,216
WBLP Co., Ltd. (formerly known as "Pan Rayong Co., Ltd.")	41,800	(2,000)	39,800
Pantech R&D Co., Ltd.	1,850	-	1,850
Total	68,950	(13,084)	55,866
Associate			
Aphakorn Industrial Co., Ltd.	4,000	-	4,000
Total	4,000	-	4,000
Related persons			
Mr. Boonyasit Chokwatana	100,000	-	100,000
Mr. Boonyakiat Chokwatana	10,000	(10,000)	-
Total	110,000	(10,000)	100,000
Total short-term loans from related parties	182,950	(23,084)	159,866



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### Directors and management's benefits

During the six-month periods ended 30 June 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Short-term employee benefits	5,369	8,548	2,747	5,899
Post-employment benefits	47	26	42	20
Total	<u>5,416</u>	<u>8,574</u>	<u>2,789</u>	<u>5,919</u>

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 19.2 to the financial statements.

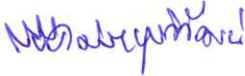
## 6. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2013	151,754	63,953
Add: Reduce cost to net realisable value of inventories increase during the period	14,699	14,699
Less: Reversal of reduce cost to net realisable value of inventory account during the period	(59,681)	(20,181)
Balance as at 30 June 2013	<u>106,772</u>	<u>58,471</u>



  
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## 7. Assets classified as held for sale

Movements in assets classified as held for sale during the six-month period ended 30 June 2013 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements			
	Assets of subsidiaries	Investment properties	Property, plant and equipment	Total
<b>Balance as at 1 January 2013</b>	70,054	544,821	256,582	871,457
Transfer to assets available for use	-	-	(16,746)	(16,746)
Decrease during the period	(11,922)	-	-	(11,922)
Disposals during the period	-	(446,247)	(214,245)	(660,492)
<b>Balance as at 30 June 2013</b>	<u>58,132</u>	<u>98,574</u>	<u>25,591</u>	<u>182,297</u>

(Unit: Thousand Baht)

	Separate financial statements			
	Investments in subsidiaries	Investment properties	Property, plant and equipment	Total
<b>Balance as at 1 January 2013</b>	36,302	685,165	74,245	795,712
Disposals during the period	-	(586,591)	(74,245)	(660,836)
<b>Balance as at 30 June 2013</b>	<u>36,302</u>	<u>98,574</u>	<u>-</u>	<u>134,876</u>

As at 30 June 2013, the Company and its subsidiaries have pledged assets classified as held for sale with net book value amounting to Baht 117 million (31 December 2012: Baht 597 million) as collateral against credit facilities received from financial institutions (Separate financial statements: Baht 98 million (31 December 2012: Baht 566 million)).

## 8. Restricted bank deposits

As at 30 June 2013, subsidiaries had pledged the deposits at financial institutions to secure loans and bank guarantee facilities issued by the banks on behalf of the subsidiaries.



  
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## 9. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost		Allowance for impairment on investments		Net	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
			(%)	(%)						
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)	(146,406)	-	3,592
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	-	-	122,112	122,112
<b>Total</b>					<b>2,343,117</b>	<b>2,343,117</b>	<b>(2,177,634)</b>	<b>(2,174,042)</b>	<b>165,483</b>	<b>169,075</b>

## 10. Investments in associates

(Unit: Thousand Baht)

	Consolidated financial statements	
	30 June 2013	31 December 2012
Investments in associates - at cost	504,943	504,943
Accumulated share of loss in associates	(470,598)	(473,541)
Investments in associates - equity method	34,345	31,402

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 2013 of the associate and subsidiaries of the associate. The latest financial statements of the associate available to the Company were the financial statements as at 31 December 2012, which were audited by its auditor, and only separate financial statements were presented, not consolidated financial statements, even though it has subsidiaries and associates. However, the Company recorded investment in this associate under the equity method as equal to zero.



  
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## 11. Property, plant and equipment

Movements in the property, plant and equipment account during the six-month period ended 30 June 2013 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2013	208,053	296,657
Acquisitions during the period - cost	7,457	3,377
Transfer from assets classified as held for sale	16,746	-
Disposals/write-off during the period - net book value	(19,739)	(2,244)
Depreciation for the period	(24,473)	(14,505)
Allowance for impairment of assets	(63,527)	(73,472)
Balance as at 30 June 2013	124,517	209,813

As at 30 June 2013, the Company and its subsidiaries have pledged assets with net book value amounting to Baht 42 million (31 December 2012: Baht 52 million) as collaterals against credit facilities received from financial institutions (Separate financial statements: Baht 175 million (31 December 2012: Baht 177 million)).

## 12. Bank overdrafts and short-term loans from financial institutions

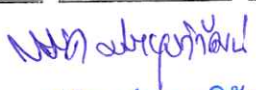
Bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by the guarantees of the Company and Bangkok Rubber Plc., the pledge of fixed deposits and machines, and the mortgage of land and construction thereon of subsidiaries as described in Notes 8 and 11 to the financial statements.

## 13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Trade accounts payable - related parties	47,008	57,265	28,916	40,057
Trade accounts payable - unrelated parties	87,889	145,316	38,740	67,770
Other payables - related parties	6,526	17,436	5,836	6,255
Other payables - unrelated parties	13,591	19,695	10,396	19,695
Accrued expenses - related parties	28,530	22,031	18,282	22,031
Accrued expenses - unrelated parties	117,233	126,997	33,309	52,582
Unearned revenue - related parties	27,494	5,000	27,494	5,000
Unearned revenue - unrelated parties	3,154	7,327	2,027	35
Total	331,425	401,067	165,000	213,425



  
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#### 14. Long-term loans

Movements in long-term loans during the six-month period ended 30 June 2013 are summarised below.

	Consolidated financial statements		(Unit: Thousand Baht) Separate financial statements	
	Long-term debt restructuring loan	Other long-term loans	Total	Other long-term loans
Balance as at 1 January 2013	39,109	406,252	445,361	290,914
Add: Interest from debt restructuring agreement	2,129	-	2,129	-
Less: Repayment	-	(361,560)	(361,560)	(246,914)
Balance as at 30 June 2013	41,238	44,692	85,930	44,000
Less: Current portion	-	(11,712)	(11,712)	(11,244)
Amount classified as current liability	(41,238)	-	(41,238)	-
Long-term loans, net of current portion	-	32,980	32,980	32,756

#### 15. Provisions

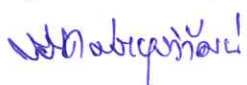
##### Short-term provisions

	(Unit: Thousand Baht) Consolidated and Separate financial statements	
	30 June 2013	31 December 2012
Liabilities from guarantee defaulted debt	380,345	380,345
Provisions from guarantee for associates	-	7,511
Provisions for short-term employee benefits	110,298	11,163
Total	490,643	399,019

The Company was sued by a commercial bank as a result of its guarantee of credit facilities provided to Ban Pan Engineering and Holding Co., Ltd. which defaulted on its repayment of debts. On 4 December 2003 and 25 December 2008, the Court of First Instance and Appeal Court ordered the Company and a related company to pay such debts. Subsequently, on 4 January 2010, the Company had restructured its debts with Thai Assets Management Corporation ("TAMC"). Under the terms of the restructuring, the Company has to pay a total of Baht 360 million, comprised of principal of Baht 288 million and interest of Baht 72 million, and is to make additional payment if the Company's cash inflows exceed the provided financial projections (excluding cash flows from sales of land, building, equipment, share capital, investment and dividend received), although total debt settlement (excluding new interest) will not exceed Baht 540 million.



  
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In the fourth quarter of 2012, the Company did not make due debt repayment because TAMC had ceased its operation and transferred all assets to Bangkok Commercial Asset Management ("BAM"), but the Company had not received any notice of this transfer from TAMC which cause indecision in the settlements. The Company's management sent a letter to BAM asking for information regarding the repayment procedures after debt transferring. However, BAM has yet to provide clarification. Thus, the Company classified such provision of Baht 380 million as "Liabilities from guarantee defaulted debt" presented in current liabilities as at 31 December 2012.

As at 30 June 2013, it has no additional repayment because the Company has not received any debt repayment procedures from BAM.

### Long-term provisions

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
30 June	31 December	30 June	31 December	
2013	2012	2013	2012	
Provisions from guarantee for subsidiaries	-	-	173,338	173,338
Provisions from guarantee for related companies	241	241	241	241
Provisions from prosecution	10,424	10,424	10,424	10,424
Total	10,665	10,665	184,003	184,003

## 16. Income tax

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

Income tax expenses for the three-month and six-month periods ended 30 June 2013 and 2012 are made up as follows:

	(Unit: Thousand Baht)			
	for the three-month periods ended 30 June			
	Consolidated		Separate	
financial statements		financial statements		
2013	2012	2013	2012	
<b>Current income tax:</b>				
Interim corporate income tax charge	446	-	-	
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	11,527	368	12,586	
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>11,973</b>	<b>368</b>	<b>12,586</b>	



  
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(Unit: Thousand Baht)

for the six-month periods ended 30 June

	Consolidated		Separate	
	financial statements		financial statements	
	2013	2012	2013	2012
<b>Current income tax:</b>				
Interim corporate income tax charge	446	-	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	54,299	732	46,962	518
<b>Income tax expense reported in the statements of comprehensive income</b>	<b>54,745</b>	<b>732</b>	<b>46,962</b>	<b>518</b>

## 17. 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 in issue during the period.

## 18. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as Board of Directors and Executive Board of the Company and its subsidiaries.

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 to the aforementioned reportable operating segment and geographical area.

## 19. Commitments and contingent liabilities

### 19.1 Operating lease commitments

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



  
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Future minimum lease payments were as follows.

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June 2013	31 December 2012	30 June 2013	31 December 2012
Payable:				
In up to 1 year	17	9	4	9
In over 1 and up to 5 years	3	1	-	1

- b) A subsidiary has entered into an operating lease agreement in relation to leasing of land, building and plant with a foreign company. The agreement has a term of 20 years and will expire in 2029. The subsidiary has obligations related to the service under the agreement amounting to USD 0.4 million (31 December 2012: USD 0.4 million).

## 19.2 Guarantees

- a) As at 30 June 2013, there were outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 14 million to guarantee electricity (Separate financial statements: Baht 4 million) (31 December 2012: Baht 14 million (Separate financial statements: Baht 4 million)), Baht 14 million to guarantee customs and others (Separate financial statements: nil) (31 December 2012: Baht 12 million (Separate financial statements: nil)).
- b) As at 30 June 2013, the Company has obligations under its guarantees of loans and credit facilities provided to its related parties by banks and financial institutions totaling Baht 385 million (31 December 2012: Baht 445 million).

## 19.3 Legal cases

- a) The Company faced a lawsuit from alleged lay-off employees 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 Appeals Court. The Company then recorded provisions from prosecution at the amount ordered by the Court.



  
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(Unaudited but reviewed)

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

## 20. Financial instruments

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

Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	30 June 2013 (Million)	31 December 2012 (Million)	30 June 2013 (Million)	31 December 2012 (Million)	30 June 2013 (Baht per 1 foreign currency unit)	31 December 2012 (Baht per 1 foreign currency unit)
USD	4	5	2	1	31.1271	30.6316

## 21. Events after the reporting period

On 15 August 2013, the Board of Directors' meeting passed a resolution to approve a restructuring of the Company's business, whereby it is to cease its production of shoes and bags effective from 31 August 2013 and to engage only in investment holding (a holding company). The Company's shareholdings in its subsidiaries are unchanged, and the subsidiaries continue their factory operations as before. The Company has a 100% shareholding in WBLP Co., Ltd., a subsidiary whose main business is the production of shoes and bags.

In addition, the Company has laid-off almost all employees and retains a certain number of employees to support office operations. The Company recorded the compensation paid to the employees who were laid-off, amounting to Baht 130 million, in profit or loss and reversed provision for long-term employee benefits amounting to Baht 2 million during the current period. In addition, the Company's management considered to set aside allowance for impairment amounting to Baht 73 million for unused machines in profit or loss during the current period.



  
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## 22. Reclassification

Certain amounts in the financial statements as at 31 December 2012 have been reclassified to conform to the current period's classification.

Except for the prior years' adjustment discussed in Note 1.5 to the financial statements, the reclassifications had no effect to previously reported loss or shareholders' equity.

## 23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 12 September 2013.



  
นายสมมาตร ชุนเศรษฐ์

  
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