

**PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED**

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2010 AND 2009**

## AUDITOR'S REPORT

To The Shareholders of

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED

I have audited the consolidated balance sheets of PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the separate balance sheets of PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED as at December 31, 2010 and 2009, the related consolidated statements of income and separate statements of income, consolidated statements of changes in shareholders' equity and separate statements of changes in shareholders' equity, and consolidated statements of cash flows and separate statements of cash flows for the years then ended. These financial statements are the responsibility of the Company's management as to their correctness and completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimated made by management, as well as evaluating the overall financial statements presentation. I believe that my audits provide a reasonable basis for my audits.

In my opinion, consolidated financial statements and separate financial statements referred to above present fairly, in all material respect, the consolidated financial position of PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the separate financial position of PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED as at December 31, 2010 and 2009 and the results of their and its operation and cash flows for the years then ended in conformity with generally accepted accounting principles.

Office of D I A International Auditing

(Mrs. Suvimol Krittayakiern)

C.P.A. (Thailand)

Registration No. 2982

February 28, 2011

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS

AS AT DECEMBER 31, 2010 AND 2009

(Unit: Baht)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents		67,154,945	164,407,241	23,912,208	109,076,242
Current investment - deposit at financial institution		168,534	1,289,089	-	-
Trade accounts receivable					
Subsidiary companies	5.1	-	-	3,175,238	47,776
Associated companies	5.2	57,043,277	34,543,865	33,414,998	7,038,107
Related companies	5.3	172,444,107	189,937,435	1,175,275	11,521,558
Others	6	314,844,696	319,367,464	195,183,875	129,390,851
Total trade accounts receivable		544,332,080	543,848,764	232,949,386	147,998,292
Less: Allowance for doubtful accounts		(123,757,362)	(115,830,967)	(366,091)	(366,091)
Trade accounts receivable - net	6	420,574,718	428,017,797	232,583,295	147,632,201
Other receivables - related parties					
Subsidiary companies	5.4	-	-	143,490,343	73,291,177
Associated companies	5.5	85,828,320	69,069,059	11,157,248	7,761,613
Related companies	5.6	100,908,479	105,345,378	12,406,241	9,434,476
Total other accounts receivable - related parties		186,736,799	174,414,437	167,053,832	90,487,266
Less: Allowance for doubtful accounts		(126,371,014)	(115,209,764)	(19,001,601)	(11,126,800)
Other accounts receivable - related parties, net		60,365,785	59,204,673	148,052,231	79,360,466
Short-term loans to related parties					
Associated companies	5.7	850,000	850,000	-	-
Related companies	5.8	231,747,221	233,107,221	-	-
Total short-term loans to related parties		232,597,221	233,957,221	-	-
Less: Allowance for doubtful accounts		(224,497,221)	(224,657,221)	-	-
Short-term loans to related parties - net	5.24,5.27	8,100,000	9,300,000	-	-
Short-term loans to other parties		672,969	672,969	-	-
Inventories - net	7	615,477,905	525,866,242	230,570,461	137,765,919
Other current assets					
Value added tax refundable		10,233,373	11,865,158	9,301,955	5,412,484
Accrued income		28,199,539	24,499,737	25,664,613	17,978,414
Prepaid expenses		39,183,322	35,234,054	27,697,164	11,719,936
Assets deposit		28,800,000	18,400,000	28,800,000	18,400,000
Others		37,452,845	47,006,340	4,000,375	1,223,611
Total other current assets		143,869,079	137,005,289	95,464,107	54,734,445
<b>TOTAL CURRENT ASSETS</b>		<b>1,316,383,935</b>	<b>1,325,763,300</b>	<b>730,582,302</b>	<b>528,569,273</b>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Cont.)

AS AT DECEMBER 31, 2010 AND 2009

(Unit: Baht)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
NON-CURRENT ASSETS					
Pledged bank deposits	8	7,985,857	7,245,304	-	-
Long - term investments in subsidiary and associated companies					
Subsidiary companies	9.2	-	-	1,094,615,259	1,591,745,237
Associated companies	9.1	163,817,753	159,307,784	-	-
Total long - term investments in subsidiary and associated companies		163,817,753	159,307,784	1,094,615,259	1,591,745,237
Long-term investments in related parties - net	10	13,711,959	38,607,459	-	15,000,000
Long-term investments in available-for-sale securities - net	11	29,400	15,160,741	29,400	15,160,741
Long-term loans to related parties					
Subsidiary companies	5.9	-	-	282,180,000	189,500,000
Associated companies	5.10	88,200,000	88,200,000	-	-
Related companies	5.11	4,858,739	9,183,739	2,108,739	2,108,739
Total long-term loans to related parties		93,058,739	97,383,739	284,288,739	191,608,739
Less: Allowance for doubtful accounts		(93,058,739)	(97,383,739)	(35,708,739)	(35,708,739)
Long-term loans to related parties - net	5.24,5.28	-	-	248,580,000	155,900,000
Property, plant and equipment - net	12	1,738,441,740	1,974,164,265	1,091,065,116	1,171,932,907
Investment in properties - net	13	228,915,334	230,831,085	228,915,334	230,831,085
Leasehold right - net	14	6,737,197	7,313,863	5,967,751	6,511,084
Cost of para-rubber plantation	15	33,611,651	31,448,796	33,611,651	31,448,796
Receivables from guarantee - related companies					
Subsidiary companies	5.12	-	-	64,870,000	-
Related companies	5.13	18,479,706	18,504,549	14,758,827	14,783,670
Total receivables from guarantee - related companies		18,479,706	18,504,549	79,628,827	14,783,670
Less: Allowance for doubtful accounts		(18,479,706)	(18,504,549)	(14,758,827)	(14,783,670)
Receivables from guarantee - related companies - net		-	-	64,870,000	-
Goodwill - net	16	-	-	-	-
Other non-current assets					
Withholding income tax		62,166,466	66,310,790	21,655,139	14,576,089
Deferred expenses		547,937	1,187,266	-	-
Others		5,613,685	19,440,330	738,081	345,498
Total other non-current assets		68,328,088	86,938,386	22,393,220	14,921,587
<b>TOTAL NON-CURRENT ASSETS</b>		<b>2,261,578,979</b>	<b>2,551,017,683</b>	<b>2,790,047,731</b>	<b>3,233,451,437</b>
<b>TOTAL ASSETS</b>		<b>3,577,962,914</b>	<b>3,876,780,983</b>	<b>3,520,630,033</b>	<b>3,762,020,710</b>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Cont.)

AS AT DECEMBER 31, 2010 AND 2009

(Unit: Baht)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
<b>CURRENT LIABILITIES</b>					
Overdrafts and short-term loans from financial institutions	17	1,023,876,632	1,020,326,872	646,159,314	348,013,393
Trade accounts payable					
Subsidiary companies	5.14	-	-	98,773,043	70,236,237
Associated companies	5.15	16,617,781	22,222,814	9,833,090	2,612,770
Related companies	5.16	27,811,761	22,384,535	8,371,919	6,758,076
Others		359,663,592	311,740,955	94,471,077	68,217,952
Total trade accounts payable		404,093,134	356,348,304	211,449,129	147,825,035
Other payables - related parties					
Subsidiary companies	5.17	-	-	6,095,172	4,809,302
Associated companies	5.18	1,763,592	1,061	89,447	-
Related companies	5.19	68,753,518	47,587,522	12,199,897	9,397,912
Total other accounts payable - related parties		70,517,110	47,588,583	18,384,516	14,207,214
Current portion of long-term loans	18	167,903,210	105,168,093	72,720,000	50,400,000
Short-term loans from related parties					
Subsidiary companies	5.20	-	-	15,000,000	5,000,000
Associated companies	5.21	30,000,000	30,000,000	-	-
Related companies	5.22	48,751,083	48,438,755	-	-
Total short-term loans from related parties	5.25,5.29	78,751,083	78,438,755	15,000,000	5,000,000
Short-term loans from directors	5.26	15,000,000	15,000,000	-	-
Short-term loans from other parties		1,590,411	690,411	-	-
Other current liabilities					
Accrued income tax		2,623,284	99,820	-	-
Accrued expenses		170,413,144	140,885,364	55,600,701	34,354,089
Unearned revenue		8,438,111	3,323,051	2,581	124,181
Others		69,880,898	21,622,855	61,760,904	12,048,478
Total other current liabilities		251,355,437	165,931,090	117,364,186	46,526,748
<b>TOTAL CURRENT LIABILITIES</b>		<b>2,013,087,017</b>	<b>1,789,492,108</b>	<b>1,081,077,145</b>	<b>611,972,390</b>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

BALANCE SHEETS (Cont.)

AS AT DECEMBER 31, 2010 AND 2009

(Unit: Baht)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
LIABILITIES AND SHAREHOLDERS' EQUITY (Cont.)					
NON-CURRENT LIABILITIES					
Long-term loans - net of current portion	18	410,076,812	168,724,253	169,663,414	96,900,000
Long-term loans from related companies	5.30	130,000,000	130,000,000	130,000,000	130,000,000
Long-term loans from related persons	5.31	60,000,000	50,000,000	60,000,000	50,000,000
Provisions from guarantee liabilities and breach of agreement	19	467,174,947	512,353,135	499,190,310	550,510,361
Other non-current liabilities		2,848,288	4,387,020	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>1,070,100,047</b>	<b>865,464,408</b>	<b>858,853,724</b>	<b>827,410,361</b>
<b>TOTAL LIABILITIES</b>		<b>3,083,187,064</b>	<b>2,654,956,516</b>	<b>1,939,930,869</b>	<b>1,439,382,751</b>
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
540,000,000 ordinary shares of Baht 5 each		2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
Issued and paid-up share capital					
540,000,000 ordinary shares of Baht 5 each		2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
Paid-in capital					
Premium on share capital		1,677,183	1,677,183	1,677,183	1,677,183
Discount on treasury stocks	21	(151,328,565)	-	-	-
Shares of the Company held by its subsidiary companies	21	(1,171,517,936)	(1,359,650,971)	-	-
Unrealized gain on changes in the value of investments	11	(94,600)	9,917,958	(94,600)	9,917,958
Retained earnings (deficit)					
Appropriated - legal reserve		21,000,000	21,000,000	21,000,000	21,000,000
Unappropriated		(990,020,954)	(389,157,222)	(1,141,883,419)	(409,957,182)
<b>EQUITY HOLDERS OF THE COMPANY</b>		<b>409,715,128</b>	<b>983,786,948</b>	<b>1,580,699,164</b>	<b>2,322,637,959</b>
<b>MINORITY INTEREST OF SUBSIDIARY COMPANIES</b>		<b>85,060,722</b>	<b>238,037,519</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>494,775,850</b>	<b>1,221,824,467</b>	<b>1,580,699,164</b>	<b>2,322,637,959</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,577,962,914</b>	<b>3,876,780,983</b>	<b>3,520,630,033</b>	<b>3,762,020,710</b>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF INCOME  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
<i>Note</i>	2010	2009	2010	2009
Revenues from sales	2,983,976,142	5,239,043,603	1,455,985,916	2,571,191,967
Hire of work	66,640,915	35,906,876	18,499,820	26,569,780
Total revenues	3,050,617,057	5,274,950,479	1,474,485,736	2,597,761,747
Cost of sales and hire of work	(3,522,638,720)	(4,779,938,097)	(1,789,372,722)	(2,439,370,443)
Gross profit (loss)	(472,021,663)	495,012,382	(314,886,986)	158,391,304
Other income :				
Interest income	18,757,793	6,356,241	14,202,606	6,912,239
Rental income	32,108,725	27,160,535	52,048,547	70,599,685
Service fee income	26,185,055	11,999,912	27,975,669	12,542,473
Consultant fee income	-	219,000	-	33,549,360
Management fee income	-	-	-	5,737,200
Gain on exchange rate	-	4,960,260	-	1,694,151
Sales of raw materials income	4,322,670	-	-	-
Gain on disposal of investments	8,308,242	6,600,000	4,968,450	-
Gain on disposal of assets	288,637,926	1,149,518	284,037,043	-
Gain on sales of marketable securities	10,154,913	82,243,241	10,154,913	82,243,241
Dividend income	1,983,253	2,903,373	205,128	9,572,466
Others	120,719,473	75,867,567	36,980,425	12,762,460
Total other income	511,178,050	219,459,647	430,572,781	235,613,275
Profit before expenses	39,156,387	714,472,029	115,685,795	394,004,579
Selling expenses	(127,516,246)	(73,466,668)	(93,352,864)	(25,557,297)
Administrative expenses	(417,030,716)	(531,911,534)	(130,551,424)	(120,006,551)
Directors' remuneration	(8,854,343)	(15,747,000)	(5,034,343)	(5,227,000)
Management benefit expenses	(27,704,966)	(52,022,143)	(11,710,348)	(12,303,645)
Other expenses :				
Loss on impairment of investments	-	-	(497,129,978)	(367,158,000)
Loss on impairment of assets	(12,788,838)	(242,826,963)	-	(171,400,002)
Impairment of goodwill	-	(1,316,425)	-	-
Reversal loss on guarantee	2,124,432	47,494,260	4,230,829	56,443,647
Loss on exchange rate	(3,478,768)	-	(5,377,711)	-
Reversal of allowance (doubtful accounts)	(13,605,502)	(43,391,244)	(4,152,939)	(6,993,825)
Damages expenses on defective goods	(13,476,972)	(55,541,803)	(13,476,972)	(55,541,803)
Others	(40,743,203)	(35,468,300)	(32,285,993)	(24,649,756)
Total other expenses	(81,968,851)	(331,050,475)	(548,192,764)	(569,299,739)
Total expenses	(663,075,122)	(1,004,197,820)	(788,841,743)	(732,394,232)
Profit (Loss) before finance costs and income tax	(623,918,735)	(289,725,791)	(673,155,948)	(338,389,653)
Finance costs	(127,124,607)	(114,178,689)	(58,770,289)	(42,331,608)
Share of profit (loss) on investments in associated companies	4,509,968	8,868,083	-	-
Profit (Loss) before income tax	(746,533,374)	(395,036,397)	(731,926,237)	(380,721,261)
Income tax	(7,151,655)	(3,422,652)	-	-
Net profit (loss)	(753,685,029)	(398,459,049)	(731,926,237)	(380,721,261)
Attributable to :				
Equity holders of the parent	(600,863,732)	(303,792,300)	(731,926,237)	(380,721,261)
Minority interest	(152,821,297)	(94,666,749)	-	-
	(753,685,029)	(398,459,049)	(731,926,237)	(380,721,261)
<b>Basic earnings (loss) per share :</b>				
Earnings (loss) per share - equity holders of the parent	(1.96)	(0.99)	(1.36)	(0.71)
Weighted average number of ordinary shares (shares)	306,943,361	306,943,361	540,000,000	540,000,000

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES  
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit: Baht)

	Consolidated financial statements								
	Issued and paid-up share capital	Premium on share capital	Discount on sales of treasury stocks	The Company's share held by its subsidiary companies	Unrealized gain (loss) on changes in the value of investments	Retained earnings (deficit)		Minority interests of subsidiary companies	Total
						Appropriated legal reserve	Unappropriated		
<b>Balance as at January 1, 2009</b>	2,700,000,000	1,677,183	-	(1,359,650,971)	100,417,276	21,000,000	(85,364,922)	333,562,449	1,711,641,015
Unrealized loss on change in the value of investments	-	-	-	-	(12,624,076)	-	-	-	(12,624,076)
Unrealized transaction in statements of income	-	-	-	-	(12,624,076)	-	-	-	(12,624,076)
Sales of marketable securities	-	-	-	-	(77,875,242)	-	-	-	(77,875,242)
Net loss for the year	-	-	-	-	-	-	(303,792,300)	-	(303,792,300)
Minority interest of subsidiaries	-	-	-	-	-	-	-	(94,666,749)	(94,666,749)
Decrease in minority interest of subsidiaries companies from divided payment of subsidiaries	-	-	-	-	-	-	-	(340,681)	(340,681)
Minority interest of subsidiaries from increase investment	-	-	-	-	-	-	-	(517,500)	(517,500)
<b>Balance as at December 31, 2009</b>	<b>2,700,000,000</b>	<b>1,677,183</b>	<b>-</b>	<b>(1,359,650,971)</b>	<b>9,917,958</b>	<b>21,000,000</b>	<b>(389,157,222)</b>	<b>238,037,519</b>	<b>1,221,824,467</b>
<b>Balance as at January 1, 2010</b>	<b>2,700,000,000</b>	<b>1,677,183</b>	<b>-</b>	<b>(1,359,650,971)</b>	<b>9,917,958</b>	<b>21,000,000</b>	<b>(389,157,222)</b>	<b>238,037,519</b>	<b>1,221,824,467</b>
Unrealized loss on change in the value of investment	-	-	-	-	(536,455)	-	-	-	(536,455)
Unrealized transaction in statements of income	-	-	-	-	(536,455)	-	-	-	(536,455)
Sales of marketable securities	-	-	-	-	(9,476,103)	-	-	-	(9,476,103)
Sales of treasury stocks	-	-	(151,328,565)	188,133,035	-	-	-	-	36,804,470
Net loss for the year	-	-	-	-	-	-	(600,863,732)	-	(600,863,732)
Minority interest of subsidiaries	-	-	-	-	-	-	-	(152,821,297)	(152,821,297)
Minority interest of subsidiaries from increase investment	-	-	-	-	-	-	-	(155,500)	(155,500)
<b>Balance as at December 31, 2010</b>	<b>2,700,000,000</b>	<b>1,677,183</b>	<b>(151,328,565)</b>	<b>(1,171,517,936)</b>	<b>(94,600)</b>	<b>21,000,000</b>	<b>(990,020,954)</b>	<b>85,060,722</b>	<b>494,775,850</b>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

(Unit: Baht)

	Separate financial statements					Total
	Issued and paid-up share capital	Premium on share capital	Unrealized gain (loss) on changes in the value of investments	Retained earnings (deficit)		
				Appropriated legal reserve	Unappropriated	
<b>Balance as at January 1, 2009</b>	2,700,000,000	1,677,183	100,417,276	21,000,000	(29,235,921)	2,793,858,538
Unrealized loss on changes in the value of investments	-	-	(12,624,076)	-	-	(12,624,076)
Unrealized transaction in statements of income	-	-	(12,624,076)	-	-	(12,624,076)
Sales of marketable securities	-	-	(77,875,242)	-	-	(77,875,242)
Net loss for the year	-	-	-	-	(380,721,261)	(380,721,261)
<b>Balance as at December 31, 2009</b>	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>9,917,958</u>	<u>21,000,000</u>	<u>(409,957,182)</u>	<u>2,322,637,959</u>
<b>Balance as at January 1, 2010</b>	2,700,000,000	1,677,183	9,917,958	21,000,000	(409,957,182)	2,322,637,959
Unrealized loss on changes in the value of investments	-	-	(536,455)	-	-	(536,455)
Unrealized transaction in statements of income	-	-	(536,455)	-	-	(536,455)
Sales of marketable securities	-	-	(9,476,103)	-	-	(9,476,103)
Net loss for the year	-	-	-	-	(731,926,237)	(731,926,237)
<b>Balance as at December 31, 2010</b>	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(94,600)</u>	<u>21,000,000</u>	<u>(1,141,883,419)</u>	<u>1,580,699,164</u>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 30, 2010 AND 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	(746,533,374)	(395,036,397)	(731,926,237)	(380,721,261)
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities				
Depreciation and amortization	214,581,334	239,261,718	58,586,164	61,699,700
Share of profit (loss) on investments in associated companies under equity method	(4,509,968)	(8,868,083)	-	-
Reversed loss on guarantee subsidiary companies	-	-	(420,000)	-
Reversed loss on guarantee associated companies	(5,178,188)	(6,752,586)	(5,178,188)	(6,752,586)
Reversed loss on guarantee related companies	-	(40,246,331)	-	(40,246,331)
Reversed provisions from breach of hire of work contract	-	(495,343)	-	(495,343)
Loss on impairment of assets	4,902,300	242,826,963	-	171,400,002
Loss of assets amortization	-	320,098	-	320,098
Reversed loss on devaluation of inventories	47,493,266	37,410,090	12,443,348	931,181
Gain on disposal of assets	(281,370,736)	(1,749,183)	(284,037,043)	(79,121)
Loss on impairment of investment	-	-	497,129,978	367,158,000
Gain on disposal of marketable securities	(10,154,913)	(82,243,242)	(10,154,913)	(82,243,242)
Gain on disposal of investment	(8,308,242)	-	(4,968,450)	-
(Reversal) allowance for doubtful accounts	14,119,522	43,391,244	4,152,939	6,993,825
Impairment of goodwill	-	1,316,425	-	-
Donated assets	-	348,713	-	-
Finance costs - interest expenses	118,969,970	102,869,684	55,024,782	38,100,867
Profit from operation before changes in operating assets and liabilities	(655,989,029)	132,353,770	(409,347,620)	136,065,789
<b>(Increase) Decrease in operating assets</b>				
Trade accounts receivable	(801,371)	149,548,366	(84,951,095)	104,625,527
Inventories	(137,104,929)	232,344,115	(105,247,889)	61,584,187
Value added tax refundable	1,631,785	18,601,258	(3,889,471)	9,340,278
Accrued income	(15,720,986)	(59,082,877)	(84,252,764)	64,957,715
Prepaid expenses	(3,949,268)	63,327,194	(15,977,228)	11,053,074
Other current assets	20,259,648	32,963,285	(2,776,764)	931,232
Deferred expenses	639,329	233,152	-	-
Other non-current assets	13,826,644	(12,474,216)	(392,584)	(3,200)
<b>Increase (Decrease) in operating liabilities</b>				
Trade accounts payable	47,744,829	(147,594,973)	63,624,093	(64,147,831)
Accrued expenses	(2,054,173)	(98,452,974)	22,304,107	(9,652,986)
Unearned revenue	5,115,060	1,203,845	(121,600)	124,182
Other current liabilities	47,377,200	(6,791,398)	48,728,969	899,146
Liabilities provision from guarantee and breach of agreement	(40,000,000)	(51,150,000)	(42,000,000)	(79,264,781)
Other non-current liabilities	(1,538,731)	(70,352)	-	-
<b>Cash generated from operation before interest and income tax paid</b>	<b>(720,563,992)</b>	<b>254,958,195</b>	<b>(614,299,846)</b>	<b>236,512,332</b>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (Cont.)

FOR THE YEARS ENDED DECEMBER 30, 2010 AND 2009

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Interest paid	(64,459,489)	(79,665,833)	(51,802,362)	(38,264,126)
Income tax paid	(44,416,719)	(62,097,287)	(7,079,050)	(21,882,779)
Income tax refunded	33,226,697	-	-	-
<b>Net cash provided (used in) by operating activities</b>	<b>(796,213,503)</b>	<b>113,195,075</b>	<b>(673,181,258)</b>	<b>176,365,427</b>
<b>Cash flows from investing activities</b>				
(Increase) Decrease in cash at banks and financial institution maturity				
over 3 months pledged as guarantee	380,004	4,176,275	-	-
Assets deposit	(10,400,000)	(18,400,000)	(10,400,000)	(18,400,000)
Purchase of property, plant and equipment	(75,614,569)	(75,784,422)	(58,260,163)	(25,300,991)
Proceeds from disposal of property, plant and equipment	376,597,456	2,851,010	367,918,761	141,792
Proceeds from sales of investment in securities available for sales	15,273,695	123,830,000	15,273,695	123,830,000
Proceeds from disposal of investment	33,391,242	-	19,968,450	-
Proceeds from purchase of investment in subsidiary companies	(155,500)	-	-	-
Purchase of investment in subsidiary companies	-	(517,500)	-	-
Purchase of investment in related companies	(187,500)	-	-	-
Decrease in short-term loans to associated companies	-	100,000	-	-
Decrease in short-term loans to related companies	1,360,000	1,657,029	-	-
Decrease in short-term loans to other companies	500,000	121,379	-	-
(Increase) Decrease in long-term loans to subsidiary companies	-	-	(32,680,000)	(105,900,000)
Decrease (Increase) in long-term loans to related companies	4,325,000	2,932,459	-	7,459
Decrease in long-term loans to other companies	-	500,000	-	-
Cost of para - rubber plantation	(2,162,854)	(4,594,746)	(2,162,854)	(4,594,746)
<b>Net cash provided (used in) by investing activities</b>	<b>343,306,974</b>	<b>36,871,484</b>	<b>299,657,889</b>	<b>(30,216,486)</b>
<b>Cash flows from financing activities</b>				
Increase (Decrease) in overdrafts and short-term loans from financial institutions	3,549,760	(317,685,911)	298,145,921	(187,804,489)
Increase (Decrease) in short-term loans from other parties	900,000	(902,819)	-	-
Increase (Decrease) in short-term loans from related companies	312,327	16,400,000	10,000,000	5,000,000
Increase in short-term from directors	-	14,800,000	-	-
Increase (Decrease) in long-term loans	304,087,677	(86,318,338)	(29,786,586)	(56,411,946)
Increase long-term loans from related companies	-	130,000,000	-	130,000,000
Increase long-term loans from related persons	10,000,000	50,000,000	10,000,000	50,000,000
Proceeds from sales of treasury stocks	36,804,469	-	-	-
Decrease in minority interest of subsidiaries arising from dividend payment	-	(340,680)	-	-
<b>Net cash provided (used in) by financing activities</b>	<b>355,654,233</b>	<b>(194,047,748)</b>	<b>288,359,335</b>	<b>(59,216,435)</b>
Net increase (decrease) in cash and cash equivalents	(97,252,296)	(43,981,189)	(85,164,034)	86,932,506
Cash and cash equivalents at the beginning of the year	164,407,241	208,388,430	109,076,242	22,143,736
Cash and cash equivalents at the end of the year	67,154,945	164,407,241	23,912,208	109,076,242

Supplemental disclosures of cash flows information are detailed in note 26

Notes to financial statements are parts of these financial statements.

**PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2010 AND 2009**

**1. GENERAL INFORMATION**

- 1.1 Pan Asia Footwear Public Company Limited (hereinafter referred to as “the Company”) was incorporated as a public limited company under Thai laws and is listed on the Stock Exchange of Thailand. The Company operates its business in Thailand and its principal activity is the manufacture, distribution and export of footwear.
- 1.2 The Company’s registered office is located at 177/20 Moo 5, Nongkharm, Siracha, Chonburi.

**2. BASIS OF CONSOLIDATION**

- 2.1 The financial statements have been prepared in conformity with generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the notification of the Department of Business Development by Ministry of Commerce date January 30, 2009 regarding the condensed form should be included in the financial statements B.E. 2552 and the regulations of the Securities and Exchange Commission regarding the preparation and presentation of financial reporting under the Securities and Exchange Act B.E. 2535.
- 2.2 The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.
- 2.3 These consolidated financial statements include the financial statements of the Company and the following subsidiaries.

Company's name	Nature of business	Percentage of shareholding		Country of incorporation	Subsidiary's total assets as a percentage to the consolidated total assets		Subsidiary's total revenues as a percentage to the consolidated total revenues for the years	
		as at			as at December 31,		ended December 31,	
		2010	2009		2010	2009	2010	2009
Footwear Tech 1530 Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	7.72	8.95	1.58	8.69
International Curity Footwear Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	4.09	7.44	1.58	3.24
Pan Rayong Company Limited	Manufacture of footwear uppers	100.00	100.00	Thailand	4.87	1.03	0.08	0.02
Phimai Footwear Company Limited	Manufacture of footwear uppers and soles	100.00	100.00	Thailand	2.16	2.31	1.88	2.14
Excellent Rubber Company Limited	Manufacture of footwear soles	100.00	100.00	Thailand	4.10	4.35	3.15	1.83
Kabinburi Panasia Footwear Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	6.90	6.06	6.46	14.21
Pontex (Thailand) Company Limited	Manufacture of plastic footwear parts	95.73	95.73	Thailand	2.09	1.95	2.84	1.54
Aphakorn Industrial Company Limited (99.02 percent held by Pontex (Thailand) Co., Ltd.)	Manufacture of plastic injection molds	94.82	94.82	Thailand	0.52	0.46	0.30	0.13
Innovation Nakornluang Footwear Company Limited	Ceased operation	96.07	96.07	Thailand	0.63	0.04	0.21	0.05
Chainat Rubber Company Limited (100 percent held by Innovation Nakornluang Footwear Co., Ltd.) at present, held by Pan Asia Footware Public Company Limited	Manufacture of footwear soles	100.00	100.00	Thailand	0.69	0.66	2.06	1.14
Hankha Bangkok Rubber Company Limited (100 percent held by Innovation Nakornluang Footwear Co., Ltd.) at present, held by Pan Asia Footware Public Company Limited	Manufacture of footwear uppers	99.99	99.99	Thailand	0.88	0.68	2.78	1.32
Modern Technology Component Company Limited (100 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear soles	100.00	100.00	Thailand	4.53	4.51	4.53	2.78
Pan Component Company Limited (100 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear uppers	100.00	100.00	Thailand	0.15	0.17	0.18	0.02
Pan Upper Company Limited (100 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear uppers	100.00	100.00	Thailand	0.05	0.09	0.04	0.01
Pan Tech R&D Company Limited	Design, research and development of shoes	100.00	100.00	Thailand	0.87	1.51	0.21	0.75
PA Capital Co., Ltd. (5.62 percent held by the Company, 1.04 percent held by International Curity Footwear Co., Ltd., 17.42 percent held by Footwear Tech 1530 Co., Ltd., 1.75 percent held by Pan Tech R&D Co., Ltd. 6.64 percent held by Kabinburi Panasia Footwear Co., Ltd., 11.22 percent held by Modern Technology Component Co., Ltd. and 18.61 percent held by subsidiaries of PA Capital Co., Ltd.) (100 percent held by PA Capital Co., Ltd.)	Investment, service real estate and convenience stores	43.67	43.67	Thailand	8.03	7.62	2.64	1.99

Company's name	Nature of business	Percentage of shareholding		Country of incorporation	Subsidiary's total assets as a percentage to the consolidated total assets		Subsidiary's total revenues as a percentage to the consolidated total revenues for the years	
		as at			as at December 31,		ended December 31,	
		December 31,	December 31,		2010	2009	2010	2009
Pan Asia Biotechnology Co. Ltd. (100 percent held by PA Capital Co., Ltd.)	Manufacture of raw-rubber	43.67	43.67	Thailand	2.72	2.32	7.48	3.27
Pek Engineering Co., Ltd.	Ceased operation	43.67	43.67	Thailand	0.06	0.11	-	0.11
P.L. John Industries Co., Ltd. (80.75 percent held by PA Capital Co., Ltd. and 19.25 percent held by International Curity Footwear Co., Ltd.)	Ceased operation	54.51	54.51	Thailand	-	-	-	-
Eastern Rubber Co., Ltd. (57 percent held by PA Capital Co., Ltd.)	Ceased operation	24.89	24.89	Thailand	0.51	0.47	-	-
Thai Sungshin New Material Co., Ltd. (54.58 percent held by PA Capital Co., Ltd. and 4.57 percent held by Phimai Footwear Co., Ltd.)	Manufacturing of footwear soles	28.41	28.41	Thailand	8.28	9.03	3.32	3.66
Pek Industry Co., Ltd. (50 percent held by PA Capital Co., Ltd.)	Manufacturing of footwear parts	21.84	21.84	Thailand	1.07	1.03	1.21	0.58
Advantage Footwear Co., Ltd. (25.42 percent held by PA Capital Co., Ltd., 11.58 percent held by Pek Industry Co., Ltd., 22.15 percent held by Kabinburi Panasia Footwear Co., Ltd., 12.83 percent held by Pan Component Co., Ltd., 9.80 percent held by Pan Upper Co., Ltd., 0.54 percent held by Modern Technology Component Co., Ltd., 1.09 percent held by Pan Rayong Co., Ltd. and 0.82 percent held by Innovation Nakomluang Footwear Co., Ltd.)	Manufacturing of footwear soles	60.84	60.84	Thailand	3.45	3.03	5.81	3.43
Burirum Panfootwear Co., Ltd. (60.23 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear uppers	61.78	60.23	Thailand	0.18	0.31	0.11	0.18

#### 2.4 Transaction with related companies

Inter-company transactions have been eliminated in the consolidated financial statements.

2.5 The consolidated financial statements have been presented the financial position and results of operation of Pan Asia Footwear Public Company Limited and its subsidiaries companies. The usefulness of transaction of consolidated financial statements for other purposes may be limited due to the difference business of those consolidated companies.

### 3. NEW ACCOUNTING STANDARDS ISSUANCE

The Federation of Accounting Professions issued Notification 17/2553, 50/2553 through 55/2553, as pertinent to Accounting Standards (Revised 2009), Financial Reporting Standards (Revised 2009), and Interpretation of Financial Reporting Standards announced through the Royal Gazettes on May 26, 2010, and December 15, 2010 respectively implementing 32 accounting standards, financial reporting standards, and interpretation of financial reporting standards. These comprise 25 standards replacing the previous versions with identification numbers rearranged to be identical to international accounting standards, of which certain standards were unchanged in principle, certain others were with partial change in principle, and 7 standards were newly implemented detailed as follows:

#### 3.1 Accounting and financial reporting standards replaced the previous versions

	<u>Accounting Standards/Financial Reporting Standards</u>	<u>Effective date</u>
	Framework for the Preparation and Presentation of Financial Statements (Revised 2009)	May 26, 2010
TAS 1 (Revised 2009)	Presentation of Financial Statements	January 1, 2011
TAS 2 (Revised 2009)	Inventories	January 1, 2011
TAS 7 (Revised 2009)	Statements of cash flows	January 1, 2011
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors	January 1, 2011
TAS 10 (Revised 2009)	Events After the Reporting Period	January 1, 2011
TAS 11 (Revised 2009)	Construction contracts	January 1, 2011
TAS 16 (Revised 2009)	Property, Plant and Equipment	January 1, 2011
TAS 17 (Revised 2009)	Leases	January 1, 2011
TAS 18 (Revised 2009)	Revenue	January 1, 2011
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	January 1, 2013
TAS 23 (Revised 2009)	Borrowing Costs	January 1, 2011
TAS 24 (Revised 2009)	Related Party Disclosures	January 1, 2011
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements	January 1, 2011
TAS 28 (Revised 2009)	Investments in Associates	January 1, 2011

	<u>Accounting Standards/Financial Reporting Standards</u>	<u>Effective date</u>
TAS 31 (Revised 2009)	Interests in Joint Venture	January 1, 2011
TAS 33 (Revised 2009)	Earnings per Share	January 1, 2011
TAS 34 (Revised 2009)	Interim Financial Reporting	January 1, 2011
TAS 36 (Revised 2009)	Impairment of Assets	January 1, 2011
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets	January 1, 2011
TAS 38 (Revised 2009)	Intangible Assets	January 1, 2011
TAS 40 (Revised 2009)	Investment Property Operations	January 1, 2011
TFRS 3 (Revised 2009)	Business Combination	January 1, 2011
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations	January 1, 2011

The Company's management has assessed the effect of these standards and believes that TAS 11 (Revised 2009), TAS 20 (Revised 2009), TAS 28(Revised 2009), TAS 31 (Revised 2009), TAS 34 (Revised 2009), TFRS 3 (Revised 2009) and TFRS 5 (Revised 2009) are not relevant to the Company's business. As for relevant accounting standards, and financial reporting standards, the management has assessed the effect and found to have no material impact on financial statements. The Company shall adopt these relevant standards beginning on the effective dates.

### 3.2 New accounting standards and financial reporting standard in issue for adoption

	<u>Accounting standards/financial reporting standards</u>	<u>Effective date</u>
TAS 12	Income Taxes	January 1, 2013
TAS 19	Employee benefits	January 1, 2011
TAS 26	Accounting and Reporting by Retirement Benefit Plans	January 1, 2011
TAS 29	Financial Reporting in Hyperinflationary Economies	January 1, 2011
TFRS 2	Share Based Payment	January 1, 2011
TFRS 6	Exploration for and Evaluation of Mineral Resources	January 1, 2011
ITFRS 15	Construction Contract	January 1, 2011

TAS 26, TAS 29, TFRS 2, TFRS 6 and TIFRS 15 are not relevant to the Company's business. The Company will apply TAS 12 and TAS 19, on the effective date which the management of the Company assesses and believes that they will not have material impacts on the financial statements.

#### **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### **4.1 Revenue and expenses recognition**

a) Sales

Sales of goods are recognised when products are delivered and title passes to customers.

b) Service income

Service revenue is recognised by reference to the stage of completion. The services are rendered.

c) Interest and dividends income

Interest is recognised as income on a time proportion basis. Dividends are recognised as income on the date the right to receive the dividend arises.

d) Rental income

Rental income under operating leases is recognised over the lease period, excluding value added tax.

e) Other revenues and expenses recognized on accrued basis.

##### **4.2 Cash and cash equivalents**

Cash and cash equivalents include cash in hand and at financial institutions with an original maturity of 3 months or less and without restrictions

##### **4.3 Trade accounts receivable and allowance for doubtful accounts**

Trade accounts receivable are stated at their net realisable value, with allowance for doubtful accounts provided to cover the estimated losses that may be incurred in their collection. The allowance is based on collection experience and the current status of the receivables outstanding at the balance sheet date.

##### **4.4 Inventories**

Inventories consist of footwear products and related materials for the business. Inventories are stated at the lower of cost (weighted average method) and net realisable value. The cost of purchases comprises both the purchase price and costs directly attributable to the purchase of the inventory such as transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads, with the latter being allocated on the basis of normal operating activities. Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Provision is made, where necessary, for obsolete, slow-moving or defective inventories.

#### **4.5 Investments**

Investment in associates in the consolidated financial statements are stated under equity method.

Investment in subsidiaries and associates in the separate financial statements are stated at cost less provision for impairment

Long-term investments in marketable equity securities which are intended to be held as available-for-sale securities are presented at fair value (fair value is based on the latest bid price on the last working day of the accounting period) and changes in their value are recognised as separate items in shareholders' equity under the caption of "Unrealised gain/loss on change in the value of investment".

Investments in non-marketable securities, which are regarded as long-term investments, are stated at cost.

Loss on impairment of investments is included in determining earnings when the carrying amount exceeds the recoverable value.

The Company and its subsidiaries determine the cost of investments using the weighted average method.

#### **4.6 Property, plant and equipment and depreciation**

Property, plant and equipment are stated at cost less accumulated depreciation and allowance for impairment of assets. Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives: -

Land improvement	5 - 20 years
Buildings and construction	5 - 20 years
Machinery and equipment	5 - 10 years
Furniture, office equipment and vehicles	3 - 5 years
Infrastructure	5 - 10 years

No depreciation is provided for land and construction in progress.

#### **4.7 Investments in properties**

Investments in properties are investments in land and building which is not used in the ordinary course of the business of the Company, and are presented at cost. Loss on impairment of investments in properties is included in determining earnings when the carrying amount exceeds the recoverable value.

#### **4.8 Leasehold right and amortization**

Amortisation of leasehold right is calculated by reference to cost on a straight-line basis over the lease period.

#### **4.9 Cost of para-rubber plantation**

Cost of para-rubber plantation is stated under the cost method.

Cost of para-rubber plantation consists of costs and expenses which are directly related to para-rubber seeding and plantation activities, and were incurred before the production period. The Company will amortise it to cost of sales when the para-rubber trees produce wood oil.

#### **4.10 Impairment of Assets**

The Company has considered the impairment of land, building and equipment and investment whenever event or changes indicate that the carrying amount of assets exceeds its recoverable value. The impairment loss will be recognized in statement of income. The Company will reverse the impairment loss whenever there is no longer impairment or reduction in impairment.

Net realizable value means net selling price of the asset or its utilization value whichever is higher, the Company will consider the impairment for each asset item or each asset unit generating cash flow, whichever is practical

#### **4.11 Treasury stock**

The Company recorded its common - share which held by subsidiary by cost method.

#### **4.12 Income tax**

The Company and subsidiaries recorded corporate income tax to be paid as expenses in each period based on the condition described in the Revenue Code.

#### **4.13 Basic earnings per share**

Basic earnings per share is calculated by dividing the net earnings (loss) for the year by the weighted average number of ordinary shares held by outside shareholders in issue during the year, adjusted by the number of ordinary shares potentially arising from the exercise of share purchase options.

#### **4.14 Foreign currencies**

Foreign currency transactions incurred during the year are translated into Baht at the rates ruling on the transaction dates. Assets and liabilities in foreign currency outstanding on the balance sheet date are translated into Baht at the rates ruling on the balance sheet date. Exchange gains and losses are included in determining earnings.

#### **4.15 Employees benefit**

##### **- Provident fund**

The Company, its subsidiary companies, and their employees have jointly established a provident fund under the Provident Fund Act B.E. 2530. The fund is contributed to on a monthly basis by the employees at a rate of 3 percent of basic salaries, and by the Company and its subsidiary companies at a rate of 3 percent of basic salaries. The Company's fund is managed by Bangkok Bank Plc.

##### **- Retirement benefit**

This obligation is to provide retirement benefit to retired employees under the defined retirement plan, determined by the labor law. The Company will record the retirement cost in the period in which the employees retired.

#### **4.16 Financial instruments**

The Company and its subsidiary companies are exposed to risks from changes in market interest rates and in currency exchange rates, and from nonperformance of contractual obligations by counterparties. The Company and its subsidiary companies use derivative instruments, as and when they consider appropriate, to manage such risks. They do not hold or issue derivative instruments for speculative or trading purposes.

Financial instruments carried in the balance sheet include cash and cash equivalents, deposits at financial institutions, trade accounts receivable and payable, bank overdrafts and loans from financial institutions, loans to/from related parties and unsubordinated debentures. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

#### **4.17 Use of accounting estimates**

Preparation of financial statements in conformity with generally accepted accounting principles in certain circumstances requires management to make estimates for certain accounting transactions, affecting amounts reported in the financial statements and notes related thereto. Subsequent actual results may differ from these estimates.

The company and subsidiaries make estimates and assumptions concerning the future factors. The results of accounting estimates may be differed from the related actual results. The estimates and assumptions that may have a risk of causing an adjustment to the assets in the next financial year related to allowance for doubtful accounts, provision for impairment of assets .Other estimates are described in the corresponding disclosures.

#### **4.18 Provision for liabilities**

The Company recognizes a provision for liabilities when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provision.

## 5. RELATED PARTY TRANSACTIONS

During the years, the Company had significant business transactions with its subsidiary, associated and related companies (related by way of common shareholders and/or common directors). Such transactions, which have been concluded on the terms and basis as shown in the agreement or as determined by the Company and those companies, are summarized below :

(Unit : Baht)

	For the years ended December 31				Pricing policy
	Consolidated financial statements		Separate financial statements		
	2010	2009	2010	2009	
<b>Transactions with subsidiary companies :</b>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	5,904,514	4,036,025	Cost plus margins of 3 - 10 percent
Hire of work income	-	-	6,268,740	13,519,666	Cost plus margins of 3 - 10 percent
Interest income	-	-	13,884,853	6,199,982	6.0 percent per annum
Rental fee income	-	-	36,287,504	58,382,660	Cost plus margins of 3 percent or market price
Service fee income	-	-	622,274	410,182	As indicated in the agreement
Consultant fee income	-	-	-	32,986,360	2010: Not collection 2009: Cost plus margins of not more than 3 percent
Management fee income	-	-	-	5,737,200	2010: Not collection 2009: 0.5 - 2 percent of total sales
Guarantee fee income	-	-	6,532,354	9,434,711	1.5 percent of facilities used
Other income	-	-	1,052,979	2,186,162	Cost plus margin
Dividend received	-	-	-	7,799,818	As declared
Purchases of goods	-	-	261,560,268	351,840,625	Cost plus margins of 3 - 10 percent
Hire of work expenses	-	-	422,099,375	610,248,310	Cost plus margins of 3 - 10 percent
Research and development expenses	-	-	2,431,236	46,317,114	As indicated in the agreement
Training expenses	-	-	498,784	95,679	As indicated in the agreement
Public utilities expenses	-	-	453,547	703	As indicated in the agreement
Service fee expenses	-	-	1,831,515	1,599,393	As indicated in the agreement
Rental expenses	-	-	29,767,868	12,041,360	As indicated in the agreement
Other expenses	-	-	2,069,018	4,759,345	As indicated in the agreement
Interest expenses	-	-	442,127	447,164	5.85 percent per annum
<b>Transactions with associated companies :</b>					
Sales of goods	150,137,834	84,611,959	72,731,523	37,707,668	Cost plus margins of 3 - 10 percent
Hire of work income	-	160,500	-	-	Cost plus margins of 3 - 10 percent
Interest income	2,990,859	3,160,428	15,394	34,755	5.50 - 6.50 percent per annum
Rental fee income	15,227,810	16,837,333	5,072,010	5,296,933	Cost plus margins of 3 percent or market price

For the years ended December 31

	Consolidated financial statements		Separate financial statements		Pricing policy
	2010	2009	2010	2009	
Service fee income	1,837,816	1,695,000	-	5,500	As indicated in the agreement
Guarantee fee income	3,992,048	2,374,372	1,633,780	2,374,372	1.5 percent of facilities used
Other income	268,091	562,003	40,720	-	Cost plus margin
Purchase of goods	109,436,999	66,195,224	33,107,938	2,015,300	Cost plus margins of 3 - 10 percent
Hire of work expenses	6,195,791	88,916,365	6,061,178	88,334,415	Cost plus margins of 3 - 10 percent
Research and development expenses	8,176	-	8,176	-	As indicated in the agreement
Production expenses	80,000	21,903	80,000	-	As indicated in the agreement
Service fee expenses	47,200	44,100	47,200	44,100	As indicated in the agreement
Rental expenses	-	38,950	-	-	As indicated in the agreement
Other expenses	50,532	101,149	19,200	6,000	As indicated in the agreement
Interest expenses	1,990,526	1,800,000	-	-	4 - 6 percent per annum
Public utilities expenses	137,965	14,213	-	14,213	As indicated in the agreement
Import expenses	-	659,697	-	-	As indicated in the agreement
<b>Transactions with related companies :</b>					
Sales of goods	636,210,816	602,869,057	34,578,821	41,221,818	Cost plus margins of 3 - 10 percent
Hire of work income	58,385,170	25,377,272	10,469,738	12,715,420	Cost plus margins of 3 - 10 percent
Interest income	613,714	883,898	155,117	94,001	0.4 - 7.25 percent per annum
Rental income	13,108,042	4,032,972	7,692,282	3,515,372	Cost plus margins of 3 percent or market price
Service fee income	18,893,130	102,092	18,805,291	28,891	As indicated in the agreement
Consultant fee income	-	563,000	-	563,000	2010: Not collection 2009: Cost plus margins of not more than 3 percent
Guarantee fee income	803,423	273,608	208,259	273,608	1.5 percent of facilities used
Other income	24,461,626	13,659,787	471,193	911,186	Cost plus margin
Dividend income	205,128	2,892,648	205,128	1,772,648	As declared
Purchases of goods	63,301,500	100,473,932	42,202,985	67,399,413	Cost plus margins of 3 - 10 percent
Hire of work expenses	48,032,481	31,018,122	13,379,536	7,947,875	Cost plus margins of 3 - 10 percent
Research and development expenses	6,814,248	25,735,345	5,392,200	7,300,556	As indicated in the agreement
Production expenses	582,059	1,554,008	361,400	294,086	As indicated in the agreement
Training expenses	4,651,357	6,768,466	1,362,200	1,692,698	As indicated in the agreement
Public utilities expenses	28,987,138	42,123,771	18,042,879	14,900,721	As indicated in the agreement
Service expenses	7,779,555	8,165,269	1,412,243	3,556,145	As indicated in the agreement
Rental expenses	15,342,800	10,365,335	7,781,418	1,576,631	As indicated in the agreement
Supply expenses	1,815,897	4,841,356	-	-	As indicated in the agreement
Computer expenses	448,029	537,230	208,669	143,060	As indicated in the agreement
Car rental expenses	10,083,333	18,338,386	2,312,157	3,846,055	As indicated in the agreement
Consultant fee	399,600	5,448,217	210,000	980,000	As indicated in the agreement

For the years ended December 31

	Consolidated financial statements		Separate financial statements		Pricing policy
	2010	2009	2010	2009	
Other expenses	16,274,691	17,546,147	1,237,980	893,783	As indicated in the agreement
Interest expenses	2,894,755	2,591,040	-	-	3 - 7.25 percent per annum
Claim expenses	-	1,044,250	-	-	As indicated in the agreement
<b>Transaction with related persons</b>					
Interest expenses	3,441,096	226,849	2,541,096	-	5-6 percent per annum

As at December 31, 2010 and 2009, the Company and its subsidiary companies had the following significant balances of assets and liabilities with its related parties: -

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>5.1 Trade accounts receivable - subsidiary companies</b>				
(Eliminated from consolidated financial statements)				
Footwear Tech 1530 Company Limited	-	-	2,874,367	43,303
Kabinburi Pansia Footwear Company Limited	-	-	286,709	-
Pontex (Thailand) Co., Ltd.	-	-	-	4,473
Thai Sung Shin New Material Co., Ltd.	-	-	14,163	-
Total	-	-	3,175,238	47,776
<b>5.2 Trade accounts receivable - associated companies</b>				
Uthai Bangkok Rubber Co., Ltd.	963	3,691	-	-
Pan Asia Leather Co., Ltd.	13,740,629	13,324,031	-	-
Pan Innovation Co., Ltd.	1,758,937	1,866,534	-	-
Bangkok Athletic Co., Ltd.	41,498,820	19,303,128	33,414,998	7,038,107
Nongchang Rubber Co., Ltd.	43,592	46,481	-	-
Nutrition House Co., Ltd.	336	-	-	-
Total	57,043,277	34,543,865	33,414,998	7,038,107

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>5.3 Trade accounts receivable - related companies</b>				
PF Intertech Co., Ltd.	668,211	142,117	-	-
Bangkok Rubber Plc.	26,816,912	30,136,185	16,879	267,837
Pan Tech Machinery Co., Ltd.	3,812,734	1,877,378	-	-
Ban Pan Engineering and Holding Co., Ltd.	172,315	308,034	-	-
Rangsit Footwear Co., Ltd.	13,408,334	13,476,240	-	-
Rangsit Polymer Co., Ltd.	61,483	61,483	-	-
Pan Long John Co., Ltd.	1,478,710	424,540	-	-
Bangkok Rubber Saharattana Co., Ltd.	15,095,221	10,243,358	276,023	19,260
Sport Ace Co., Ltd.	27,601	27,601	-	-
Suphan Footwear Co., Ltd.	18,127,049	20,599,075	36,402	2,261,301
Innovation Footwear Co., Ltd.	14,918,309	20,485,281	85,747	8,507,014
Ecco (Thailand) Co., Ltd.	17,614,739	35,693,737	-	-
P.S.R. Footwear Co., Ltd.	48,779,120	48,990,388	-	-
Rattanakorn Engineering Co., Ltd.	-	6,741	-	-
Thanuluk Plc.	595	4,465	-	-
International Leather Fashion Co., Ltd.	335,733	557,597	-	-
P.I. Industries Co., Ltd.	1,398,682	366,592	-	-
Narai Bangkok Rubber Co., Ltd.	-	14,124	-	-
Pan Poly Technic Co., Ltd.	-	6,800	-	-
Performance Rubber Co., Ltd.	118,346	91,318	-	-
Molten (Thailand) Co., Ltd.	405,560	333,255	-	-
Thanakom Injection Co., Ltd.	7,106,909	4,308,007	-	337,746
Pan Security Guard and Service Co., Ltd.	820,061	559,720	-	-
Ban Pan Research Laboratory Co., Ltd.	67,500	-	-	-
H&B Intertech Co., Ltd.	187,560	-	-	-
Payway of Life Co., Ltd.	6,749	-	-	-
Phichit P. S. R. Footware Co., Ltd.	216,868	-	-	-
Sahapattana Interholding Plc.	4,984	5,438	-	-
ICC international Co.,Ltd.	-	1,071	-	-
Casa dimoda Co.,Ltd	760,224	128,400	760,224	128,400
Sun Star Tech Co.,Ltd	-	1,088,490	-	-
Sadesa (Thailand) Co., Ltd.	17,548	-	-	-
Textile Prestige Plc.	16,050	-	-	-
<b>Total</b>	<b>172,444,107</b>	<b>189,937,435</b>	<b>1,175,275</b>	<b>11,521,558</b>

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>5.4 Other accounts receivable - subsidiary companies</b>				
(Eliminated from consolidated financial statements)				
Footwear Tech 1530 Co., Ltd.	-	-	23,927,363	18,975,983
International Curity Footwear Co., Ltd.	-	-	23,426,870	26,432,408
Excellent Rubber Co., Ltd.	-	-	326,632	28,517
Pan Tech R&D Co., Ltd.	-	-	1,725	1,941,996
Kabinburi Panasia Footwear Co., Ltd.	-	-	83,176,762	15,795,267
Pan Component Co., Ltd.	-	-	1,918,320	-
Pan Upper Co., Ltd.	-	-	16,191	4,443
Pontex (Thailand) Co., Ltd.	-	-	1,961	26,900
Innovation Nakornluang Footwear Co., Ltd.	-	-	3,842,958	3,632,358
PA Capital Co., Ltd.	-	-	39,343	107,814
Phimai Footwear Co., Ltd.	-	-	128,965	394,675
Pan Rayong Co., Ltd.	-	-	73,534	5,342
Modern Technology Component Co., Ltd.	-	-	5,357,741	4,954,195
Pek Engineering Co., Ltd.	-	-	321,656	322,191
Pek Industry Co., Ltd.	-	-	432,987	9,259
Thai Sung Shin New Material Co., Ltd.	-	-	-	4,297
Pan Asia Biotechnology Co., Ltd.	-	-	492,480	617,760
Advantage Footwear Co., Ltd.	-	-	4,855	11,072
Aphakorn Industrial Co.,Ltd	-	-	-	26,700
Total	-	-	143,490,343	73,291,177
<b>5.5 Other accounts receivable - associated companies</b>				
Uthai Bangkok Rubber Co., Ltd.	20,277,517	20,308,889	57,833	12,196
Nongchang Rubber Co., Ltd.	16,792,312	16,858,895	14,337	15,536
Pan Asia Leather Co., Ltd.	46,725,098	29,914,733	10,960,620	7,645,120
Bangkok Athletic Co., Ltd.	2,033,393	1,986,542	124,458	88,761
Total	85,828,320	69,069,059	11,157,248	7,761,613

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>5.6 Other accounts receivable - related companies</b>				
PF Intertech Co., Ltd.	17,743,603	14,794,473	4,620	823,790
Rayong Bangkok Rubber Co., Ltd.	1,447,833	1,573,288	-	-
Bangkok Rubber Plc.	38,786,653	51,657,519	5,423,303	4,188,785
Pan Long John Co., Ltd.	34,000	17,000	-	-
Ban Pan Engineering and Holding Co., Ltd.	4,017,442	4,147,330	4,013,442	4,002,416
Rangsit Footwear Co., Ltd.	15,564,366	15,829,045	578,660	391,173
P.S.R. Footwear Co., Ltd.	19,754,905	15,184,086	-	-
Rattanakorn Engineering Co., Ltd.	5,283	14,208	5,283	14,207
Thanakom Injection Co., Ltd.	4,751	1,819	4,751	-
Rangsit Polymer Co., Ltd.	596,229	447,394	-	-
P.I. Industry Co., Ltd.	3,000	3,000	-	-
Bangkok Rubberland Engineering Co., Ltd.	9,956	622,880	-	-
Srisuree Co., Ltd.	2,277	477,792	-	-
Pan Comp International Co., Ltd	517,515	6,007	517,515	6,007
Suphan Footwear Co., Ltd.	9,060	9,060	-	-
International Leather Fashion Co., Ltd.	-	360	-	-
Innovation Footwear Co., Ltd.	934,099	263,451	934,099	-
Pan Security Guard and Service Co., Ltd.	824,222	34,420	272,995	-
Bangkok Rubber Saharattana Co., Ltd.	643,023	259,798	641,311	5,650
Ban Pan Research Laboratory Co., Ltd.	2,262	2,448	2,262	2,448
Sahapattana Interholding Plc.	8,000	-	8,000	-
Total	<u>100,908,479</u>	<u>105,345,378</u>	<u>12,406,241</u>	<u>9,434,476</u>
Total other accounts receivable - related parties	186,736,799	174,414,437	167,053,832	90,487,266
Less : Allowance for doubtful accounts	<u>(126,371,014)</u>	<u>(115,209,764)</u>	<u>(19,001,601)</u>	<u>(11,126,800)</u>
Net	<u>60,365,785</u>	<u>59,204,673</u>	<u>148,052,231</u>	<u>79,360,466</u>
<b>5.7 Short-term loans to associated companies</b>				
Nongchang Rubber Co., Ltd.	<u>850,000</u>	<u>850,000</u>	<u>-</u>	<u>-</u>
Total	<u>850,000</u>	<u>850,000</u>	<u>-</u>	<u>-</u>

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>5.8 Short-term loans to related companies</b>				
Rangsit Polymer Co., Ltd.	6,500,000	6,500,000	-	-
Panway of Life Co., Ltd.	-	110,000	-	-
PF Intertech Co., Ltd.	50,740,000	50,790,000	-	-
P.S.R. Footwear Co., Ltd.	60,944,250	60,944,250	-	-
Rangsit Footwear Co., Ltd.	105,462,971	105,462,971	-	-
Pan Security Guard and Service Co., Ltd.	8,100,000	9,300,000	-	-
Total	231,747,221	233,107,221	-	-
Total short-term loans to related parties	232,597,221	233,957,221	-	-
Less: Allowance for doubtful accounts	(224,497,221)	(224,657,221)	-	-
Net	8,100,000	9,300,000	-	-
<b>5.9 Long-term loans to subsidiary companies</b>				
<b>(Eliminated from consolidated financial statements)</b>				
Modern Technology Component Co., Ltd.	-	-	33,600,000	33,600,000
Phimai Footwear Co., Ltd.	-	-	12,000,000	-
Footwear Tech 1530 Co., Ltd.	-	-	136,780,000	79,900,000
Pan Tech R&D Co., Ltd.	-	-	-	1,000,000
Kabinburi Panasia Footwear Co., Ltd.	-	-	41,000,000	25,000,000
International Curity Footwear Co., Ltd.	-	-	58,800,000	50,000,000
Total	-	-	282,180,000	189,500,000
<b>5.10 Long-term loans to associated companies</b>				
Pan Asia Leather Co., Ltd.	88,200,000	88,200,000	-	-
Total	88,200,000	88,200,000	-	-
<b>5.11 Long-term loans to related companies</b>				
Rangsit Footwear Co., Ltd.	2,108,739	2,108,739	2,108,739	2,108,739
Pan Tech Machinery Co., Ltd.	2,750,000	6,400,000	-	-
Payway of Life Co., Ltd.	-	675,000	-	-
Total	4,858,739	9,183,739	2,108,739	2,108,739
Total long-term loans to related parties	93,058,739	97,383,739	284,288,739	191,608,739
Less: Allowance for doubtful accounts	(93,058,739)	(97,383,739)	(35,708,739)	(35,708,739)
Net	-	-	248,580,000	155,900,000

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>5.12 Receivables from guarantee - subsidiary companies</b>				
International Curity Footwear Co., Ltd.	-	-	64,870,000	-
Total			64,870,000	-
<b>5.13 Receivables from guarantee - related companies</b>				
Bangkok Rubber Plc.	14,758,827	14,783,670	14,758,827	14,783,670
Rangsit Polymer Co., Ltd.	3,720,879	3,720,879	-	-
Total	18,479,706	18,504,549	14,758,827	14,783,670
Total Receivables from guarantee - related companies	18,479,706	18,504,549	79,628,827	14,783,670
Less: Allowance for doubtful accounts	(18,479,706)	(18,504,549)	(14,758,827)	(14,783,670)
Net	-	-	64,870,000	-
<b>5.14 Trade accounts payable - subsidiary companies</b>				
<b>(Eliminated from consolidated financial statements)</b>				
International Curity Footwear Co., Ltd.	-	-	1,530,848	1,339,197
Pontex (Thailand) Co., Ltd.	-	-	2,553,336	3,018,632
Excellent Rubber Co., Ltd.	-	-	36,845,023	42,977,284
Modern Technology Component Co., Ltd.	-	-	1,223,939	3,198,113
Pan Rayong Co., Ltd.	-	-	14,490,161	9,263,244
Kabinburi Panasia Footwear Co., Ltd.	-	-	32,849,807	1,410,497
Pan Tech R&D Co., Ltd.	-	-	-	1,771,586
Pek Industry Co., Ltd.	-	-	78,533	154,108
Thai Sung Shin New Material Co., Ltd.	-	-	3,058,547	1,850,269
Pan Asia Biotechnology Co., Ltd.	-	-	72,388	673,500
Footwear Tech 1530 Co., Ltd.	-	-	1,389,730	1,406,479
Phimai Footwear Co., Ltd.	-	-	1,286,893	2,784,849
Advantage Footwear Co., Ltd.	-	-	3,391,048	388,479
Innovation Nakornluang Footwear Co., Ltd.	-	-	2,790	-
Total	-	-	98,773,043	70,236,237

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
<b>5.15 Trade accounts payable - associated companies</b>				
Nutrition House Co., Ltd.	-	6,285	-	-
Pan Asia Leather Co., Ltd.	15,260,471	9,288,728	9,568,231	287,056
Pan Innovation Co., Ltd.	429,151	9,905,584	-	-
Bangkok Athletic Co., Ltd.	614,076	647,278	-	-
Nongchang Rubber Co., Ltd.	110,895	811,369	61,671	762,144
Uthai Bangkok Rubber Co., Ltd.	203,188	1,563,570	203,188	1,563,570
Total	<u>16,617,781</u>	<u>22,222,814</u>	<u>9,833,090</u>	<u>2,612,770</u>
<b>5.16 Trade accounts payable - related companies</b>				
Bangkok Rubber Plc.	10,049,5790	9,194,564	4,683,211	6,018,414
Pan Tech Machinery Co., Ltd.	603,438	11,443	-	-
Bangkok Rubber Saharattana Co., Ltd.	-	25,636	-	10,522
Rangsit Footwear Co., Ltd.	1,398,591	417,084	981,207	-
PF Intertech Co., Ltd.	2,174,133	2,736,132	-	-
Textile Prestige Plc.	846,591	258,211	144,829	144,829
Jones & Vining (Thailand) Co., Ltd.	-	472,766	-	-
Inter Fareast Engineering Plc.	30,671	7,728	-	-
Ban Pan Research Laboratory Co., Ltd.	761,149	990,522	231,366	319,468
Ban Pan Engineering and Holding Co., Ltd.	60,120	70,120	-	-
Rangsit Polymer Co., Ltd.	11,592	3,493	-	-
Pan Long John Co., Ltd.	1,717,975	811,679	435,220	153,935
Innovation Footwear Co., Ltd.	1,189,360	-	1,189,360	-
Ecco (Thailand) Co., Ltd.	11,825	137,026	11,825	110,908
Pan Asia Pacific Co., Ltd.	1,366,928	1,533,291	-	-
Sadesa (Thailand) Co., Ltd.	1,587	52,261	-	-
I.C.C. International Plc.	5,042,317	3,416,011	-	-
H&B Intertech Co., Ltd.	-	102,030	-	-
Pan Poly Technic Co., Ltd.	-	29,528	-	-
Pan Security Guard and Service Co., Ltd.	-	207,101	-	-
Pan Comp International Co., Ltd.	207,580	470,019	-	-
Sun Star Tech Co., Ltd.	10,498	652,501	-	-
Sahapattana Interholding Plc.	-	3,745	-	-
Performance Rubber Co., Ltd.	1,900,087	537,878	-	-
Tanacom Injection Co., Ltd.	-	920	-	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
International Leather Fashion Co., Ltd.	337,887	242,846	-	-
Suphan Footwear Co., Ltd.	68,777	-	68,777	-
Rattanakorn Engineering Co., Ltd.	20,865	-	-	-
Total	27,811,761	22,384,535	8,371,919	6,758,076

**5.17 Other accounts payable - subsidiary companies****(Eliminated from consolidated financial statements)**

International Curity Footwear Co., Ltd.	-	-	4,297,556	95,710
Pan Tech R&D Co., Ltd.	-	-	-	2,590,856
Excellent Rubber Co., Ltd.	-	-	345,645	109,374
Footwear Tech 1530 Co., Ltd.	-	-	329,075	94,111
PA Capital Co., Ltd.	-	-	142,873	182,966
Pek Industry Co., Ltd.	-	-	279,120	168,921
Pan Asia Biotechnology Co., Ltd.	-	-	9,335	261,258
Pan Rayong Co., Ltd.	-	-	-	71,659
Innovation Nakornluang Footwear Co., Ltd.	-	-	16,500	1,000,144
Kabinburi Panasia Footwear Co., Ltd.	-	-	4,280	5,350
Modern Technology Component Co., Ltd.	-	-	84,419	4,253
Pontex (Thailand) Co., Ltd.	-	-	446,008	224,700
Phimai Footwear Co., Ltd.	-	-	603	-
Thai Sung Shin New Material Co., Ltd.	-	-	85,073	-
Advantage Footwear Co., Ltd.	-	-	54,683	-
Total	-	-	6,095,172	4,809,302

**5.18 Other accounts payable - associated companies**

Nutrition House Co., Ltd.	1,647,123	-	-	-
Pan Asia Leather Co., Ltd.	90,508	1,061	89,447	-
Bangkok Athletic Co., Ltd.	2,100	-	-	-
Pan Innovation Co., Ltd.	23,861	-	-	-
Total	1,763,592	1,061	89,447	-

**5.18 Other accounts payable - related companies**

Bangkok Rubber Plc.	20,152,432	11,405,814	199,682	120,786
PF Intertech Co., Ltd.	2,774,181	2,215,309	1,299,021	932,485
Saha Rattanakorn Co., Ltd.	1,608,715	2,121,515	-	162,994
Ban Pan Research Laboratory Co., Ltd.	4,505,790	2,172,110	3,435,830	596,945
Jones & Vining (Thailand) Co., Ltd.	73,911	195,300	73,911	195,300
Sun Colour OA Co., Ltd.	180,595	115,917	162,054	100,146
Rangsit Polymer Co., Ltd.	44,581	44,581	-	-
Inter Fareast Engineering Plc.	6,094	14,848	-	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Ban Pan Engineering and Holding Co., Ltd.	10,494,462	5,197,544	1,682,830	240,967
Bangkok Rubber Saharattana Co., Ltd.	290,262	290,262	-	-
Pan Poly Technic Co., Ltd.	3,362,216	1,489,129	641,100	190,436
Pan Comp International Co., Ltd.	50,996	116,288	25,423	102,292
Rangsit Footwear Co., Ltd.	547,279	479,838	2,893	2,893
Rattananakorn Engineering Co., Ltd.	1,433,800	7,052,327	-	4,442,223
F.N. Infinity Co., Ltd.	344,420	122,920	210,000	30,000
Pan Long John Co., Ltd.	92,049	51,831	9,869	15,890
Sahapattana Interholding Plc.	9,070,845	5,378,076	1,765,360	1,186,172
Pan Security Guard and Service Co., Ltd.	7,639,784	2,627,887	2,621,703	527,008
Suphan Footwear Co., Ltd.	5,671,209	5,671,209	-	-
P.I. Industry Co., Ltd.	-	1,156	-	-
Innovation Footwear Co., Ltd.	90,000	108,761	-	18,761
Narai Bangkok Rubber Co., Ltd.	1,800	1,800	-	-
Pan Tech Machinery Co., Ltd.	52,644	532,614	-	532,614
Esastampa (THAILAND) Co.,Ltd.	179,702	121,502	-	-
Sun Star Tech Co., Ltd.	-	58,984	-	-
Performance Rubber Co., Ltd.	428	-	428	-
Bangkok Rubberland Engineering Co., Ltd.	15,530	-	-	-
Sadesa (Thailand) Co., Ltd.	54,313	-	54,313	-
Textile Prestige Plc.	15,480	-	15,480	-
<b>Total</b>	<b>68,767,018</b>	<b>47,587,522</b>	<b>12,199,897</b>	<b>9,397,912</b>
<b>5.20 Short-term loan from subsidiary companies</b>				
Aphakorn Industrial Co., Ltd.	-	-	4,000,000	-
Pontex (Thailand) Co., Ltd.	-	-	11,000,000	5,000,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>15,000,000</b>	<b>5,000,000</b>
<b>5.21 Short-term loan from associated company</b>				
Nutrition House co., Ltd.	30,000,000	30,000,000	-	-
<b>Total</b>	<b>30,000,000</b>	<b>30,000,000</b>	<b>-</b>	<b>-</b>
<b>5.22 Short-term loans from related companies</b>				
Ban Pan Engineering and Holding Co., Ltd.	43,000,000	43,000,000	-	-
PF Intertech Co., Ltd.	2,698,755	2,698,755	-	-
Sajja Aomsap Mutual Fund	1,112,328	800,000	-	-
Esastampa (THAILAND) Co.,Ltd.	1,940,000	1,940,000	-	-
<b>Total</b>	<b>48,751,083</b>	<b>48,438,755</b>	<b>-</b>	<b>-</b>
<b>Total short-term loans from related parties</b>	<b>78,751,083</b>	<b>78,438,755</b>	<b>15,000,000</b>	<b>5,000,000</b>

#### **Short-term loans to associated parties**

As at December 31, 2010 and 2009, short - term loans to a subsidiary in the amount of Baht 0.85 million and Baht 0.95 million respectively are not collateralised. These loans are repayable at call, and bear interest at rates of 7.12 percent per annum. Subsidiary has provided the allowance for doubtful accounts in fully amount.

#### **Short-term loans to related parties**

Short - term loans to related parties are not collateralised. These loans are repayable at call, and bear interest at rates of 0.4 - 8.625 percent per annum. An allowance for doubtful accounts of Baht 224 million (2009: Baht 225 million) has been set aside by the Company and subsidiary companies.

#### **Short-term loans to other parties**

A subsidiary has short - term loan to other parties in the amount of Baht 0.67 million, guaranteed by the receipt of borrower. the repayment will be made on December, 2010. The interest is charged at the rate of 7.5 percent per annum

#### **Long- term loans to associated companies**

The Company and three subsidiaries have loans to Pan Asia Leather Co., Ltd. who has encountered the financial problem and Pan Asia Leather Co., Ltd. transferred the ownership of land with its construction to settle its debt to the Company and subsidiaries in the amount of Baht 121 million and Baht 105 million, respectively. Such land and construction were appraised by BCA. Appraisal Co., Ltd. represented the appraised value total of Baht 281 million. In addition, Pan Asia Leather Co., Ltd. has made a portion repayment by cash to the Company and two subsidiaries. As at December 31, 2010 and 2009, the outstanding debt is Baht 88.20 million and Baht 88.20 million respectively by repayable at call and December 31, 2011 by bearing inter-company interest rate at the rate of 6.5 per annum. Such loans have no collaterals. Those subsidiaries have provided the allowance for doubtful accounts in fully amount.

#### **Long-term loans to related companies**

As at December 31, 2010 and 2009, the company has provided a Baht 21.25 million loan to Rangsit Footwear Co., Ltd. Interest on the loan is payable on a monthly basis, at the MLR of Siam Commercial Bank Plc. less 1 percent per annum for the first three years, and at MLR for the fourth and fifth years. Principal is to be repaid in 48 monthly installments of Baht 0.63 million each, commencing as from February 4, 2003. A full allowance for doubtful account has been set aside by the Company. On July24, 2007, the Bankruptcy Court has approved with the rehabilitation plan of Rungsit Foot Ware Co., Ltd. ordered such company to repay the amount of Baht 1.76 million from long - term loans amount of Baht 21.25 million by making through 10 installments with the interest at the rate of 2 per cent and also repay against by ordinary shares in the amount of Baht 1.90 million which is currently proceeded under the plan.

As at December 31, 2010 and 2009, two subsidiary companies have provided unsecured loans totaling Baht 2.75 million and Baht 6.40 million respectively to Pan Tech Machinery Co., Ltd., on which interest is payable on a monthly basis at a rate of 5 percent per annum. A full allowance for doubtful account has been set aside by the subsidiary companies.

#### **Receivable from guarantee subsidiaries companies**

In 2010, the Company, in being guarantor, accepted obligation with a bank in the amount of Baht 64.87 million for International Curity Footware Co., Ltd. and records this amount under the caption "Receivables from guarantee – subsidiary companies".

#### **Receivable from guarantee related companies**

In 2002, the Company, as loan guarantor, paid Baht 39 million to a bank in settlement of a Baht 56 million loan granted to Bangkok Rubber Plc., which is undergoing debt restructuring. The Company has included this amount under "Receivables from guarantee - related companies". During the year 2003, Bangkok Rubber Plc. issued 633,437 additional ordinary shares, valued at Baht 11 million, to the Company, in accordance with the rehabilitation plan. The remaining balance is to be repaid for 10 years on a quarterly basis within the fourth quarter of 2011 with interest charged at rates of 3 - 7 percent per annum. A full allowance for doubtful accounts has been set aside by the Company.

In 2004, a subsidiary company, as loan guarantor, paid Baht 4 million to a bank in settlement of a Baht 4 million loan granted to a related company. The subsidiary company recorded this amount as "Receivables from guarantee - related companies" and set aside full allowance for doubtful accounts. Subsequently, on July 1, 2005, the related company reached an agreement with the subsidiary company whereby it would pay such debt in installments over 5 years, within 2009.

#### **Short-term loan from associated company**

As at December 31, 2010 and 2009, a subsidiary company has received an unsecured loan of Baht 30 from Nutrition House Co., Ltd., carrying interest at 6.0 percent per annum and pays on a monthly basis. The notes is to be matured in three months and can be extended.

#### **Short-term loans from related companies**

As at December 31, 2010 and 2009, a subsidiary company has received an unsecured loan of Baht 43 million and 43 million respectively from Ban Pan Engineering and Holding Co., Ltd. on which interest is payable on a monthly basis at a rate of 6.0 - 6.5 percent per annum and pays on a monthly basis. Principal is to be repaid at call of Baht 28 million due on March 16, 2011 and May 31, 2011 amount of Baht 5 million and Baht 10 million respectively

As at December 31, 2010 and 2009, a subsidiary company has received an unsecured loan of Baht 2.70 million from PF Intertech Co., Ltd. carrying interest at 7.25 percent per annum and pays on a monthly basis. The principal was repayable at call.

As at December 31, 2010, two subsidiaries companies (December 31, 2009: 1 subsidiary) have received an unsecured loan of Baht 1.11 Million and 0.8 Million, respectively from Sajja Aomsab Mutual Fund carrying interest at the 5.00 percent per annum. Due date December 31, 2010 of 0.8 million

As at December 31, 2010 and 2009 a subsidiary company has received an unsecured loan of Baht 1.94 million from Esastampa (THAILAND) Co., Ltd., carrying interest at the 3.0 percent per annum and pays on a monthly basis. The principal was repayable at call.

The movements of loans to/from related parties during the year ended December 31, 2010 were as follows :-

(Unit: Baht)

Consolidated financial statements

	January 1, 2010	Transfer in (out)	Repayment	December 31, 2010	Allowance for doubtful accounts	Net	Due date
<b>5.23 Short - term loans to related companies</b>							
<b>Short - term loans to associated companies</b>							
Nongchang Rubber Co., Ltd.	850,000	-	-	850,000	(850,000)	-	Call
Total	850,000	-	-	850,000	(850,000)	-	
<b>Short - term loans to related companies</b>							
Rangsit Polymer Co., Ltd.	6,500,000	-	-	6,500,000	(6,500,000)	-	Call
Panway of Life Co., Ltd.	110,000	-	(110,000)	-	-	-	Call
PF Intertech Co., Ltd.	50,790,000	-	(50,000)	50,740,000	(50,790,000)	-	Call
P.S.R. Footwear Co., Ltd.	60,944,250	-	-	60,944,250	(60,944,250)	-	Call
Rangsit Footwear Co., Ltd.	105,462,971	-	-	105,462,971	(105,462,971)	-	Call
Pan Security Guard and Services Co., Ltd.	9,300,000	-	(1,200,000)	8,100,000	-	8,100,000	Call
Total	233,107,221	-	(1,360,000)	231,747,221	(233,647,221)	8,100,000	
Less : Allowance for doubtful accounts	(224,657,221)	-	160,000	(224,497,221)	(224,497,221)	-	
Net	9,300,000	-	(1,200,000)	232,597,221	(224,497,221)	8,100,000	

**5.24 Long - term loans to related parties**

(Unit: Baht)

Consolidated financial statements

	January 1, 2010	Transfer in (out)	Repayment	December 31, 2010	Allowance for doubtful accounts	Net	Due date
<b>Long - term loans to associated companies</b>							
Pan Asia Leather Co., Ltd.	88,200,000	-	-	88,200,000	(88,200,000)	-	Dec. 31, 2011
<b>Long - term loans to related companies</b>							
Rangsit Footwear Co., Ltd.	2,108,739	-	-	2,108,739	(2,108,739)	-	July 24, 2017
Pan Tech Machinery Co., Ltd.	6,400,000	-	(3,650,000)	2,750,000	(2,750,000)	-	Call
Panway of Life Co., Ltd.	675,000	-	(675,000)	-	-	-	Call
Total	9,183,739	-	(4,325,000)	4,858,739	(4,858,739)	-	
Less : Allowance for doubtful accounts	(97,383,739)	-	4,325,000	(93,058,739)	-	-	
Total long - term loans to related parties	-	-	-	97,058,739	(97,058,739)	-	

## Consolidated financial statements

	January 1, 2010	Additional loans	Repayment	December 31, 2010	Due date
<b>5.25 Short - term loans from related parties</b>					
<b><u>Short - term loans from associated companies</u></b>					
Nutrition House Co., Ltd.	30,000,000	-	-	30,000,000	Call
Total	30,000,000	-	-	30,000,000	
<b><u>Short - term loans from related companies</u></b>					
Ban Pan Engineering and Holding Co., Ltd.	43,000,000	-	-	43,000,000	Call Mar. 16,2011 and May. 31,2011
PF Intech Co., Ltd.	2,698,755	-	-	2,698,755	Call
Sajja Aomsap Mutual Fund	800,000	1,112,328	(800,000)	1,112,328	Call
Esastampa (THAILAND) Co.,Ltd.	1,940,000	-	-	1,940,000	Call
Total	48,438,755	1,112,328	(800,000)	48,751,083	
Total short - term loans from related parties	78,438,755	1,112,328	(800,000)	78,751,083	
<b>5.26 Short-term loan from directors</b>					
Mr. Narong Chokwatana	15,000,000	-	-	15,000,000	Call
Total	15,000,000	-	-	15,000,000	

(Unit :Baht)

## Separate financial statements

	January 1, 2010	Transfer in (out)	Repayment	December 2010	Allowance for doubtful accounts	Net	Due date
<b>5.27 Short-term loan to related parties</b>							
<b><u>Short -term loans to subsidiary companies</u></b>							
Thai Sung Shin New Material Co., Ltd.	-	3,030,831	(3,030,831)	-	-	-	July 2010
Less : Allowance for doubtful accounts	-	3,030,831	(3,030,831)	-	-	-	
Total Short - term loans from related Companies	-	3,030,831	(3,030,831)	-	-	-	

(Unit :Baht)

## Separate financial statements

	January 1, 2010	Transfer in (out)	Repayment	December 2010	Allowance for doubtful accounts	Net	Due date
<b>5.28 Long – term loans from related parties</b>							
<b>Long-term loans to subsidiary companies</b>							
Modern Technology Component Co., Ltd. (100 percent held by Kabinburi Panasia Footwear Co., Ltd.)	33,600,000	-	-	33,600,000	(33,600,000)	-	Call
Footwear Tech 1530 Company Limited	79,900,000	60,000,000	(3,120,000)	136,780,000	-	136,780,000	Call
Pan Tech R&D Company Limited Kabinburi Panasia Footwear Company Limited	1,000,000 25,000,000	- 16,000,000	(1,000,000) -	- 41,000,000	-	- 41,000,000	Feb 28,2010 Call
International Curity Footwear Company Limited	50,000,000	8,800,000	-	58,800,000	-	58,800,000	Call
Phimai Footwear Company Limited	-	15,000,000	(3,000,000)	12,000,000	-	12,000,000	Call
<b>Total</b>	<b>189,500,000</b>	<b>99,800,000</b>	<b>(7,120,000)</b>	<b>347,050,000</b>	<b>(33,600,000)</b>	<b>248,580,000</b>	
<b>Long-term loans to related companies</b>							
Rangsit Footwear Co., Ltd.	2,108,739	-	-	2,108,739	(2,108,739)	-	
Less : Allowance for doubtful accounts	(35,708,739)	-	-	-	-	-	
<b>Total Long-term loans to related companies</b>	<b>155,900,000</b>	<b>99,800,000</b>	<b>(7,120,000)</b>	<b>349,158,739</b>	<b>(35,708,739)</b>	<b>248,580,000</b>	

(Unit : Baht)

## Separate financial statements

	January 1, 2010	Additional loans	Repayment	December 31, 2010	Due date
<b>5.29 Short – term loans from related parties</b>					
<b>Short - term loans from subsidiary companies</b>					
Aphakorn Industrial Company Limited	-	4,000,000	-	4,000,000	Call
Pontex (Thailand) Company Limited	5,000,000	6,000,000	-	11,000,000	Call
<b>Total Short - term loans from related companies</b>	<b>5,000,000</b>	<b>10,000,000</b>	<b>-</b>	<b>15,000,000</b>	

(Unit : Baht)

## Consolidated and Separated financial statements

	January 1, 2010	Additional loans	Repayment	December 31, 2010	Due date
<b>5.30 Long – term loans from related parties</b>					
I.D.F. Co.,Ltd	130,000,000	-	-	130,000,000	Dec.23, 2012
<b>Total long - term loans from related parties</b>	<b>130,000,000</b>	<b>-</b>	<b>-</b>	<b>130,000,000</b>	

According to the Board of Director's meeting no. 13/2009 passed the resolution to request the financial supporting from I.D.F. Company Limited, a related company in the amount of Baht 130 million. The Company has promised that it will sell land with rubber tree garden by transferring the ownership of land and rubber tree garden at the carrying value of Baht 196.97 million as collateral with the condition to repurchase within 3 years. Throughout of this period, the Company has a right to get rubber tree latex from such garden but the Company has to pay monthly rental in the amount of Baht 0.27 million.

The right on repurchase land and rubber tree garden had separately price in each year as below:

1<sup>st</sup> year amounted to Baht 133.09 million

2<sup>nd</sup> year amounted to Baht 137.92 million

3<sup>rd</sup> year amounted to Baht 142.05 million

The Company recorded the financial supporting as long-term loans from related company and charged interest at the rate of 0.51% per month which estimated by using discounted cash flows to be paid within 3 years method, comprise of rental in each month, repurchase price and related expenses.

(Unit : Baht)

	Consolidated and Separated financial statements				
	January 1, 2010	Additional loans	Repayment	December 31, 2010	Due date
<b>5.29 Long – term loans from related person</b>					
Mr. Boonyasit Chokwatana	50,000,000	-	-	50,000,000	Aug.31, 2012
Mr. Narong Chokwatana	-	10,000,000	-	10,000,000	Call
Total long - term loans from related parties	<u>50,000,000</u>	<u>10,000,000</u>	<u>-</u>	<u>60,000,000</u>	

As at December 31, 2009, the Company has obtained loans from Mr. Boonyasit Chockwattana in the amount of Baht 50 million at the interest rate of 5 percent per annum, is payable on monthly basis, guaranteed by mortgaging land and part of building.

In 2010, the Company has obtained loans without collateral from Mr. Narong Chokwatana in the amount of Baht 10 million at the interest rate of 5 percent per annum, which is payable on monthly basis. The principal will be due at call.

## 6. TRADE ACCOUNTS RECEIVABLE

The balances of trade accounts receivable are classified by:-

Age of receivable	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Trade accounts receivable – subsidiary companies</b>				
(Eliminated from consolidated financial statements)				
In due	-	-	26,752	-
Overdue				
1 - 30 days	-	-	-	24,396
31 - 60 days	-	-	-	-
31 - 60 days	-	-	2,335	-
91 - 120 days	-	-	105,080	-
121 - 150 days	-	-	88,161	-
151 - 180 days	-	-	25,467	-
Over 180 days	-	-	2,927,443	23,380
<b>Total trade accounts receivable – subsidiary companies</b>	-	-	3,175,238	47,776
<b>Trade accounts receivable – associated companies</b>				
In due	29,356,446	12,381,147	23,685,750	3,897,254
Overdue				
1 - 30 days	10,876,364	6,801,064	9,284,650	1,888,494
31 - 60 days	519,002	2,486,594	221,439	1,252,359
61 - 90 days	564,878	993,324	-	-
91 - 120 days	244,559	691,149	223,159	-
121 - 150 days	1,329	73,709	-	-
151 - 180 days	21,400	706,200	-	-
Over 180 days	15,459,299	10,410,678	-	-
<b>Total trade accounts receivable - associated companies</b>	57,043,277	34,543,865	33,414,998	7,038,107
<b>Trade accounts receivable – related companies</b>				
In due	43,536,508	53,026,406	75,923	3,548,673
Overdue				
1 - 30 days	28,581,117	34,755,774	3,780	4,506,239
31 - 60 days	8,323,172	14,134,256	-	2,304,306
61 - 90 days	3,098,034	3,302,577	5,706	937,582
91 - 120 days	3,241,195	951,392	-	157,903
121 - 150 days	1,432,150	643,286	760,224	5,511
151 - 180 days	246,718	321,646	-	49,994
Over 180 days	83,985,213	82,802,098	329,642	11,350
<b>Total trade accounts receivable - related companies</b>	172,444,107	189,937,435	1,175,275	11,521,558

(Unit : Baht)

Age of receivable	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Trade accounts receivable – others</b>				
In due	170,463,383	176,555,349	122,289,942	88,248,817
Overdue				
1 - 30 days	73,851,130	63,629,792	46,634,523	22,355,310
31 - 60 days	12,646,177	28,592,163	6,599,553	17,355,978
61 - 90 days	2,638,600	7,688,896	379,802	1,224,869
91 - 120 days	2,625,573	11,746,305	767,292	31,676
121 - 150 days	1,251,058	1,912,062	142,699	12,440
151 - 180 days	2,515,215	551,994	2,041,502	14,304
Over 180 days	48,858,375	28,690,903	16,328,502	147,457
<b>Total trade accounts receivable - others</b>	<b>314,844,696</b>	<b>319,367,464</b>	<b>195,183,875</b>	<b>129,390,851</b>
<b>Total trade accounts receivable</b>	<b>544,336,895</b>	<b>543,848,764</b>	<b>232,949,386</b>	<b>147,998,292</b>
Less : Allowance for doubtful accounts	(123,757,362)	(115,830,967)	(366,091)	(366,091)
<b>Trade accounts receivable – net</b>	<b>420,574,718</b>	<b>428,017,797</b>	<b>232,583,295</b>	<b>147,632,201</b>

**7. INVENTORIES**

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Finished goods	189,756,485	183,869,273	55,986,332	45,624,870
Work in process	199,656,817	166,350,574	49,042,709	36,241,208
Raw materials	417,132,002	324,118,903	140,098,483	60,145,739
Goods in transit	7,758,114	2,859,739	2,815,083	682,900
Total	814,303,418	677,198,489	247,942,607	142,694,717
Less : Allowance for stock obsolescence	(198,825,513)	(151,332,247)	(17,372,146)	(4,928,798)
Inventories - net	615,477,905	525,866,242	230,570,461	137,765,919

**8. PLEDGED DEPOSITS AT FINANCIAL INSTITUTIONS**

Eleven subsidiary companies had pledged the following deposits at financial institutions to secure loans and bank guarantee facilities issued by the banks on behalf of subsidiary companies as follows :

	Consolidated financial statements	
	2010	2009
Fixed deposits	7,985,857	7,245,304

## 9. INVESTMENTS BY USING EQUITY METHOD

As at December 31, 2010 and December 31, 2009 investments in subsidiary companies are stated at cost method in the separate financial statements and investments in associated companies are stated under equity method. These represent investments in ordinary shares in the following companies :-

Consolidated financial statements						
Company's name	Nature of business	Country of incorporation	Paid-up capital		Investments proportion	
			2010	2009	2010	2009
			Thousand Baht	Thousand Baht	Percent	Percent
<b>Investments in associated companies</b>						
Nongchang Rubber Co., Ltd.	Manufacture of footwear soles	Uthaitхани	40,000	40,000	28.82	28.82
Uthai Bangkok Rubber Co., Ltd.	Manufacture of Footwear uppers	Uthaitхани	30,000	30,000	28.82	28.82
Pan Innovation Co., Ltd.	Manufacture of galvanised rubber	Rayong	110,000	110,000	21.21	21.21
Bangkok Athletic Co., Ltd.	Retailer of sports equipment	Bangkok	200,000	200,000	18.90	18.90
Nutrition House Co., Ltd.	Manufacture of instant foods	Bangkok	145,000	145,000	17.76	17.76
Pan Asia Leather Co., Ltd.	Trimming for ready to use leather	Prachinburi	100,000	100,000	17.47	17.47

(Unit : Baht)

Consolidated financial statements								
Company's name	Investment				Estimated liabilities from			
	Cost method		Equity method		guarantee		Dividend	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>9.1 Investments in associated companies</b>								
Nutrition House Co., Ltd.	41,389,500	41,389,500	19,224,640	19,318,979	-	-	-	-
Bangkok Athletic Co., Ltd.	180,024,000	180,024,000	96,789,747	82,422,787	-	-	-	-
Pan Innovation Co., Ltd.	24,000,000	24,000,000	47,803,366	57,566,018	-	-	-	-
<b>Total investments in associated companies</b>	<b>245,413,500</b>	<b>245,413,500</b>	<b>163,817,753</b>	<b>159,307,784</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investments in associated companies with capital deficiency</b>								
Nongchang Rubber Co., Ltd.	11,999,300	11,999,300	-	-	(8,749,546)	(12,194,688)	-	-
Uthai Bangkok Rubber Co., Ltd.	8,999,300	8,999,300	-	-	(7,840,000)	(9,573,046)	-	-
Pan Asia Leather Co., Ltd.	39,999,400	39,999,400	-	-	-	-	-	-
<b>Investment in associated companies with capital deficiency</b>	<b>60,998,000</b>	<b>60,998,000</b>	<b>-</b>	<b>-</b>	<b>(16,589,546)</b>	<b>(21,767,734)</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>306,411,500</b>	<b>306,411,500</b>	<b>163,817,753</b>	<b>159,307,784</b>	<b>(16,589,546)</b>	<b>(21,767,734)</b>	<b>-</b>	<b>-</b>

Investment in associates with capital deficiency is investment in ordinary shares by the Company's subsidiary. Such associates had operating capital deficiency and the Company got in the guarantee for such associate's debts. The Company, thus, recorded part of capital deficiency as estimated loss from guarantee for associate as stated in note 19.2.

In the consolidated financial statements for the year ended December 31, 2010 have included investment of 2 associates by using equity method, had share of loss from investment in associates under equity method amount of Baht 67.03 million and Baht (9.85) million, respectively, which were reviewed by the other auditors as detailed following:

Associates' name	(Unit : Million Baht)	
	Investment in associates under equity method	Shares of Loss from investment
	2010	2009
Nutrition House Co., Ltd.	19.23	(0.09)
Pan Innovation Co., Ltd.	47.80	(9.76)
Total	<u>67.03</u>	<u>(9.85)</u>

(Unit : Baht)

Separate financial statements

Company's name	Type of business	Country of incorporation	Paid-up capital		Investments proportion	
			2010	2009	2010	2009
			Thousand Baht	Thousand Baht	Percent	Percent
<b><u>Investments in subsidiary companies</u></b>						
Footwear Tech 1530 Co., Ltd.	Manufacture of footwear	Chonburi	400,000	400,000	100.00	100.00
International Curity Footwear Co., Ltd.	Manufacture of footwear	Chonburi	350,000	350,000	100.00	100.00
Kabinburi Panasia Footwear Co., Ltd.	Manufacture of footwear	Prachinburi	350,000	350,000	100.00	100.00
Excellent Rubber Co., Ltd.	Manufacture of footwear sole	Rayong	370,000	370,000	100.00	100.00
Phimai Footwear Co., Ltd.	Manufacture of footwear uppers and footwear sole	Nokorn Ratchasrima	100,000	100,000	100.00	100.00
Pan Rayong Co., Ltd.	Manufacture of footwear uppers	Rayong	30,000	30,000	100.00	100.00
Pan tech R&D Co., Ltd.	Design, research and development of shoes	Chonburi	150,000	150,000	100.00	100.00
Innovation Nakornluang Footwear Co. Ltd.	Manufacture of footwear	Ayuthaya	350,150	350,150	96.07	96.07
Pontex (Thailand) Co., Ltd.	Manufacture of plastic footwear parts	Chachengsoa	60,800	60,800	95.73	95.73
PA Capital Co., Ltd.	Investment, service, real estate	Chonburi	1,054,000	1,054,000	43.67	43.67
Chainat Rubber Co. ,Ltd.	Manufacture of footwear uppers	Chainat	150,000	150,000	100.00	100.00
Hankha Bangkok Rubber Co., Ltd.	Manufacture of footwear uppers	Chainat	100,000	100,000	99.99	99.99

## Separate financial statements

Company's name	Provision for impairment							
	Cost method		of investment		Net		Dividend	
	2010	2009	2010	2009	2010	2009	2010	2009
<b>9.2 Investments in subsidiary companies</b>								
Footwear Tech 1530 Co., Ltd.	467,967,864	467,967,864	(424,567,864)	(147,216,000)	43,400,000	320,751,864	-	-
International Curity Footwear Co., Ltd.	349,999,300	349,999,300	(73,138,996)	(54,121,000)	276,860,304	295,878,300	-	-
Kabinburi Pania Footwear Co., Ltd.	443,522,638	443,522,638	(231,599,069)	(181,098,000)	211,923,569	262,424,638	-	-
Excellent Rubber Co., Ltd.	385,886,972	385,886,972	(139,958,845)	(92,203,000)	245,928,127	293,683,972	-	-
Phimai Footwear Co., Ltd.	115,969,381	115,969,381	(41,966,304)	(20,554,000)	74,003,077	95,425,381	-	-
Pan Rayong Co., Ltd.	43,370,988	43,370,988	-	-	43,370,988	43,370,988	-	-
Pan tech R&D Co., Ltd.	149,997,900	149,997,900	(109,997,900)	(28,917,000)	40,000,000	121,080,900	-	-
Innovation Nakornluang Footwear Co. Ltd.	264,289,600	264,289,600	(264,289,600)	(264,289,600)	-	-	-	-
Pontex (Thailand) Co., Ltd.	122,112,167	122,112,167	-	-	122,112,167	122,112,167	-	-
PA Capital Co., Ltd.	64,559,000	64,559,000	(64,559,000)	(64,559,000)	-	-	-	-
Chainat Rubber Co., Ltd.	17,964,613	17,964,613	-	-	17,964,613	17,964,613	-	-
Hankha Bangkok Rubber Co., Ltd.	19,052,414	19,052,414	-	-	19,052,414	19,052,414	-	-
<b>Toal</b>	<b>2,444,692,837</b>	<b>2,444,692,837</b>	<b>(1,350,077,578)</b>	<b>(852,947,600)</b>	<b>1,094,615,259</b>	<b>1,591,745,237</b>	<b>-</b>	<b>-</b>

As at December 31, 2010 and 2009, the Company estimates provision for impairment loss of investment in subsidiary companies by applying valuation in use method and additionally estimated the impairment loss in the year of 2010 by reviewing from net assets value of subsidiary companies. Such assets were appraised by the independent appraiser.

**10. LONG - TERM INVESTMENTS IN RELATED PARTIES**

As at December 31, 2010 and 2009, long - term investments in related parties represent investments in ordinary shares in the following companies:-

Company's name	Nature of business	Percentage of shareholding by			
		Paid – up capital		direct and indirect means	
		2010	2009	2010	2009
		Thousand Baht	Thousand Baht	Percent	Percent
Panway of Life Co., Ltd.	Retail business	4,000	4,000	19.50	19.50
Ban Pan Engineering and Holding Co., Ltd.	Service	670,000	670,000	19.40	19.40
Pan Polytechnic Co., Ltd.	Training organizer	5,000	5,000	18.00	18.00
Pan Long John Co., Ltd.	Distribution of textiles for footwear	10,000	10,000	17.50	17.50
P. I. Industry Co., Ltd.	Rubber product Development	150,000	150,000	-	16.72
Bangkok Rubber Saharattana Co., Ltd.	Manufacture and export footwear soles	70,000	70,000	14.29	14.29
International Leather Fashion Co., Ltd.	Manufacture of footwear	50,000	50,000	14.00	14.00

Company's name	Nature of business	Percentage of shareholding by			
		Paid – up capital		direct and indirect means	
		2010	2009	2010	2009
		Thousand Baht	Thousand Baht	Percent	Percent
Casademoda Co., Ltd.	Retailer	10,000	10,000	12.74	12.74
Pan Biotech Co., Ltd.	Distribution of agricultural products	10,000	10,000	10.00	10.00
Pan Comp International Co., Ltd.	Distribution of computer saw machines	20,000	20,000	10.00	10.00
Thai Takaya Co., Ltd.	Manufacture and distribution of ready-to-wear clothes	30,000	30,000	6.67	6.67
Pan Technical Parts Co., Ltd.	Manufacture and distribution of footwear soles	12,000	12,000	6.00	6.00
Sahapat Properties Co., Ltd.	Real estate	20,000	20,000	2.50	2.50
Treasure Hill Co., Ltd.	Real estate	200,000	200,000	1.00	1.00
SSDC (Tiger Text) Co., Ltd.	Dying and decoration of textiles	270,000	270,000	0.42	0.35
Laopan Footwear Co., Ltd.	Manufacture and distribution of footwear soles	6,880	6,880	100.00	100.00

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Group with full provision for impairment</b>				
Ban Pan Engineering and Holding Co., Ltd.	130,000,000	130,000,000	-	-
Bangkok Rubber Saharattana Co., Ltd.	10,000,100	10,000,100	-	-
Casademoda Co., Ltd.	802,809	802,809	-	-
Pan Biotach Co., Ltd.	1,000,000	1,000,000	-	-
Pan Comp International Co., Ltd.	1,999,930	1,999,930	-	-
Pan Technical Parts Co., Ltd.	720,000	720,000	-	-
Sahapat Properties Co., Ltd.	500,000	500,000	-	-
Treasure Hill Co., Ltd.	20,000	20,000	-	-
Laopan Footware Co., Ltd.	6,880,000	6,880,000	-	-
Total	151,922,839	157,922,839	-	-
Less Provision for impairment	(151,922,839)	(157,922,839)	-	-
Net	-	-	-	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
<b>Group without provision for impairment</b>				
Panway of Life Co., Ltd.	780,000	780,000	-	-
Pan Polytechnic Co., Ltd.	900,000	900,000	-	-
Pan Long John Co., Ltd.	1,844,459	1,844,459	-	-
P.I. Industry Co., Ltd.	-	25,083,000	-	15,000,000
International Leather Fashion Co., Ltd.	7,000,000	7,000,000	-	-
Thai Takaya Co., Ltd.	2,000,000	2,000,000	-	-
SSDC (Tiger Text) Co., Ltd.	1,000,000	1,000,000	-	-
Total	13,711,959	38,607,459	-	15,000,000
<b>Long - term investments in related parties - net</b>	<b>13,711,959</b>	<b>38,607,459</b>	<b>-</b>	<b>15,000,000</b>

In 2009, two subsidiary companies had sold investment in related parties for 2 items in accordance with the share capital transferring agreement on April 8, 2009 and May 2, 2009. The significant detail of selling investment is summarized as below:

Company's name	Percentage of shareholding (old)	Percentage of shareholding (new)	Consolidated financial statements			Selling price	Gain on sales
			Ordinary share sold				
			Share capital	Cost price	Cost less provision for impairment		
<u>PA Capital Co., Ltd.</u>							
Sahasin Co., Ltd.	15.00	-	30,000	3,000,000	-	3,000,000	3,000,000
<u>International Curity Footwear Co., Ltd.</u>							
Tanara Co., Ltd.	5.00	-	300,000	3,600,000	-	3,600,000	3,600,000

In 2010, a subsidiary company had sold investment in P.I. Industries Co., Ltd., a related company in respect of the share capital transferring agreement on October 22, 2010. The selling investment is significantly summarized as follow:

Company's name	Percentage of shareholding (old)	Percentage of shareholding (new)	Consolidated financial statements			Selling price	Gain on sales
			Ordinary share sold				
			Share capital	Cost price	Cost less provision for impairment		
<u>Pan Asia Footwear Public Company Limited.</u>							
P.I. Industries Co., Ltd.	15.00	-	15,000	15,000,000	15,000,000	19,968,450	4,968,450
<u>PA Capital Co., Ltd.</u>							
P.I. Industries Co., Ltd.	10.08	-	10,830	10,830,000	10,830,000	14,169,792	3,339,792

## 11. LONG - TERM INVESTMENTS IN AVAILABLE-FOR-SALE SECURITIES

These long - term investments in available-for-sale securities are investments in the ordinary shares of several related companies listed on the Stock Exchange of Thailand, and consist of the following:-

(Unit:Baht)

	Consolidated financial statements			
	2010		2009	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Ordinary shares	818,739,418	29,400	823,858,201	15,160,741
Less Allowance for change in the value of investments	(94,600)	-	9,917,958	-
Allowance for loss on impairment of investments	(818,615,418)	-	(818,615,418)	-
Long - term investments in available-for-sale securities - net	29,400	29,400	15,160,741	15,160,741

(Unit:Baht)

	Separate financial statements			
	2010		2009	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Ordinary shares	758,418,340	29,400	763,537,123	15,160,741
Less Allowance for change in the value of investments	(94,600)	-	9,917,958	-
Allowance for loss on impairment of investments	(758,294,340)	-	9,917,958	-
Long - term investments in available-for-sale securities - net	29,400	29,400	15,160,741	15,160,741

As at December 31, 2010 and 2009, long - term investments in available-for-sale securities as included in the consolidated financial statements amounting to Baht 819 million (separated : Baht 758 million) consist of investment in the ordinary shares of a related company which is undergoing debt restructuring. A full provision for loss on impairment of investments has been set aside by the Company and subsidiary companies.

## 12. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

### Consolidated financial statements

	Land and land improvement	Building and construction	Machinery and equipment	Furniture and fixtures	Vehicles	Infrastructure	Copyrights	Construction in progress	Total
<b>Cost :</b>									
31 December 2009	1,159,945,180	1,134,610,454	2,855,975,371	571,171,922	78,222,539	65,175,371	2,801,811	18,738,694	5,886,641,342
Purchase	-	3,967,022	28,255,028	3,257,640	5,966,223	55,500	93,670	41,550,330	83,145,413
Disposals	(66,492,223)	(139,212,850)	(111,206,650)	(35,068,946)	(7,912,521)	(5,216,174)	-	(44,000)	(365,153,364)
Transferred in (out)	-	4,121,134	42,358,797	2,389,836	-	1	-	(49,183,748)	(313,980)
Written assets off	-	-	(12)	(2,043,560)	-	-	(219,964)	(82,308)	(2,345,844)
31 December 2010	1,093,452,957	1,003,485,760	2,814,035,006	539,706,892	74,477,591	60,014,698	2,675,517	10,978,968	5,598,827,389
<b>Accumulated depreciation :</b>									
31 December 2009	14,969,917	587,107,340	2,414,375,155	508,069,801	58,067,776	58,735,091	1,677,400	-	3,643,002,480
Depreciation for the year	570,461	65,810,874	120,673,463	20,766,286	7,533,101	2,750,493	322,965	-	218,427,643
Depreciation for disposals	(1,377,546)	(115,153,980)	(106,734,546)	(31,327,584)	(6,665,105)	(2,713,570)	-	-	(263,972,331)
Transferred in (out)	-	-	-	(2,043,220)	-	-	-	-	(2,043,220)
Depreciation of disposals	-	(6,188,284)	(407,326)	-	(359,722)	-	-	-	(6,955,332)
31 December 2010	14,162,832	531,575,950	2,427,906,746	495,465,283	58,576,050	58,772,014	2,000,365	-	3,588,459,240
Amortization					-				
<b>Allowance for impairment :</b>									
31 December 2009	(233,817,042)	(8,130,396)	(21,930,892)	(584,278)	-	-	-	(5,011,989)	(269,474,597)
31 December 2010	2,450,488	-	(4,902,300)	-	-	-	-	-	-
	(231,366,554)	(8,130,396)	(26,833,192)	(584,278)	-	-	-	(5,011,989)	(269,474,597)
<b>Net book value :</b>									
31 December 2009	911,158,221	539,372,718	419,669,324	62,517,843	20,154,763	6,440,280	1,124,411	13,726,705	1,974,164,265
31 December 2010	847,923,571	463,779,414	359,295,068	43,657,331	15,901,541	1,242,684	675,152	5,966,979	1,738,441,740
Depreciation for the year ended December 31,									
2009									243,577,392
2010									218,427,643

(Unit : Baht)

### Separate financial statements

	Land and land improvement	Building and construction	Machinery and equipment	Furniture and fixtures	Vehicles	Infrastructure	Construction in progress	Transaction with related persons	Total
<b>Cost :</b>									
31 December 2009	896,280,763	530,462,725	503,274,836	106,002,235	8,925,595	24,396,825	11,293,744	1,661,815	2,082,298,535
Purchase	-	190,000	18,552,987	838,488	4,841,433	-	34,646,026	72,070	59,141,007
Disposals	(66,492,221)	(128,941,765)	(71,896,495)	(26,397,853)	-	(4,966,175)	-	-	(298,694,509)
Transferred in (out)	-	3,590,712	39,487,123	2,389,836	-	-	(45,467,671)	-	-
31 December 2010	829,788,542	405,301,672	489,418,451	82,832,706	13,767,028	19,430,650	472,099	1,733,885	1,842,745,032
<b>Accumulated depreciation :</b>									
31 December 2009	4,854,826	235,196,642	397,304,540	99,663,585	6,533,946	18,781,363	-	889,847	763,224,750
Depreciation for the year	532,233	22,399,297	24,647,375	3,935,195	1,883,828	2,451,561	-	277,589	56,127,079
Depreciation of disposals	(1,377,547)	(111,003,924)	(71,322,255)	(26,195,008)	-	(2,463,572)	-	-	(212,362,301)
31 December 2010	4,009,512	146,592,015	350,629,660	77,403,772	8,417,774	18,769,352	-	1,167,436	606,989,522
<b>Allowance for impairment :</b>									
31 December 2009	(147,140,882)	-	-	-	-	-	-	-	(147,140,882)
31 December 2010	2,450,488	-	-	-	-	-	-	-	2,450,488
Total	(144,690,394)	-	-	-	-	-	-	-	(144,690,394)
<b>Net book value :</b>									
31 December 2009	744,285,055	295,266,083	105,970,296	6,338,650	2,391,649	5,615,462	11,293,744	771,968	1,171,932,907
31 December 2010	681,088,636	258,709,657	138,788,790	5,428,935	5,349,254	661,298	472,099	566,449	1,091,065,116
Depreciation for the year ended December 31,									
2009									59,229,319
2010									56,109,993

As at December 31, 2010 and 2009 the Company and subsidiary companies 7 subsidiary companies have mortgaged land and the construction thereon and machinery, with net book values totaling approximately Baht 701.50 million (December 31, 2009 : Baht 609.87 million), to secure credit facilities obtained from financial institutions, as discussed in Note 17 and 18.

As at December 31, 2010 and 2009 certain equipment items have been fully depreciated but are still in use. The original cost of those assets as included in the consolidated financial statements, amounted to Baht 2,456 million and Baht 2,379 million, respectively (the Separated only: Baht 347 million and Baht 472 million).

As at December 31, 2010 and 2009, the Company and subsidiary companies have leased plots of land and construction thereon, buildings and equipment to related parties for use in their operations, as detailed below: -

(Unit : Baht)

	Net book value			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Fixed assets for lease				
Land	594,531,302	590,060,751	439,799,026	480,369,067
Building and construction	231,193,692	168,735,665	194,060,316	130,207,959
Machinery and equipment	35,859,657	12,304,078	9,355,894	12,111,980
Furniture and fixtures	-	2,941,409	-	2,941,409
Infrastructure	-	1,912,344	-	1,912,344
Total	<u>753,765,880</u>	<u>775,954,247</u>	<u>643,215,236</u>	<u>627,542,759</u>

As at December 31, 2010, land amount of Baht 172.15 million was transferred the ownership to belonging to related company as stated in note 5.30.

In the year of 2010, the Company has sold part of land, building and equipment to 3 companies in the amount of Baht 367.92 million which closed to the value of the independent appraiser. Such assets had carrying value of Baht 83.88 million, resulted gain on sales of assets amount of Baht 284.04 million. From that selling, the seller has a right to utilize the scrap of assets.

### 13. INVESTMENTS IN PROPERTIES

(Unit : Baht)

	Consolidated and Separate financial statements		
	Land and land improvement	Building and construction	Total
<b>Cost :</b>			
31 December 2009	367,293,553	43,980,305	411,273,858
Transferred in (out)	-	-	-
31 December 2010	<u>367,293,553</u>	<u>43,980,305</u>	<u>411,273,858</u>
<b>Accumulated depreciation :</b>			
31 December 2009	127,567	25,051,255	25,178,823
Depreciation for the year	17,746	1,898,005	1,915,751
31 December 2010	<u>145,314</u>	<u>26,949,260</u>	<u>27,094,574</u>

(Unit : Baht)

	Consolidated and Separate financial statements		
	Land and land improvement	Building and construction	Total
<b>Allowance for impairment :2009</b>	(155,263,950)	-	(155,263,950)
<b>Loss on impairment of assets</b>	-	-	-
<b>Allowance for impairment :2010</b>	(155,263,950)	-	(155,263,950)
<b>Net book value :</b>			
31 December 2009	211,902,036	18,929,050	230,831,085
31 December 2010	211,884,290	17,031,045	228,915,334

**14. LEASEHOLD RIGHTS**

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Leasehold rights as at 1 January	7,313,863	7,890,529	6,511,084	7,054,417
Less: Amortisation for the year	(576,666)	(576,666)	(543,333)	(543,333)
Leasehold rights as at 31 December	6,737,197	7,313,863	5,967,751	6,511,084

**15. COST OF PARA-RUBBER PLANTATION**

Cost of para - rubber plantation consist of :

(Unit : Baht)

	Consolidated and Separate financial statements	
	2010	2009
Land development cost	4,989,618	4,989,618
Plantation maintainance cost	27,112,209	24,949,354
Rubber tree cost	1,509,824	1,509,824
Total	33,611,651	31,448,796

As at December 31, 2010 and 2009, cost of para-rubber plantation plant on land amount of Baht 24.82 million was transferred the ownership to belonging to related company as stated in note 5.30.

**16. GOODWILL - NET**

(Unit : Baht)

	Consolidated financial statements	
	2010	2009
Goodwill	12,047,314	12,047,314
Less Provision for impairment of goodwill	(12,047,314)	(12,047,314)
Net	-	-

## 17. OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Overdrafts and short-term loans from financial institutions of the Company have no collaterals and of subsidiary companies are secured by the guarantees of the Company and Bangkok Rubber Plc., pledge of fixed deposits and machines, mortgage of land and construction thereon of subsidiary companies as described in Notes 8 and 12 respectively.

## 18. LONG-TERM LOANS

Long-term loans consist of the following: -

	(Unit : Baht)			
	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Long-term loans under debt				
restructuring agreements	30,124,253	26,418,093	-	-
Long-term loans, others	547,855,769	247,474,253	242,383,414	147,300,000
Total long-term loans	577,980,022	273,892,346	242,383,414	147,300,000
Less: Current portion of long-term loans	(167,903,210)	(105,168,093)	(72,720,000)	(50,400,000)
Long-term loans - net of current portion	<u>410,076,812</u>	<u>168,724,253</u>	<u>169,663,414</u>	<u>96,900,000</u>

### 18.1 Long-term loans under debt restructuring agreement

Innovation Nakhonluang Footwear Co., Ltd has signed the debt restructuring agreement with two banks including the repayment condition as following:

Debt restructuring agreement date	May 18, 2007 and December 17, 2007
Amount of debt at the agreement date	Baht 233.17 million
Repayment condition	Repayment within on monthly basis 2010, commencing in June 2008 to December 2010
Interest rate	MOR per year
Collaterals	Guarantee by the Company

### 18.2 Long-term loans, others

Thai Sung Shin New Material Co., Ltd. has entered into agreement with a commercial bank to obtain loan facilities amounting to Baht 70 million. The loans are secured by the guarantee of PA Capital Co., Ltd., and the mortgage of land and construction thereon and machinery, and are subject to interest at MLR per annum, payable monthly. Principal is to be repaid on a quarterly basis as follows:-

	Principal Baht 10	Principal Baht 20	Principal Baht 40
	million	million	million
1st - 17th installment	Baht 560,000	Baht 1,140,000	Baht 2,300,000
18th installment onwards	Baht 480,000	Baht 620,000	Baht 900,000
First installment	January 2003	January 2003	August 2003
Final installment	April 2007	April 2007	May 2007

Thai Sung Shin New Material Co., Ltd. entered into agreement with a commercial bank to obtain loan facilities amounting to Baht 17 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayable on monthly basis amount of Baht 320,000 each, commenced in April 2005 and ended October 2009.

On October 22, 2008, PA Capital Co., Ltd. entered into loans from a commercial bank for credit line of Baht 100 million at the interest rate of MLR (as at December 31, 2008 at 7% per annum), will be payable on monthly basis. The principal is repayable in the fourth quarter of 2008 in the amount of Baht 1.5 million, and on monthly of Baht 1 million, Baht 1.5 million, Baht 1.75 million, Baht 1.75 million and Baht 23.5 million in 2009, 2010, 2011, 2012 and 2013, respectively. The loans are guaranteed by the Company's share capital as stated in note 21.

The Company entered into loans agreement with a commercial bank in the amount of Baht 60 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayable on monthly basis in the amount of Baht 0.78 million each, commenced in August 2010 and ended in April 2017. Such loans are guaranteed by the Company and subsidiary companies' land with its construction building.

The Company entered into loans agreement with a commercial bank in the amount of Baht 64.87 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayable on monthly basis in the amount of Baht 1.08 million each, commenced in January 2011 and ended in December 2015. Such loans are guaranteed by the Company and subsidiary companies' land with its construction building.

International Curity Footwear Company Limited entered into loans agreement with a commercial bank amount of Baht 20 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayable on a monthly basis as below:

- 1<sup>st</sup> - 18<sup>th</sup> installment of Baht 250,000 each
- 19<sup>th</sup> - 48<sup>th</sup> installment of Baht 500,000 each
- 49<sup>th</sup> installment is repayable for total remaining

Such loans are guaranteed by the Company.

Kabinburi Pan Asia Footwear Company Limited entered into loans agreement with a commercial bank amount of Baht 102 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayable on a monthly basis as below:

- 1<sup>st</sup> - 11<sup>th</sup> installment of Baht 1,350,000 each
- 12<sup>th</sup> - 81<sup>st</sup> installment of Baht 1,230,000 each
- 82<sup>nd</sup> installment is repayable for total remaining

Such loans are guaranteed by the Company's land and construction building of subsidiary company.

Footwear Tech 1530 Company Limited entered into loans agreement with a commercial bank amount of Baht 84.20 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayable on a monthly basis amount of Baht 1.10 million each, commenced in January 2010 and ended in January 2016. Such loans are guaranteed by land with its construction building of subsidiary.

## 19. CONTINGENT LIABILITIES/ESTIMATED LOSS FROM GUARANTEE

Contingent liabilities / estimated loss from guarantee consist of the following :-

		(Unit : Baht)			
		Consolidated financial statements		Separate financial statements	
	Note	2010	2009	2010	2009
Estimated liabilities from guarantee					
subsidiary companies	19.1	-	-	32,015,363	38,157,226
Estimated liabilities from associated					
companies	19.2	16,589,546	21,767,734	16,589,546	21,767,734
Estimated liabilities from related					
companies	19.3	450,585,401	490,585,401	450,585,401	490,585,401
Total		<u>467,174,947</u>	<u>512,353,135</u>	<u>499,190,310</u>	<u>550,510,361</u>

19.1 The Company has investment in Innovation Nakornluang Footwear Company Limited which had operating capital deficiency. The Company, thus, estimated liabilities from such capital deficiency but not exceed the guarantee line. In 2010, the Company has repaid debt under the guarantee line instead of such subsidiary company in the amount of Baht 5.72 million to a bank. The Company, then, reduced the provisions from guarantee liabilities of such subsidiary company.

A subsidiary has investment in Pek Engineering Company Limited which had capital operating deficiency. The Company estimated liabilities from guarantee in full amount. In 2009, the Company made debt settlement to a bank in fully guarantee line amount of Baht 0.42 million on behalf of such subsidiary. The Company, thus, reduced the estimated liabilities from guarantee subsidiary.

19.2 The Company has investment in several associated companies which had operating capital deficiency as stated in note 9.1 and also guarantee loans of those companies. The Company, thus, estimates the provisions from possible loss in 2010. The certain associated companies' results of operation got better. The Company then reversed provisions from guarantee liabilities of associated companies in the amount of Baht 5.18 million.

19.3 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 totaling Baht 399.38 million. On December 4, 2003 and December 25, 2008 the Primary and Appeal Court ordered the Company and a related company accounted for such debt plus interest calculated at the rate of 14.5% per annum on principal of Baht 288.41 million from the lawsuit date until such debt is fully repaid. The Company recorded the interest until December 31, 2003, as a result, the remaining estimated liabilities from guarantee equal to Baht 580.59 million. As at December 31, 2009, the Company has restructured its debts with Thai Assets Management Corporation, with the condition that the Company has to make settlement total amount of Baht 360 million which comprise of principal in the amount of Baht 288.41 million and interest of Baht 71.59 million, and will make additional payment if the Company's cash inflows exceeds the provided financial estimates (excluding cash flow from sales of land, building, equipment, share capital, investment and dividend), thus the total debt settlement (excluded new interest) will not exceed Baht 540.34 million.

## 20. STATUTORY RESERVE

The Company is required to set aside to a statutory reserve at least 5 percent of its net profit until the reserve reaches 10 percent of its registered share capital, in accordance with the Public Limited Companies Act B.E. 2535. The statutory reserve is not available for dividend distribution.

## 21. THE COMPANY'S SHARES HELD BY ITS SUBSIDIARIES

The Company's shares held by its subsidiaries are stated at cost, the details are as follows: -

(Unit : Baht)

	Consolidated financial statements					
	December 31, 2010			December 31, 2009		
	Number of shares (shares)	Cost	Fair value	Number of shares (shares)	Cost	Fair value
International Curity Footwear Co., Ltd.	42,335,950	228,367,439	43,606,029	44,841,750	241,884,158	49,774,343
Footwear Tech 1530 Co., Ltd.	34,339,500	193,545,372	35,369,685	34,339,500	193,545,372	38,116,845
Pan Tech R&D Co., Ltd.	15,070,000	82,850,600	15,522,100	15,070,000	82,850,600	16,727,700
Kabinburi Panasia Footwear Co., Ltd.	-	-	-	10,000,000	56,400,000	11,100,000
Modern Technology Component Co., Ltd.	-	-	-	8,000,000	40,100,000	8,880,000
Pontex (Thailand) Co., Ltd.	2,723,000	13,070,400	2,804,690	2,723,000	13,070,400	3,022,530
Pan Upper Co., Ltd.	1,841,777	9,024,704	1,897,030	1,841,777	9,024,704	2,044,372
Excellent Rubber Co., Ltd.	36	70	37	6,137,176	46,371,857	6,812,265
Pan Rayong Co., Ltd.	713,398	3,566,990	734,800	713,398	3,566,990	791,872
PA Capital Co., Ltd.	102,112,778	641,092,361	105,176,161	102,112,778	641,092,361	113,345,183
Thai Sung Shin New Material Co., Ltd.	-	-	-	7,277,260	31,744,529	8,077,759
The Company's shares held by its subsidiaries	<u>199,136,439</u>	<u>1,171,517,936</u>	<u>205,110,532</u>	<u>233,056,639</u>	<u>1,359,650,971</u>	<u>258,692,869</u>

As at December 31, 2010 and 2009 102.05 million shares of Company held by a subsidiary company with a fair value of Baht 105.11 million and Baht 113.28 million had been pledged as collateral for loans from financial institutions, as discussed in note 18

## 22. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

### 22.1 Directors' remuneration

According to the minutes of general meeting of shareholders no. 31 held on April 30, 2010, passed to pay directors' remuneration including meeting allowance and gratuity for the year total amount not exceed Baht 10.00 million.

### 22.2 Management benefit expenses

Benefit expenses paid to chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels consist of salaries, consulting fee, bonus, meeting allowance, gratuity, fuel and telephone expenses

### 23. EXPENSES ANALYZED BY NATURE

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Changes in inventories of finished goods and work in progress	(39,729,345)	107,382,774	(23,162,962)	22,157,102
Raw materials and consumables used	3,475,145,454	3,222,768,637	1,776,929,374	2,131,426,559
Salaries, wages and other employees benefit expenses	1,229,390,727	1,467,472,408	430,398,276	308,172,181
Depreciation and amortization	212,979,588	239,261,718	56,666,928	62,019,798
Loss on devaluation of goods	47,493,266	37,410,090	12,443,348	931,181

### 24. CORPORATE INCOME TAX

Corporate income tax of the Company and its subsidiary companies for the years has been calculated at respective rates of 25 percent and 30 percent on the net pre-tax earnings from non-promoted activities for the year, after adding back certain provisions and expenses which are disallowable for tax computation purposes and deducting dividend income which is exempted from tax. The tax rate applied is in compliance with the provisions of Royal Decree 387 (B.E. 2544) dated 28 August 2001, issued under the Revenue Code, regarding the reduction of income tax rates.

One subsidiary companies have been granted the promotional privileges discussed in Note 25, including exemption from corporate income tax on net earnings from promoted activities.

### 25. PROMOTIONAL PRIVILEGES

4 subsidiary companies have been granted promotional privileges by the Board of Investment to carry on the activities of producing shoes and parts. Subject to certain imposed conditions, the tax privileges include the following: -

- Exemption from corporate income tax on profit from the promoted activities of a subsidiary company for a period of eight years commencing as from the date of first earning operating income.
- Fifty percent reduction of the normal corporate income tax rate on the net profits from the provided activities of four subsidiary companies for a period of five years after the expiry of the corporate income tax exemption period.

Earnings of the Company and subsidiary companies for the year ended December 31, 2010 can be divided into promoted and non-promoted activities as follows: -

	(Unit: Baht)		
	Promoted activity	Non-promoted activity	Total
Sales			
Export sales	6,243,139	1,486,615,629	1,492,858,768
Local sales	206,128,091	1,284,989,283	1,491,117,374
	<u>212,371,230</u>	<u>2,771,604,912</u>	<u>2,983,976,142</u>

## 26. SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION

26.1 Cash and cash equivalents consist of cash on hand and at banks from the transaction in balance sheets as follows:

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Cash on hand and at banks	67,154,945	164,407,241	23,912,208	109,076,242

26.2 Non - cash transaction

26.2.1 In 2010 and 2009, the Company and subsidiaries purchased assets in the form of credit in the amount of Baht 0.54 million and 12.62 million, respectively.

26.2.2 As at December 31, 2010 and 2009, the Company and subsidiaries have unrealized loss on changes in investments value amount of Baht 15.21 million and Baht 5.45 million, respectively.

26.2.3 In the third quarter of 2010, five subsidiary companies have sold the Company's share capital for which held by those subsidiary companies, resulted discount on treasury stocks in the amount of Baht 151.33 million.

26.2.4 In 2010, the Company, in being guarantor accepted debt obligation with a financial institution in the amount of Baht 64.84 million for a subsidiary company, by directly paying to subsidiary company's financial institution payable.

## 27. FINANCIAL INFORMATION BY SEGMENT

The operations of the Company and its subsidiary companies principally involve the production, distribution and export of footwear and related components, except PA Capital Co., Ltd. of which the principal activity is investment services, real estate, and convenience store business, Panasia Bio Technology Co., Ltd. produces and sells para rubber, and Pan Tech R&D Co., Ltd. which is involved in the design, research and development of footwear. All activities are carried out in Thailand, but the Company and its subsidiary companies have earnings from both local and export sales. Financial information of the Company and its subsidiary companies presented by business segment as at 31 December 2010 and 2009, and for the years ended 31 December 2010 and 2009, are as follows: -

(Unit : Baht)

	Consolidated financial statements									
	Production of footwear and related components		Other business		Total		Elimination		Grand total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sales										
- Local	2,148,882,871	2,649,617,752	385,676,102	476,851,157	2,534,558,973	3,126,468,919	(976,800,684)	(1,744,233,644)	1,557,758,289	1,382,235,274
- Export	1,489,523,479	3,891,473,341	3,335,289	1,241,864	1,492,858,768	3,892,718,205	-	-	1,492,858,768	3,892,715,205
Total sales	3,638,406,350	6,541,091,103	389,011,391	478,093,021	4,027,417,741	7,019,184,124	(976,800,684)	(1,744,233,644)	3,050,617,057	5,274,950,479
Gross profit									(472,021,663)	495,012,381
Other income									511,178,050	219,459,647
Selling and administrative expenses									(665,716,809)	(998,7552,388)
Finance costs									(127,124,607)	(114,178,689)
Net profit (loss)									(753,685,029)	(398,459,049)
Attributable to :										
Equity holders of the parent									(600,863,732)	(303,792,301)
Minority interest									(152,821,297)	(94,666,749)

(Unit : Baht)

## Consolidated financial statements

	Production of footwear and		Other business		Total		Elimination		Grand total	
	related components									
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Assets										
- Inventories	578,810,491	494,283,509	36,667,414	31,582,734	615,477,905	525,866,243	-	-	615,477,905	525,866,243
- Property, plant and equipment	1,776,161,712	1,992,806,510	119,776,702	142,663,582	1,895,938,414	2,135,470,092	(156,609,940)	(161,305,828)	1,739,328,474	1,974,164,264
- Others	3,032,124,941	3,304,932,060	549,575,848	635,209,337	3,581,700,789	3,940,141,397	(2,358,544,254)	(2,563,390,921)	1,223,156,535	1,376,750,476
Total assets	5,387,097,144	5,792,022,079	706,019,964	809,455,653	6,093,117,108	6,601,477,732	(2,515,154,194)	(2,724,696,749)	3,577,962,914	3,876,780,983

(Unit : Baht)

## Separate financial statements

	Production of footwear and		Other business		Grand total	
	related components					
	2010	2009	2010	2009	2010	2009
Sales and hire of work income						
- Local	127,913,454	123,373,224	-	-	127,913,454	123,373,224
- Export	1,346,572,282	2,474,388,523	-	-	1,346,572,282	2,474,388,523
Total sales	1,474,485,736	2,597,761,747	-	-	1,566,046,309	2,597,761,747
Gross profit					(314,886,986)	158,391,304
Other income					430,572,781	235,613,275
Selling and administrative expenses					(788,841,743)	(732,394,232)
Finance costs					(58,770,289)	(42,331,608)
Net profit (loss)					(731,926,237)	(380,721,261)

(Unit : Baht)

## Separate financial statements

	Production of footwear and		Other business		Total	
	related components					
	2010	2009	2010	2009	2010	2009
Assets						
- Inventories	230,570,461	186,108,137	-	-	230,570,461	186,108,137
- Property, plant and equipment	1,091,065,116	1,240,130,318	-	-	1,091,065,116	1,240,130,318
- Others	2,198,994,456	2,335,782,255	-	-	2,198,994,456	2,335,782,255
Total assets	3,520,630,033	3,762,020,710	-	-	3,520,630,033	3,762,020,710

## **28. PROVIDENT FUND**

During the year 2010, the Company and its subsidiary companies contributed approximately Baht 7.93 million to the provident fund (The Company only: Baht 3.38 Million).

## **29. COMMITMENTS AND CONTINGENT LIABILITIES**

29.1 As at December 31, 2010 and 2009, the Company and its subsidiary companies have the following commitments in respect of lease of land, factory building, machinery and service agreements totaling Baht 208.18 million and Baht 166.51 million, respectively.

29.2 As at December 31, 2010 and 2009, the Company and its subsidiary companies have the following other significant commitments in respect of car lease agreements totaling Baht 23.21 million and Baht 23.16 million, respectively.

29.3 As at December 31, 2010 and 2009, there were outstanding bank guarantees of approximately Baht 5 million and Baht 6 million, respectively issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.

29.4 As at December 31, 2010 and 2009, there were outstanding bank guarantees of approximately Baht 35 million and Baht 37 million, issued respectively by banks on behalf of the subsidiary companies in respect of certain performance bonds as required in the normal course of business.

29.5 As at December 31, 2010 and 2009, the Company has obligations totaling Baht 695 million and Baht 1,348 million, respectively under its guarantees of loans and credit facilities provided to 16 and 19 related parties respectively by banks and financial institutions. The loan and credit facilities were used by the Company in the amount of Baht 505 million and Baht 756 million, respectively.

29.6 As at December 31, 2010 and 2009, a subsidiary company has obligations totaling of Baht 16 million under its guarantees of loans and credit facilities provided to 2 related companies by financial institutions. The loan and credit facilities were used by those companies amounted to Baht 16 million.

29.7 The Company was sued in alleged of the lay off with the claim for an amount of Baht 31.92 million and the Company has filed the opposition. At present, the case is under to consideration to determine the dispute concept by the Court.

29.8 The Company was sued by a commercial bank in being the guarantor against credit providing to Modern Technology Component Co., Ltd. and International Curity Footware Co., Ltd. in allege the breach of debt repayment in the amount of Baht 113.88 million. At present, the case is under the appointment to take evidence of the plaintiff by the Court.

### 30. FINANCIAL INSTRUMENTS

#### Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The significant financial assets and liabilities are below classified, according to interest rate type: -

(Unit : Baht)

Transactions	Consolidated financial statements			
	December 31, 2010			
	Floating rate	Fixed rate	Non - interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	44,536,935	-	22,618,010	67,154,945
Short-term loans to related parties - net	-	8,100,000	-	8,100,000
<b>Financial liabilities</b>				
Overdrafts and short-term loans from				
financial institutions	230,863,429	793,013,203	-	1,023,876,632
Short-term loans from associated company	-	30,000,000	-	30,000,000
Short-term loans from related company	-	48,751,083	-	48,751,083
Short-term loans from other parties	-	1,590,411	-	1,590,411
Short-term loans from directors	-	15,000,000	-	15,000,000
Short-term loans from related companies	-	130,000,000	-	130,000,000
Long-term loans	577,980,022	-	-	577,980,022
Short-term loans from related persons	-	60,000,000	-	60,000,000
				(Unit : Baht)
Transactions	Separate financial statements			
	December 31, 2010			
	Floating rate	Fixed rate	Non - interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	23,840,756	-	71,452	23,912,208
Long-term loans to related parties - net	-	248,580,000	-	248,580,000
<b>Financial liabilities</b>				
Overdrafts and short-term loans from				
financial institutions	42,588,270	603,571,045	-	646,159,314
Long-term loans from related company	-	15,000,000	-	15,000,000
Long-term loans	242,383,414	-	-	242,383,414
Short-term loans from related companies	-	130,000,000	-	130,000,000
Short-term loans from related persons	-	60,000,000	-	60,000,000

The financial instruments carrying interest at fixed rates are below classified, according to the period from the balance sheet date to the contractual repricing date or to the maturity date (whichever date is earlier):

Transactions	Consolidated financial statements				(Unit : Baht)
	At call	Within 1 year	Over 1 year	Total	Average interest rate
					Percent per annum
<b><u>Financial assets</u></b>					
Short-term loans to related parties - net	8,100,000	-	-	8,100,000	7.50
<b><u>Financial liabilities</u></b>					
Overdrafts and short-term loans					
from financial institutions	-	793,013,202	-	793,013,202	3.47 – 10.25
Short-term loans from associated company	30,000,000	-	-	30,000,000	6.00
Short-term loans from related company	47,638,755	1,112,328	-	48,751,083	3.00-7.25
Short-term loans from other parties	-	1,590,411	-	1,590,411	6.00
Short-term loans from directors	15,000,000	-	-	15,000,000	6.00
Short-term loans from related companies	-	-	130,000,000	130,000,000	-
Short-term loans from related persons	-	-	60,000,000	60,000,000	5.00 – 7.50
(Unit : Baht)					
Transactions	Separate financial statements				Average
	At call	Within 1 year	Over 1 year	Total	interest rate
					Percent per annum
<b><u>Financial assets</u></b>					
Long-term loans to related parties - net	248,580,000	-	-	248,580,000	6.00 – 7.25
<b><u>Financial liabilities</u></b>					
Overdrafts and short-term loans					
from financial institutions	-	603,571,045	-	603,571,045	3.47 – 10.25
Short-term loans from related parties – net	15,000,000	-	-	15,000,000	5.85
Long-term loans from related company	-	-	130,000,000	130,000,000	-
Long-term loans from related person	-	-	60,000,000	60,000,000	5.00-7.00

### Foreign currency risk

The Company and subsidiary companies' exposures to foreign currency risk relate principally to their receivables and payables which are denominated in foreign currencies.

The balance of significant forward exchange rate contract as at December 31, 2010 is summarised as below:-

Foreign currency	Consolidated financial statements		Separate financial statements	
	Buying amount	Exchange rate under contract of buying amount (Baht : foreign currency)	Buying amount	Exchange rate under contract of buying amount (Baht : foreign currency)
US Dollar	3,843,557	30.0418 – 30.2025	3,843,557	30.0418 – 30.2025

As at December 31, 2010, assets and liabilities denominated in foreign currencies which were not entered exchange rate risk hedging agreement as follows: -into

Foreign currency	Consolidated financial statements		Separate financial statements	
	Assets	Liabilities	Assets	Liabilities
US Dollar	6,804,890	2,153,935	6,420,358	866,253
Euro	5,503	736	-	326

### Credit risk

The Company and its subsidiary companies are exposed to credit risk primarily with respect to trade accounts receivable and loans to related parties. However, the risk is limited since the majority of their sales are made on the basis of letters of credit and for the outstanding balance with related parties, the managements of the Company and balance sheet.subsidiary companies believe that their maximum exposure to credit risk is limited to the net book value as stated in the

With respect to off-balance sheet derivative financial instruments, it is the Company and subsidiary companies' policy to enter into financial instruments only with creditworthy counterparties. Therefore, the Company and its subsidiary companies do not expect any material losses to arise from the counterparties' failure to perform their obligations under the financial instruments.

### Fair value

The Company adapt the method and assumption for the estimates of fair value of financial instrument of the financial statements for the year ended December 31, 2010.

As at December 31, 2010, the aggregate carrying values of financial instruments do not materially differ from their aggregate fair value.

### 32. CAPTTAL MANAGEMENT

The objective of capital management of the Company and subsidiaries is to prepare the financial structure to be properly appropriated and maintain the continuity of operation capability.

As at December 31, 2010 and 2009, the Company and subsidiaries have debt to equity ratio as summarized below :

	Consolidated financial statements		Separate financial statements	
	2010	2009	2010	2009
Debt to equity ratio	6.23 : 1	2.17 : 1	1.23 : 1	0.62 : 1

### 33. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorised for issue by the Company's Board of Directors on February 28, 2011.