

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

**AUDITOR'S REPORT AND FINANCIAL STATEMENTS**

**AS AT DECEMBER 31, 2011 AND 2010**

## AUDITOR'S REPORT

To The Shareholders of

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED

(1) I have audited the consolidated statement of financial position of PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES and the separate statement of financial position of PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED as at December 31, 2011, the related consolidated statement of comprehensive income and separate statement of comprehensive income, consolidated statement of changes in shareholders' equity and separate statement of changes in shareholders' equity, and consolidated statement of cash flows and separate statement of cash flows for the year 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. The financial statements for the year ended December 31, 2010 were audited by the other auditor in the same firm whose report dated February 28, 2011, expressed an unqualified opinion on those statements.

(2) Except the matter stated in the third paragraph, 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.

(3) As stated in notes 11 and 12 to financial statements, in 2011, Pan Asia Biotechnology Co., Ltd., a subsidiary company entered into agreement to purchase 1,166,993 ordinary shares in the price of Baht 10.00 each, amounting to Baht 11.67 million or equal to 55.36 percent of Bangkok Rubber Saharattana Co., Ltd., and included ordinary shares of PA Capital Co., Ltd. which held at 4.74 percent, then the proportion of shareholding is 60.10 percent of the paid-up share capital, as a result, the status of Bangkok Rubber Saharattana Co., Ltd., is a subsidiary company of the Company and also entered into agreement to purchase 50,000 ordinary shares in the price of Baht 418.00 each, amounting to Baht 20.90 million or equal to 33.33 percent of the paid up share capital of Jones & Vining (Thailand) Co., Ltd., as a result, the status of Jones & Vining (Thailand) Co., Ltd. is an associated company of the Company. The investment in ordinary shares of such subsidiary company and associated company arose from purchasing from the Company's related company. I, therefore, have not obtained the adequacy evidence relating to the appropriately selling price of both companies which was paid by subsidiary company and has not obtained the evidence from measurement of investments of both companies which had the balance as at December 31, 2011 amount of Baht 11.67 million and Baht 20.90 million respectively. In addition, the financial statements of Bangkok Rubber Saharattana Co., Ltd. as at December 31, 2010 had negative shareholders' equity amount of Baht 49.99 million and negative carrying value amount of Baht 23.72 per share. And the other auditor's report expressed no opinion in the report dated February 25, 2011 relating to the uncertainty of ability to continue its operations as a going concern. The financial statements of Jones & Vining (Thailand) Co., Ltd. as at December 31, 2010 has shareholders' equity amount of Baht 57.06 million and carrying value amount of Baht 380.42 per share. And the other auditor's report expressed an unqualified opinion in the report dated January 14, 2011. Therefore, I was unable to apply the other auditing procedures for satisfactory as to investment in such subsidiary company and associated company.

(4) As stated in notes 2.6 to financial statements, the Company has not taken the financial statements of Bangkok Rubber Saharattana Co., Ltd., a subsidiary company to include in the consolidated financial statements and also did not record investment in Jones & Vining (Thailand) Co., Ltd., an associated company under the equity method in the consolidated financial statements. Therefore, the consolidated financial statements were included investment in subsidiary company amount of Baht 11.67 million and investment in associated company amount of Baht 20.90 million under cost method and still has not eliminated investment transaction in Bangkok Rubber Saharattana Co., Ltd. in the consolidated financial statements since the Company did not take the financial statements of Bangkok Rubber Saharattana Co., Ltd. to consolidate which do not conform to the generally accepted accounting principles and I have not received the financial statements at the acquisition date, fair value of net assets at the acquisition date of two companies and the financial statements for the year ended December 31, 2011 of both companies, therefore, the effects to the consolidated financial statements have not been known.

(5) In my opinion, except the effects of adjustment might be determined to be necessary from the scope of auditing limitation as described in the third paragraphs and the omission to comply with the generally accepted accounting principles as described in the fourth paragraph to the consolidated financial statements for the year 2011, the consolidated 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, 2011 and the results of consolidated and separate operations and cash flows for the year then ended in conformity with generally accepted accounting principles.

(6) As stated in note 2.1 to financial statements for the year ended December 31, 2011, the Company and subsidiaries adopted the revised financial reporting standards issued by the Federation of Accounting Professions and in accordance with the notification of the Department of Business Development regarding the condensed form should be included in the financial statements B.E. 2554, that the adoption is effective for the financial statements for the accounting periods beginning on or after January 1, 2011 onwards for preparation and presentation these financial statements. Accordingly the comparative consolidated and separate financial statements for the year ended December 31, 2010 have been presented in new format for corresponding with the consolidated and separate financial statements for the year ended December 31, 2011.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

March 5, 2012

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2011 AND 2010

(Unit: Baht)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents		72,649,254	67,154,945	3,899,351	23,912,208
Current investment		171,027	168,534	-	-
Trade and other receivables					
Trade accounts receivable - related parties	5.1	56,023,235	128,395,778	4,607,255	37,765,511
Trade accounts receivable - other parties		403,544,727	292,178,940	275,513,212	194,817,785
Other receivables	5.2	93,972,777	127,748,646	143,528,591	201,414,007
Total trade and other receivables	6	553,540,739	548,323,364	423,649,058	433,997,303
Short - term loans to related parties	5.3	25,012,969	8,772,969	-	-
Inventories	7	616,245,477	615,477,905	306,434,836	230,570,461
Other current assets	8	26,864,317	76,486,218	11,835,407	42,102,330
<b>Total current assets</b>		<u>1,294,483,783</u>	<u>1,316,383,935</u>	<u>745,818,652</u>	<u>730,582,302</u>
<b>NON-CURRENT ASSETS</b>					
Pledged bank deposits	9	7,947,200	7,985,857	-	-
Long-term investments in available-for-sale securities	10	29,400	29,400	29,400	29,400
Investment in associated companies	11	124,106,926	163,817,753	-	-
Investment in subsidiary companies	12	11,669,930	-	682,691,679	1,094,615,259
Long-term investments in related parties	13	7,931,939	13,711,959	-	-
Long-term loans to related parties	5.5	-	-	98,300,000	248,580,000
Investment properties	14	227,017,329	228,915,334	795,089,093	846,997,515
Property, plant and equipment	15	1,281,340,266	1,772,053,391	448,272,145	506,594,586
Goodwill	16	-	-	-	-
Leasehold right	17	6,160,529	6,737,197	5,424,418	5,967,751
Receivables from guarantee	5.6	-	-	54,070,000	64,870,000
Other non-current assets		53,004,822	68,328,088	19,205,064	22,393,220
<b>TOTAL NON-CURRENT ASSETS</b>		<u>1,719,208,341</u>	<u>2,261,578,979</u>	<u>2,103,081,799</u>	<u>2,790,047,731</u>
<b>TOTAL ASSETS</b>		<u><u>3,013,692,124</u></u>	<u><u>3,577,962,914</u></u>	<u><u>2,848,900,451</u></u>	<u><u>3,520,630,033</u></u>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont.)

AS AT DECEMBER 31, 2011 AND 2010

(Unit: Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans from					
financial institutions	18	799,851,933	1,023,876,632	499,145,963	646,159,314
Trade and other payables					
Trade accounts receivable - related parties	5.7	34,790,562	44,429,543	62,393,537	116,978,051
Trade accounts receivable - other parties		332,431,069	359,663,591	125,032,218	94,471,078
Other payables	5.8	239,498,370	249,368,365	68,907,668	73,987,798
Total trade and other payables	19	606,720,001	653,461,499	256,333,423	285,436,927
Current portion of long-term loans	20	146,517,063	167,903,210	72,720,000	72,720,000
Short-term loans from related persons and parties	5.9	118,899,302	95,341,494	15,000,000	15,000,000
Accrued income tax		17,384	2,623,284	-	-
Other current liabilities		30,994,900	69,880,898	17,185,037	61,760,904
<b>Total current liabilities</b>		<u>1,703,000,583</u>	<u>2,013,087,017</u>	<u>860,384,423</u>	<u>1,081,077,145</u>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans	20	346,723,727	410,076,812	260,804,106	169,663,414
Long-term loans from related persons and parties	5.10	-	190,000,000	-	190,000,000
Employee benefit obligations	21	31,966,517	-	18,169,594	-
Long-term provisions	22	431,190,993	467,174,947	504,961,353	499,190,310
Other non-current liabilities		3,439,750	2,848,288	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<u>813,320,987</u>	<u>1,070,100,047</u>	<u>783,935,053</u>	<u>858,853,724</u>
<b>TOTAL LIABILITIES</b>		<u>2,516,321,570</u>	<u>3,083,187,064</u>	<u>1,644,319,476</u>	<u>1,939,930,869</u>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Cont.)

AS AT DECEMBER 31, 2011 AND 2010

(Unit: Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
<b>SHAREHOLDERS' EQUITY</b>					
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	23	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 sales of share capital held by its subsidiary companies		(1,035,797,801)	(151,328,565)	-	-
Shares capital of the Company held by its subsidiary companies	24	(35,525,499)	(1,171,517,936)	-	-
Retained earnings (deficit)					
Appropriated					
Legal reserve		21,000,000	21,000,000	21,000,000	21,000,000
Unappropriated		(1,247,449,710)	(990,020,954)	(1,518,001,608)	(1,141,883,419)
Changes in net fair value of available- for-sale investments	10	(94,600)	(94,600)	(94,600)	(94,600)
<b>OWNERS OF THE COMPANY</b>		<b>403,809,573</b>	<b>409,715,128</b>	<b>1,204,580,975</b>	<b>1,580,699,164</b>
<b>NON-CONTROLLING INTERESTS</b>		<b>93,560,981</b>	<b>85,060,722</b>	<b>-</b>	<b>-</b>
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>497,370,554</b>	<b>494,775,850</b>	<b>1,204,580,975</b>	<b>1,580,699,164</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,013,692,124</b>	<b>3,577,962,914</b>	<b>2,848,900,451</b>	<b>3,520,630,033</b>

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Revenues from sales	3,599,714,047	2,983,976,142	2,122,499,789	1,455,985,916
Hire of work	31,634,176	66,640,915	2,354,154	18,499,820
Total revenues	3,631,348,223	3,050,617,057	2,124,853,943	1,474,485,736
Cost of sales and hire of work	(3,566,102,103)	(3,522,638,720)	(2,127,867,129)	(1,789,372,722)
Gross profit (loss)	65,246,120	(472,021,663)	(3,013,186)	(314,886,986)
Other income :				
Interest income	6,595,488	18,757,793	13,073,918	14,202,606
Rental income	29,172,489	32,108,725	48,376,844	52,048,547
Service fee income	3,723,240	26,185,055	6,442,972	27,975,669
Gain on exchange rate	11,203,174	-	10,686,443	-
Sales of raw materials scrap income	1,546,950	4,322,670	-	-
Gain on disposal of investment	8,566,905	8,308,242	-	4,968,450
Gain on disposal of assets	421,280,329	288,637,926	405,298,275	284,037,043
Gain on sales of marketable securities	-	10,154,913	-	10,154,913
Dividend income	46,500	1,983,253	1,500	205,128
Others	61,914,034	120,719,473	10,013,136	36,980,425
Total other income	544,049,109	511,178,050	493,893,088	430,572,781
Profit before expenses	609,295,229	39,156,387	490,879,902	115,685,795
Selling expenses	(63,641,260)	(127,516,246)	(45,115,131)	(93,352,864)
Administrative expenses	(439,430,263)	(453,590,025)	(153,082,392)	(147,296,115)
Other expenses :				
Impairment loss of investments	-	-	(425,120,884)	(497,129,978)
Impairment loss of assets	(40,278,257)	(12,788,838)	(14,794,802)	-
Loss on flood situation	(25,157,640)	-	(19,775,311)	-
Reversed (loss) on guarantees and lose the case	(11,329,732)	2,124,432	(53,084,729)	4,230,829
Loss on exchange rate	-	(3,478,768)	-	(5,377,711)
Doubtful accounts	(88,491,877)	(13,605,502)	(51,163,692)	(4,152,939)
Damages expenses on defective goods	(1,044,218)	(13,476,972)	(1,044,218)	(13,476,972)
Others	(27,490,173)	(40,743,203)	(17,414,896)	(32,285,993)
Total other expenses	(193,791,897)	(81,968,851)	(582,398,532)	(548,192,764)
Finance costs	(148,823,351)	(127,124,607)	(70,040,946)	(58,770,289)
Share of profit (loss) from investment in associated companies	(9,457,305)	4,509,968	-	-
Total expenses	(855,144,076)	(785,689,761)	(850,637,001)	(847,612,032)
Profit (Loss) before income tax	(245,848,847)	(746,533,374)	(359,757,099)	(731,926,237)
Income tax expenses	(2,302,335)	(7,151,655)	-	-
Profit (loss) for the year from continuing operations	(248,151,182)	(753,685,029)	(359,757,099)	(731,926,237)
Other comprehensive income (expense) :				
Profit (loss) on re-measuring of available- for- sale investment	-	(536,455)	-	(536,455)
Other comprehensive income (expense) for the year - net of tax	-	(536,455)	-	(536,455)
Total comprehensive income (expense) for the year	(248,151,182)	(754,221,484)	(359,757,099)	(732,462,692)

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME (Cont.)

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
(Unit: Baht)				
Profit (Loss) attributable to:				
Owners of the Company	(142,594,808)	(600,863,732)	(359,757,099)	(731,926,237)
Non-controlling interests	(105,556,374)	(152,821,297)	-	-
	<u>(248,151,182)</u>	<u>(753,685,029)</u>	<u>(359,757,099)</u>	<u>(731,926,237)</u>
Total comprehensive income attributable to:				
Owners of the Company	(142,594,808)	(601,400,187)	(359,757,099)	(732,462,692)
Non-controlling interests	(105,556,374)	(152,821,297)	-	-
	<u>(248,151,182)</u>	<u>(754,221,484)</u>	<u>(359,757,099)</u>	<u>(732,462,692)</u>
<b>Earnings (loss) per share :</b>				
Basic earnings (loss) per share	(0.32)	(1.91)	(0.67)	(1.36)
Weighted average number of ordinary shares (share)	448,707,934	314,829,849	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, 2011 AND 2010

(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	Other components	Retained earnings (deficit)		Non-controlling interests	Total
					Changes in net fair value of available for sales investment	Appropriated Legal reserve	Unappropriated		
<i>Note</i>									
<b>Balance as at January 1, 2010</b>	2,700,000,000	1,677,183	-	(1,359,650,971)	9,917,958	21,000,000	(389,157,222)	238,037,519	1,221,824,467
Sales of marketable securities	-	-	-	-	(9,476,103)	-	-	-	(9,476,103)
Sales of treasury stocks	-	-	(151,328,565)	188,133,035	-	-	-	-	36,804,470
Total comprehensive income (expense) for the year	-	-	-	-	(536,455)	-	(600,863,732)	-	(601,400,187)
Non-controlling interests	-	-	-	-	-	-	-	(152,821,297)	(152,821,297)
Non-controlling interests of subsidiary companies from increase investment	-	-	-	-	-	-	-	(155,500)	(155,500)
<b>Balance as at December 31, 2010</b>	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(151,328,565)</u>	<u>(1,171,517,936)</u>	<u>(94,600)</u>	<u>21,000,000</u>	<u>(990,020,954)</u>	<u>85,060,722</u>	<u>494,775,850</u>
<b>Balance as at January 1, 2011 as previously reported</b>	2,700,000,000	1,677,183	(151,328,565)	(1,171,517,936)	(94,600)	21,000,000	(990,020,954)	85,060,722	494,775,850
Effects of changes in accounting policy	<sup>4</sup> -	-	-	-	-	-	(27,807,829)	(5,668,127)	(33,475,956)
<b>Balance as at January 1, 2011 (restated)</b>	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(151,328,565)</u>	<u>(1,171,517,936)</u>	<u>(94,600)</u>	<u>21,000,000</u>	<u>(1,017,828,783)</u>	<u>79,392,595</u>	<u>461,299,894</u>
Sales of treasury stocks	-	-	(884,469,236)	1,135,992,437	-	-	-	-	251,523,201
Gain (loss) on changes in inter-company shareholding structure	-	-	-	-	-	-	(87,026,119)	87,026,119	-
Total comprehensive income (expense) for the year	-	-	-	-	-	-	(142,594,808)	-	(142,594,808)
Non-controlling interests	-	-	-	-	-	-	-	(105,556,374)	(105,556,374)
Non-controlling interests of subsidiary companies increased from sales of investment in subsidiary companies	-	-	-	-	-	-	-	18,087,108	18,087,108
Non-controlling interests of subsidiary companies from increase share capital	-	-	-	-	-	-	-	15,000,000	15,000,000
Non-controlling interests of subsidiary companies from increase investment	-	-	-	-	-	-	-	(388,000)	(388,000)
Non-controlling interests of subsidiary companies from dividend payment	-	-	-	-	-	-	-	(467)	(467)
<b>Balance as at December 31, 2011</b>	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(1,035,797,801)</u>	<u>(35,525,499)</u>	<u>(94,600)</u>	<u>21,000,000</u>	<u>(1,247,449,710)</u>	<u>93,560,981</u>	<u>497,370,554</u>

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, 2011 AND 2010

(Unit: Baht)

	Separate financial statements					Total	
	Issued and paid-up share capital	Premium on share capital	Other components of equity		Retained earnings (deficit) Appropriated Legal reserve Unappropriated		
			Changes in net fair value of available for sales investment				
<i>Note</i>							
<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	
Sales of marketable securities	-	-	(9,476,103)	-	-	(9,476,103)	
Total comprehensive income (expense) for the year	-	-	(536,455)	-	(731,926,237)	(732,462,692)	
<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>	
<b>Balance as at January 1, 2011 as previously reported</b>	2,700,000,000	1,677,183	(94,600)	21,000,000	(1,141,883,419)	1,580,699,164	
Effects of changes in accounting policy	-	-	-	-	(16,361,090)	(16,361,090)	
<b>Balance as at January 1, 2011 (restated)</b>	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(94,600)</u>	<u>21,000,000</u>	<u>(1,158,244,509)</u>	<u>1,564,338,074</u>	
Total comprehensive income (expense) for the year	-	-	-	-	(359,757,099)	(359,757,099)	
<b>Balance as at December 31, 2011</b>	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(94,600)</u>	<u>21,000,000</u>	<u>(1,518,001,608)</u>	<u>1,204,580,975</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 31, 2011 AND 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	(245,848,847)	(746,533,374)	(359,757,099)	(731,926,237)
Adjustments to reconcile net earnings to net cash provided by (used in) operating activities				
Depreciation and amortization	154,506,004	214,581,334	46,502,473	58,586,164
Share of profit (loss) on investments in associated companies under equity method	9,457,305	(4,509,968)	-	-
(Reversed) loss on guarantee and lost the case	11,329,732	(2,124,432)	53,084,729	(4,230,829)
Gain on disposal of marketable securities	-	(10,154,913)	-	(10,154,913)
Gain on disposal of investment	(8,566,905)	(8,308,242)	-	(4,968,450)
Loss on devaluation of inventories	52,773,898	47,493,266	19,489,204	12,443,348
Impairment loss of assets	40,278,257	12,788,838	14,794,802	-
Loss on flood situation	25,157,640	-	19,775,311	-
Gain on disposal of assets	(421,280,329)	(288,637,926)	(405,298,275)	(284,037,043)
Impairment loss of investment	-	-	425,120,884	497,129,978
Doubtful accounts	88,491,877	13,605,502	51,163,692	4,152,939
Employee benefit obligations	3,566,204	-	1,808,504	-
Finance costs - interest expenses	141,572,315	118,969,970	65,538,719	55,024,782
Profit from operation before changes in operating assets and liabilities	(148,562,849)	(652,829,945)	(67,777,056)	(407,980,261)
<b>(Increase) Decrease in operating assets</b>				
Trade and other receivables	(65,816,153)	(20,471,625)	(32,662,732)	(185,181,087)
Inventories	(53,541,469)	(137,104,929)	(95,353,580)	(105,247,889)
Other current assets	17,853,187	23,910,537	561,239	(2,435,406)
Other non-current assets	(2,088,838)	14,465,973	(1,571,523)	(392,584)
Receivables from guarantee	-	-	10,800,000	-
<b>Increase (Decrease) in operating liabilities</b>				
Trade and other payables	(115,956,484)	50,805,716	(34,738,346)	85,806,600
Other current liabilities	(38,885,998)	47,377,200	(44,575,867)	48,728,969
Liabilities provision from guarantee and breach of agreement	(46,408,000)	(45,178,188)	(46,408,000)	(47,598,188)
Other non-current liabilities	(1,953,221)	(1,538,731)	-	-
Cash generated from operation before interest and income tax paid	(455,359,825)	(720,563,992)	(311,725,865)	(614,299,846)
Interest paid	(75,194,385)	(64,459,489)	(66,729,329)	(51,802,362)
Income tax paid	(32,721,141)	(44,416,719)	(9,816,409)	(7,079,050)
Income tax refunded	47,285,229	33,226,697	14,576,089	-
<b>Net cash provided (used in) by operating activities</b>	<b>(515,990,122)</b>	<b>(796,213,503)</b>	<b>(373,695,514)</b>	<b>(673,181,258)</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 31, 2011 AND 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Cash flows from investing activities</b>				
(Increase) Decrease in cash at banks and financial institution maturity				
over 3 months pledged as guarantee	36,164	380,004	-	-
Assets deposit	-	(10,400,000)	-	(10,400,000)
Purchase of property, plant and equipment	(43,074,671)	(77,777,423)	(68,109,639)	(60,423,017)
Proceeds from disposal of property, plant and equipment	744,392,345	376,597,456	722,364,954	367,918,761
Proceeds from sales of investment in securities available for sales	-	15,273,695	-	15,273,695
Proceeds from disposal of investment	-	33,391,242	-	19,968,450
Proceeds from purchase of investment in subsidiary companies	(12,057,930)	(155,500)	-	-
Payments for purchase of investment in associated parties	(20,900,000)	-	-	-
Payments for purchase of investment in related parties	(1,219,980)	-	-	-
Proceeds from disposal of investment in related parties	79,731,892	-	-	-
Purchase of investment in related companies	-	(187,500)	-	-
Decrease in short-term loans to related companies	(18,300,000)	1,360,000	-	-
Decrease in short-term loans to other companies	60,000	500,000	-	-
(Increase) Decrease in long-term loans to subsidiary companies	-	-	-	(32,680,000)
Decrease (Increase) in long-term loans to related companies	1,500,000	4,325,000	15,840,000	-
<b>Net cash provided (used in) by investing activities</b>	<b>730,167,820</b>	<b>343,306,974</b>	<b>670,095,315</b>	<b>299,657,889</b>
<b>Cash flows from financing activities</b>				
Increase (Decrease) in bank overdrafts and short-term loans				
from financial institutions	(130,704,700)	3,549,760	(53,693,351)	298,145,921
Increase (Decrease) in short-term loans from other parties	(1,590,410)	900,000	-	-
Increase (Decrease) in short-term loans from related companies	5,148,219	312,327	-	10,000,000
Increase in short-term from directors	20,000,000	-	-	-
Increase in long-term loans from related companies	(130,000,000)	-	(130,000,000)	-
Increase (Decrease) in long-term loans from related persons	(60,000,000)	10,000,000	(60,000,000)	10,000,000
Increase (Decrease) in long-term loans	(178,059,231)	304,087,677	(72,719,307)	(29,786,586)
Proceeds from sales of capital share	15,000,000	-	-	-
Proceeds from sales of treasury stocks	251,523,201	36,804,469	-	-
Payments for dividend	(467)	-	-	-
<b>Net cash provided (used in) by financing activities</b>	<b>(208,683,388)</b>	<b>355,654,233</b>	<b>(316,412,658)</b>	<b>288,359,335</b>
Net increase (decrease) in cash and cash equivalents	5,494,310	(97,252,296)	(20,012,857)	(85,164,034)
Cash and cash equivalents at the beginning of the year	67,154,944	164,407,241	23,912,208	109,076,242
Cash and cash equivalents at the end of the year	72,649,254	67,154,945	3,899,351	23,912,208

Supplemental disclosures of cash flows information are detailed in note 29

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, 2011 AND 2010**

**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 PREPARATION OF THE FINANCIAL STATEMENTS**

2.1 Financial statements preparation

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 Department of Business Development by Ministry of Commerce dated September 28, 2011 regarding the condensed form should be included in the financial statements B.E. 2554 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.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

2.2 Financial statements presentation

The Company has applied TAS 1 (Revised 2009) "Presentation of Financial Statements". Under the revised TAS, a set of financial statements comprises:

- Statement of financial position
- Statement of comprehensive income
- Statement of changes in shareholders' equity
- Statement of cash flows
- Notes to the financial statements

2.3 Issued and revised financial reporting standards

During the year 2010 and 2011, the Federation of Accounting Professions issued and revised the various financial reporting standards which certain standards are relevant to the group of Company’s operations and effective for the accounting period beginning on or after January 1, 2011. The Company applied those standards as below:

Financial reporting standards

Contents

TAS 1 (Revised 2009)	Presentation of Financial Statements
TAS 2 (Revised 2009)	Inventories
TAS 7 (Revised 2009)	Statements of Cash Flows
TAS 8 (Revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (Revised 2009)	Events After the Reporting Period
TAS 16 (Revised 2009)	Property, Plant and Equipment
TAS 17 (Revised 2009)	Leases
TAS 18 (Revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 24 (Revised 2009)	Related Party Disclosures
TAS 27 (Revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (Revised 2009)	Investments in Associates
TAS 33 (Revised 2009)	Earnings per Share
TAS 34 (Revised 2009)	Interim Financial Reporting
TAS 36 (Revised 2009)	Impairment of Assets
TAS 37 (Revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (Revised 2009)	Intangible Assets
TAS 40 (Revised 2009)	Investment Property
TFRS 3 (Revised 2009)	Business Combination
TFRS 5 (Revised 2009)	Non-current Assets Held for Sale and Discontinued Operations

The adoption in accordance with the issued and revised financial reporting standards resulted to the changes in accounting policies of the group of company. The effects of these changes have been disclosed in notes 4 to financial statements.

In addition the above newly issued and revised accounting standards and financial reporting standards, the other standards are expected to be effective for the financial statements beginning on or after January 1, 2013 and have not been adopted in the preparation of these financial statements as following:

<u>Financial reporting standards</u>	<u>Contents</u>
TAS 12	Income Taxes
TAS 20 (Revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate
TSIC 10	Government Assistance-No Specific Relation to Operating Activities
TSIC 21	Income Taxes- Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes- Changes in the Tax Status of an Enterprises or its Shareholders

At present, the Company and its subsidiary companies are being evaluated the effects of those standards on the financial statements in the year in which they are initially applied.

2.4 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,	
		2011	2010		2011	2010	2011	2010
Footwear Tech 1530 Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	4.57	7.72	0.12	1.58
International Curity Footwear Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	3.27	4.09	0.70	1.58
Pan Rayong Company Limited	Manufacture of footwear uppers	100.00	100.00	Thailand	0.81	4.87	0.02	0.08
Phimai Footwear Company Limited	Manufacture of footwear uppers and soles	100.00	100.00	Thailand	1.00	2.16	0.81	1.88
Excellent Rubber Company Limited	Manufacture of footwear soles	100.00	100.00	Thailand	5.33	4.10	3.24	3.15
Kabinburi Panasia Footwear Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	10.78	6.90	2.77	6.46
Pontex (Thailand) Company Limited	Manufacture of plastic footwear parts	95.73	95.73	Thailand	2.79	2.09	2.25	2.84
Aphakorn Industrial Company Limited (99.02 percent held by Pontex (Thailand) Co., Ltd.)	Manufacture of plastic injection molds	94.82	94.82	Thailand	0.59	0.52	0.59	0.30
Innovation Nakornluang Footwear Company Limited	Ceased operation	96.07	96.07	Thailand	0.20	0.63	0.06	0.21
Chainat Rubber Company Limited (100 percent held by Pan Asia Footwear Public Company Limited)	Manufacture of footwear soles	100.00	100.00	Thailand	0.67	0.69	1.70	2.06
Hankha Bangkok Rubber Company Limited (100 percent held by Pan Asia Footwear Public Company Limited)	Manufacture of footwear uppers	99.99	99.99	Thailand	0.91	0.88	2.28	2.78
Modern Technology Component Company Limited (100 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear soles	100.00	100.00	Thailand	5.09	4.53	4.29	4.53
Pan Component Company Limited (100 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear uppers	100.00	100.00	Thailand	0.12	0.15	0.03	0.18
Pan Upper Company Limited (100 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear uppers	100.00	100.00	Thailand	0.01	0.05	0.02	0.04
Pan Tech R&D Company Limited	Design, research and development of shoes	100.00	100.00	Thailand	0.78	0.87	-	0.21
Pan Asia Garment (Laos) Co., Ltd.	Manufacture of garment	100.00	-	Laos	0.44	-	0.62	-
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., 17.42 percent held by Pan Tech R&D Co., Ltd. 1.75 percent held by Kabinburi Panasia Footwear Co., Ltd., 6.64 percent held by Modern Technology Component Co., Ltd. and 11.22 percent held by PA Capital Co., Ltd.'s subsidiary, 18.61 percent)	Investment, service real estate and convenience stores	43.67	43.67	Thailand	5.37	8.03	2.06	2.64



Company's name	Nature of business	Percentage of shareholding as at		Country of incorporation	Subsidiary's total assets as a percentage to the consolidated total assets as at December 31,		Subsidiary's total revenues as a percentage to the consolidated total revenues for the years ended December 31,	
		2011	2010		2011	2010	2011	2010
		December 31,	December 31,		as at December 31,	as at December 31,	ended December 31,	ended December 31,
Pan Asia Biotechnology Co. Ltd. (45.79 percent held by PA Capital Co., Ltd.)	Manufacture of raw-rubber	20.00	43.67	Thailand	5.01	2.72	6.08	7.48
Pek Engineering Co., Ltd. (100 percent held by PA Capital Co., Ltd.)	Ceased operation	43.67	43.67	Thailand	0.08	0.06	-	-
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	0.61	0.51	-	-
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	8.09	8.28	3.39	3.32
Pek Industry Co., Ltd. (50 percent held by PA Capital Co., Ltd.)	Manufacturing of footwear parts	21.84	21.84	Thailand	1.25	1.07	1.45	1.21
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	3.73	3.45	6.00	5.81
Buriram Panfootwear Co., Ltd. (65.67 percent held by Kabinburi Panasia Footwear Co., Ltd.)	Manufacture of footwear uppers	65.67	61.78	Thailand	0.18	0.18	0.06	0.11

## 2.5 Transaction with related companies

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

2.6 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.

In the consolidated financial statements were not included the financial statements of Bangkok Rubber Saharattana Co., Ltd., a subsidiary company and also were not recorded investment in Jones & Vining (Thailand) Co., Ltd., an associated company under the equity method in the consolidated financial statements as stated in notes 11 and 12 to financial statements.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 3.1 Revenue and expenses recognition

#### a) Sales

Sales of goods are recognized when products are delivered and the ownership of products are transferred to customers.

#### b) Service income

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

#### c) Interest and dividends income

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

#### d) Rental income

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

#### e) Other revenues and expenses recognized on accrued basis.

### 3.2 Cash and cash equivalents

Cash and cash equivalents include cash in hand and at financial institutions with an original maturity of not exceed 3 months and without restrictions on withdrawal.

### 3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at their net realizable 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 financial of position date.

### 3.4 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 realizable 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.

### 3.5 Investments

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

Investments in subsidiary and associated companies in the separate financial statements are stated at cost less provision for impairment (if any).

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 recognized as separate items in shareholders' equity under the caption of "Changes in net fair value of available-for-sale investment".

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

Impairment loss of long-term investments is included in statements of comprehensive income when the carrying amount exceeds the recoverable value.

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

### 3.6 Property, plants and equipment

3.6.1 Lands are valued at cost.

3.6.2 Building and equipment are valued at cost less accumulated depreciation and provision for impairment (if any). The depreciation is computed on straight-line method as follows:

	Number of years
Land improvement	5 - 20
Buildings and construction	20 - 50
Machinery and equipment	5 – 10
Furniture, office equipment and vehicles	3 – 5
Infrastructure	5 – 10

3.6.3 TAS 16 (Revised 2009) required the entity to include cost of assets dismantlement, removal and restoration as parts of cost of property, plant and equipment, the depreciation charge has to be determined separately for each significant parts of property, plant and equipment with a cost that is significant in relation to the total cost of the assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year end. Since the beginning of 2011, the Company adopted in accordance with the transitional provisions of the revised accounting standards and assessed the useful lives of assets as stated in notes 4 to financial statements.

The changes have been applied prospectively in accordance with the transitional provisions of the revised standard, except that the reviewing of the costs of asset dismantlement, removal and restoration, have been applied retrospectively.

### **3.7 Investment Property**

Investment property is defined as property owned to earn rentals or capital appreciation; or both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is stated at cost less accumulated depreciation and provision for impairment loss of assets (if any).

Depreciation for investment property is calculated on a straight-line basis over 20-50 years.

### **3.8 Leasehold right and amortization**

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

### **3.9 Impairment of Assets**

The Company has assessed 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

### **3.10 Share capital of the Company held by subsidiary companies**

Share capital of the Company held by subsidiary companies is stated at cost.

### **3.11 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.

### **3.12 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.

### **3.13 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.

Gain and loss on changes in exchange rate are included in the results of operation.

### **3.14 Employees benefit**

#### **3.14.1 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.

#### **3.14.2 Post-employment benefits**

Since 1 January 2011, the Company and subsidiary companies adopted TAS 19 "Employee Benefits". Under the new policy, the Company and subsidiary companies' obligations in respect of post-employment benefits-retirement benefits are recorded in the financial statements by using the projected unit credit method by the actuary. Previously, the Company and subsidiary companies recognized such obligations when they are incurred.

The Company and subsidiary companies chosen to record such liabilities as an adjustment to retained earnings as at January 1, 2011 in accordance with the transitional provision of TAS 19 as stated in notes 4 to financial statements.

Assumption	Consolidated <u>financial statements</u>	Separate <u>financial statements</u>
Discount rate for employees and daily staff	4.21 - 4.48	4.41 - 4.47
Increase salaries rate for employees and daily staff	0.56 - 5.42	0.67 - 4.42
Mortality and disability According to Thailand TMO97 males and female tables		

### **3.15 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.

### **3.16 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 subsidiary companies 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.

### 3.17 Provisions

The Company recognizes a provision 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.

## 4. EFFECTS FROM INITIAL ADOPTION OF ACCOUNTING STANDARDS

### 4.1 Review of useful lives

From January 1, 2011 onwards, the Company and subsidiary companies have adopted TAS 16 (Revised 2009), required to review the useful lives of building and equipment at least at the end of financial year end and changed the useful lives as stated in note 3.6.3 by using the prospectively changed the useful lives of parts of building from 20 years to 50 years and parts of equipment from 10 years to 5-15 years. From these changes, resulting to the carrying value of net land, building and equipment would be increased in amount of Baht 12.70 million, decreased in the 2011 depreciation amount of Baht 12.70 million, increased in net profit by the amount of Baht 0.03 million.

### 4.2 Change in accounting policy of provisions for employee benefits

As stated in notes 2.3 and 3.14.2 to financial statements, the Company and subsidiary companies applied the accounting standards TAS 19 "Employee Benefits" since 1 January 2011. The Company and subsidiary companies have recognized the increment of provisions for employee benefits as an adjustment to retained earnings as at January 1, 2011 in accordance with that accounting standard requirement.

The impacts on the consolidated and separate financial statements relating to the adoption of the new accounting policy are as follows:

	(Unit : Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
<b>Statements of financial position as at January 1, 2011 :</b>		
Retained earnings (deficit) as at December 31, 2010 as previously reported	(990,020,954)	(1,141,883,419)
Increase in employee benefit obligations	<u>(27,807,829)</u>	<u>(16,361,090)</u>
Retained earnings (deficit) as at January 1, 2011	<u>(1,017,828,783)</u>	<u>(1,158,244,509)</u>

### 4.3 Presentation of financial statements

The financial statements for the year 2010 have been reclassified as stated in note 36.

## 5. RELATED PARTY TRANSACTIONS

During the period, 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		
	2011	2010	2011	2010	
<b>Transactions with subsidiary companies :</b>					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	2,971,084	5,904,514	Cost plus margins of 3 - 10 percent
Hire of work income	-	-	1,800,310	6,268,740	Cost plus margins of 3 - 10 percent
Interest income	-	-	12,199,414	13,884,853	6.0 percent per annum
Rental income	-	-	26,792,938	36,287,504	Cost plus margins of 3 percent or market price
Service income	-	-	461,639	622,274	As indicated in the agreement
Guarantee income	-	-	4,719,822	6,532,354	1.5 percent of facilities used
Other income	-	-	484,151	1,052,979	Cost plus margin
Purchases of goods	-	-	295,002,618	261,560,268	Cost plus margins of 3 - 10 percent
Hire of work expenses	-	-	529,367,848	422,099,375	Cost plus margins of 3 - 10 percent
Research and development expenses	-	-	-	2,431,236	As indicated in the agreement
Production expenses	-	-	-	498,784	As indicated in the agreement
Public utilities expenses	-	-	-	453,547	As indicated in the agreement
Service expenses	-	-	9,777	1,831,515	As indicated in the agreement
Rental expenses	-	-	19,773,860	29,767,868	As indicated in the agreement
Other expenses	-	-	-	2,069,018	As indicated in the agreement
Interest expenses	-	-	1,042,500	442,127	5.85 percent per annum
<b>Transactions with associated companies :</b>					
Sales of goods	93,056,069	150,137,834	65,468,155	72,731,523	Cost plus margins of 3 - 10 percent
Interest income	6,576,304	2,990,859	527,052	15,394	5.50 - 6.50 percent per annum
Rental income	13,723,590	15,227,810	10,437,190	5,072,010	Cost plus margins of 3 percent or market price
Service income	1,352,329	1,837,816	5,000	-	As indicated in the agreement
Guarantee income	1,835,773	3,992,048	1,105,800	1,633,780	1.5 percent of facilities used
Other income	2,614,328	268,091	-	40,720	Cost plus margin
Purchase of goods	115,111,985	109,436,999	43,964,812	33,107,938	Cost plus margins of 3 - 10 percent
Hire of work expenses	773,213	6,195,791	-	6,061,178	Cost plus margins of 3 - 10 percent



## For the years ended December 31

	Consolidated financial statements		Separate financial statements		Pricing policy
	2011	2010	2011	2010	
Research and development expenses	-	8,176	-	8,176	As indicated in the agreement
Production expenses	-	80,000	-	80,000	As indicated in the agreement
Service expenses	-	47,200	-	47,200	As indicated in the agreement
Other expenses	45,390	50,532	8,000	19,200	As indicated in the agreement
Interest expenses	1,806,413	1,990,526	-	-	4 - 6 percent per annum
Public utilities expenses	106,449	137,965	-	-	As indicated in the agreement
<b>Transactions with related companies :</b>					
Sales of goods	459,577,039	636,210,816	9,728,346	34,578,821	Cost plus margins of 3 - 10 percent
Hire of work income	162,609,016	58,385,170	1,159,771	10,469,738	Cost plus margins of 3 - 10 percent
Interest income	12,605,138	613,714	78,274	155,117	0.4 - 7.25 percent per annum
Rental income	10,028,130	13,108,042	8,204,930	7,692,282	Cost plus margins of 3 percent or market price
Service income	688,889	18,893,130	8,225	18,805,291	As indicated in the agreement
Guarantee income	193,877	803,423	142,092	208,259	1.5 percent of facilities used
Other income	4,361,296	24,461,626	40,676	471,193	Cost plus margin
Dividend received	1,500	205,128	1,500	205,128	As declared for payment
Purchases of goods	46,630,604	63,301,500	15,466,995	42,202,985	Cost plus margins of 3 - 10 percent
Hire of work expenses	14,253,886	48,032,481	9,007,338	13,379,536	Cost plus margins of 3 - 10 percent
Research and development expenses	1,299,000	6,814,248	-	5,392,200	As indicated in the agreement
Production expenses	220,761	582,059	-	361,400	As indicated in the agreement
Training expenses	1,536,255	4,651,357	6,000	1,362,200	As indicated in the agreement
Public utilities expenses	31,727,200	28,987,138	28,074,549	18,042,879	As indicated in the agreement
Service expenses	1,239,550	7,779,555	70,200	1,412,243	As indicated in the agreement
Rental expenses	20,764,057	15,342,800	13,854,747	7,781,418	As indicated in the agreement
Supply expenses	225,580	1,815,897	-	-	As indicated in the agreement
Computer expenses	204,730	448,029	2,500	208,669	As indicated in the agreement
Car rental expenses	6,754,643	10,338,386	2,400,818	2,312,157	As indicated in the agreement
Consultant fee	170,300	399,600	-	210,000	As indicated in the agreement
Other expenses	8,434,560	16,274,691	238,799	1,237,980	As indicated in the agreement
Interest expenses	2,884,147	2,894,755	-	-	3 - 7.25 percent per annum
Security expenses	4,860,020	1,211,507	1,431	4,292	As indicated in the agreement
<b>Transaction with related persons</b>					
Interest expenses	2,210,959	3,441,096	916,438	2,541,096	5.00-6.00 percent per annum

As at December 31, 2011 and 2010, the Company and its subsidiary companies had the following significant balances of assets and liabilities with its related parties: -

## 5.1 Trade accounts receivable – related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b><u>Trade accounts receivable - subsidiary companies</u></b>				
(Eliminated from consolidated financial statements)				
Footwear Tech 1530 Company Limited	-	-	-	2,874,367
Kabinburi Panasia Footwear Company Limited	-	-	975,870	286,709
Thai Sung Shin New Material Co., Ltd.	-	-	-	14,162
Excellent Rubber Co., Ltd.	-	-	76,820	-
Total	-	-	1,052,690	3,175,238
<b><u>Trade accounts receivable - associated companies</u></b>				
Uthai Bangkok Rubber Co., Ltd.	963	963	-	-
Pan Asia Leather Co., Ltd.	13,424,392	13,740,629	-	-
Pan Innovation Co., Ltd.	471,630	1,758,937	-	-
Bangkok Athletic Co., Ltd.	5,052,703	41,498,820	3,454,778	33,414,998
Nongchang Rubber Co., Ltd.	43,592	43,592	-	-
Nutrition House Co., Ltd.	-	336	-	-
Total	18,993,280	57,043,277	3,454,778	33,414,998
<b><u>Trade accounts receivable - related companies</u></b>				
PF Intertech Co., Ltd.	693,402	668,211	-	-
Bangkok Rubber Plc.	18,433,157	26,816,912	-	16,879
Pan Tech Machinery Co., Ltd.	-	3,812,734	-	-
Ban Pan Engineering and Holding Co., Ltd.	172,314	172,315	-	-
Rangsit Footwear Co., Ltd.	13,408,334	13,408,334	-	-
Rangsit Polymer Co., Ltd.	61,483	61,483	-	-
Pan Long John Co., Ltd.	201,183	1,478,710	-	-
Bangkok Rubber Saharattana Co., Ltd.	11,578,630	15,095,221	108,763	276,023
Sport Ace Co., Ltd.	-	27,601	-	-
Suphan Footwear Co., Ltd.	17,954,679	18,127,049	36,402	36,402
Innovation Footwear Co., Ltd.	13,292,649	14,918,309	81,638	85,747
Ecco (Thailand) Co., Ltd.	23,138	17,614,739	-	-
P.S.R. Footwear Co., Ltd.	48,990,388	48,779,120	-	-
Thanuluk Plc.	2,677	595	-	-
International Leather Fashion Co., Ltd.	489,403	335,733	30,902	-
P.I. Industries Co., Ltd.	409,440	1,398,682	-	-
Performance Rubber Co., Ltd.	91,318	118,346	-	-

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Molten (Thailand) Co., Ltd.	-	405,560	-	-
Thanakom Injection Co., Ltd.	7,793,555	7,106,909	-	-
Pan Security Guard and Service Co., Ltd.	1,083,939	820,061	-	-
Ban Pan Research Laboratory Co., Ltd.	2,290	67,500	-	-
H&B Intertech Co., Ltd.	487,920	187,560	-	-
Payway of Life Co., Ltd.	6,749	6,749	-	-
Phichit P. S. R. Footwear Co., Ltd.	55,646	216,868	-	-
Sahapattana Interholding Plc.	22,420	4,984	-	-
Casa dimoda Co.,Ltd	-	760,224	-	760,224
Sadesa (Thailand) Co., Ltd.	11,877	17,548	-	-
Textile Prestige Plc.	-	16,050	-	-
Pan Polytechnic Co., Ltd.	77,500	-	-	-
<b>Total</b>	<b>135,344,091</b>	<b>172,444,107</b>	<b>257,705</b>	<b>1,175,275</b>
Total accounts receivable	154,337,371	229,487,384	4,765,173	37,765,511
Less : Allowance for doubtful accounts	(98,314,136)	(101,091,606)	(157,918)	-
Total trade accounts receivable – related parties	<b>56,023,235</b>	<b>128,395,778</b>	<b>4,607,255</b>	<b>37,765,511</b>

## 5.2 Other receivables – related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Other receivables - subsidiary companies</b>				
(Eliminated from consolidated financial statements)				
Footwear Tech 1530 Co., Ltd.	-	-	21,287	23,927,363
International Curity Footwear Co., Ltd.	-	-	14,491,165	23,426,870
Excellent Rubber Co., Ltd.	-	-	111,018	326,632
Pan Tech R&D Co., Ltd.	-	-	-	1,725
Kabinburi Pania Footwear Co., Ltd.	-	-	81,410,734	83,176,762
Pan Component Co., Ltd.	-	-	3,836,640	1,918,320
Pan Upper Co., Ltd.	-	-	2,675	16,191
Pontex (Thailand) Co., Ltd.	-	-	-	1,961
Innovation Nakornluang Footwear Co., Ltd.	-	-	4,023,378	3,842,958
PA Capital Co., Ltd.	-	-	518	39,343
Phimai Footwear Co., Ltd.	-	-	174,148	128,965
Pan Rayong Co., Ltd.	-	-	-	73,534
Modern Technology Component Co., Ltd.	-	-	7,757,642	5,357,741
Pek Engineering Co., Ltd.	-	-	321,657	321,656

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Pek Industry Co., Ltd.	-	-	363,389	432,987
Pan Asia Biotechnology Co., Ltd.	-	-	772,000	492,480
Advantage Footwear Co., Ltd.	-	-	7,121	4,855
Aphakorn Industrial Company Limited	-	-	1,800	-
Total	-	-	113,295,172	143,490,343
<b><u>Other receivables - associated companies</u></b>				
Uthai Bangkok Rubber Co., Ltd.	18,877,517	20,277,517	57,833	57,833
Nongchang Rubber Co., Ltd.	16,792,312	16,792,312	14,337	14,337
Pan Asia Leather Co., Ltd.	64,390,110	46,725,098	20,535,414	10,960,620
Bangkok Athletic Co., Ltd.	2,102,421	2,033,393	157,912	124,458
Total	102,162,360	85,828,320	20,765,496	11,157,248
<b><u>Other receivables - related companies</u></b>				
PF Intertech Co., Ltd.	21,535,748	17,743,603	3,818	4,620
Rayong Bangkok Rubber Co., Ltd.	1,547,211	1,447,833	-	-
Bangkok Rubber Plc.	44,302,414	38,786,653	764,257	5,423,303
Pan Long John Co., Ltd.	138,866	34,000	-	-
Ban Pan Engineering and Holding Co., Ltd.	4,034,874	4,017,442	4,034,874	4,013,442
Rangsit Footwear Co., Ltd.	15,245,093	15,564,366	259,388	578,660
P.S.R. Footwear Co., Ltd.	19,754,905	19,754,905	-	-
Rattanakorn Engineering Co., Ltd.	7,129	5,283	7,129	5,283
Thanakom Injection Co., Ltd.	-	4,751	-	4,751
Rangsit Polymer Co., Ltd.	745,064	596,229	-	-
P.I. Industry Co., Ltd.	-	3,000	-	-
Bangkok Rubberland Engineering Co., Ltd.	211,241	9,956	-	-
Srisuree Co., Ltd.	48,322	2,277	-	-
Pan Comp International Co., Ltd	14,903	517,515	14,903	517,515
Suphan Footwear Co., Ltd.	9,060	9,060	-	-
Innovation Footwear Co., Ltd.	6,616,686	934,099	5,116,686	934,099
Pan Security Guard and Service Co., Ltd.	1,547,611	824,222	1,410,490	272,995
Bangkok Rubber Saharattana Co., Ltd.	209,732	643,023	4,800	641,311
Ban Pan Research Laboratory Co., Ltd.	-	2,262	-	2,262
Sahapattana Interholding Plc.	-	8,000	-	8,000
Pan Biotech Co., Ltd.	50,000	-	-	-
Total	116,018,859	100,908,479	11,616,345	12,406,241

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b><u>Other receivables - other companies</u></b>				
Other companies	89,213,972	67,382,861	67,943,525	53,361,777
Total	89,213,972	67,382,861	67,943,525	53,361,777
Total other receivables	307,395,191	254,119,660	213,620,538	220,415,609
Less : Allowance for doubtful accounts	(213,422,414)	(126,371,014)	(70,091,947)	(19,001,602)
Total other receivables – related parties	93,972,777	127,748,646	143,528,591	201,414,007
<b>5.3 <u>Short-term loans to related parties</u></b>				
<b><u>Short-term loans to associated company</u></b>				
Nongchang Rubber Co., Ltd.	850,000	850,000	-	-
Total	850,000	850,000	-	-
<b><u>Short-term loans to related companies</u></b>				
Rangsit Polymer Co., Ltd.	6,500,000	6,500,000	-	-
PF Intertech Co., Ltd.	52,740,000	50,740,000	-	-
Bangkok Rubber Saharattana Co., Ltd.	17,000,000	-	-	-
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.	6,900,000	8,100,000	-	-
Narai Bangkok Rubber Co., Ltd.	500,000	-	-	-
Total	250,047,221	231,747,221	-	-
<b><u>Short – term loans to other parties</u></b>				
Other companies	612,969	672,969	-	-
Total	612,969	672,969	-	-
Total short-term loans to related parties	251,510,190	233,270,190	-	-
Less: Allowance for doubtful accounts	(226,497,221)	(224,497,221)	-	-
Total short – term loans to related parties	25,012,969	8,772,969	-	-

The movements of loans to related parties during the year ended December 31, 2011 were as follows :

(Unit: Baht)

Consolidated financial statements							
	January 1, 2011	Additional loans	Repayment	December 31, 2011	Allowance for doubtful accounts	Net	Due date
<b>Short - term loans to associated companies</b>							
Nongchang Rubber Co., Ltd.	850,000	-	-	850,000	(850,000)	-	Call
Bangkok Athletic Co., Ltd.	-	1,153,500	(1,153,500)	-	-	-	
Total	850,000	1,153,500	(1,153,500)	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
PF Intertech Co., Ltd.	50,740,000	2,000,000	-	52,740,000	(52,740,000)	-	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.	8,100,000	-	(1,200,000)	6,900,000	-	6,900,000	Call
Narai Bangkok Rubber Co., Ltd.	-	500,000	-	500,000	-	500,000	Call
Bangkok Rubber Plc.	-	10,000,000	(10,000,000)	-	-	-	Call
Bangkok Rubber Saharattana Co., Ltd.	-	17,000,000	-	17,000,000	-	17,000,000	Call
Total	231,747,221	29,500,000	(11,200,000)	250,047,221	(225,647,221)	24,400,000	
<b>Short – term loans to other parties</b>							
Other company	672,969	-	(60,000)	612,969	-	612,969	Call
Total	672,969	-	(60,000)	612,969	-	612,969	
Total	233,270,190	30,653,500	(12,413,500)	251,510,190	(225,647,221)	25,012,969	
Less : Allowance for doubtful accounts	(224,497,221)	(2,000,000)	-	(226,497,221)	(226,497,221)	-	
Total short-term loans to related parties	8,772,969	28,653,500	(12,353,500)	25,012,969	-	25,012,969	

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

As at December 31, 2011 and 2010, a subsidiary company has short-term loans providing to an associated company in the amount of Baht 0.85 million without collateralize. 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 had no collateralized. 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 226 million (2010: Baht 224 million) has been set aside by the Company and subsidiary companies.

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

As at December 31, 2011 and 2010, a subsidiary company has short-term loans provided to an associated company in the amount of Baht 0.85 million without collateralize. 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 full amount.

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

Short - term loans to related parties had no collateralized. 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 226 million (2010: Baht 224 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 0.61 million without collateralized. This loan is repayable at call. The interest is charged at the rate of 7.5 percent per annum.

PA Capital Co., Ltd., a subsidiary company has loans to Pan Asia Biotechnology Co., Ltd., a subsidiary company of PA Capital Co., Ltd. for 3 times on June 9, 2011, June 16, 2011 and July 1, 2011 for amount of Baht 12.00 million, Baht 5.00 million and Baht 20.00 million, respectively for total amount of Baht 37.00 million which loans in the 3<sup>rd</sup> time amount of Baht 20.00 million was borrowed by Pan Asia Biotechnology Co., Ltd to purchase investment in associated companies from related company as stated in note 11 (loans to and loans from transactions between PA Capital Co., Ltd. and Pan Asia Biotechnology Co., Ltd. were eliminated from the consolidated financial statements since they are inter-company transactions). Subsidiary company has prepared those transactions without request the approval from the shareholders' meeting of the Company. Subsequent on November 10, 2011, the Board of directors has the resolution for require PA Capital Co., Ltd. to cancel the financial supporting transaction and later on December 15, 2011 PA Capital Co., Ltd. has entered into transferring debt agreement with Pan Asia Biotechnology Co., Ltd. to accept debt settlement with Ban Pan Engineering and Holding Co., Ltd., a creditor of PA Capital Co., Ltd. As a result, inter-company loans between PA Capital Co., Ltd. and Pan Asia Biotechnology Co., Ltd. was cleared as stated in notes 5.9 to financial statements.

In 2011, PA Capital Co., Ltd. has provided loans in the amount of Baht 2.00 million to PF Intertech Co., Ltd. Such borrowing has not been approved by the Company's Board of executive directors and allowance for doubtful accounts was provided in full amount by the Company. Subsequent on November 10, 2011, the Board of directors' meeting of the Company has resolution to cancel such transaction.

In the year of 2011, Pan Asia Biotechnology Co., Ltd. has loans to Bangkok Rubber Public Company Limited in the amount of Baht 17.00 million. Such transaction has not been approved by the Executive directors and requested the resolution from the shareholders' meeting of the Company. However, on November 10, 2011, the Board of directors of the Company has resolution to cancel in the same day and Pan Asia Biotechnology Co., Ltd. has received the repayment in full amount

In the year of 2011, Pan Asia Biotechnology Co., Ltd. has loans to Bangkok Rubber Saharattana Co., Ltd. in the amount of Baht 17.00 million. The interest is repayable on a monthly basis at the rate of 8.00 percent per annum. The principal is repayable at call. Such transaction has not been approved by the Executive directors and requested the resolution from the shareholders' meeting of the Company and has not informed to the Stock Exchange of Thailand to be conformed to the rules and regulation of the Stock Exchange of Thailand.

#### 5.4 Investment acquisition from related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Bangkok Rubber Plc.				
- Investment in Bangkok Rubber Saharattana Co., Ltd.	11,669,930	-	-	-
- Investment in Jones & Vining (Thailand) Co., Ltd.	20,900,000	-	-	-
Total	32,569,930	-	-	-

On September 27, 2011, Pan Asia Biotechnology Co., Ltd., (subsidiary company) entered into agreement to purchase 1,166,993 ordinary shares in the price of Baht 10.00 each, amounting to Baht 11,669,930.00 of Bangkok Rubber Saharattana Co., Ltd. and entered into agreement to purchase 50,000 ordinary shares in the price of Baht 418.00 each, amounting to 20,900,000.00 of Jones & Vining (Thailand) Co., Ltd. The investment in ordinary shares of such subsidiary company and associated company acquired from the Bangkok Rubber Public Company Limited, a related company which has not been approved by the shareholders' meeting of the Company. Subsequent on November 10, 2011, the Board of directors of Pan Asia Footwear Public Company Limited has resolution to cancel such investment acquisition. At present, the cancellation is still pending in accordance with the resolution.

#### 5.5 Long-term loans to related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Long-term loans to subsidiary company</b>				
<b>(Eliminated from consolidated financial statements)</b>				
Modern Technology Component Co., Ltd.	-	-	39,600,000	33,600,000
Phimai Footwear Co., Ltd.	-	-	20,300,000	12,000,000
Footwear Tech 1530 Co., Ltd.	-	-	-	136,780,000
Kabinburi Panasia Footwear Co., Ltd.	-	-	72,000,000	41,000,000
International Curity Footwear Co., Ltd.	-	-	-	58,800,000
Total	-	-	131,900,000	282,180,000
<b>Long-term loans to associated company</b>				
Pan Asia Leather Co., Ltd.	87,200,000	88,200,000	-	-
Total	87,200,000	88,200,000	-	-
<b>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.	2,250,000	2,750,000	-	-
Total	4,358,739	4,858,739	2,108,739	2,108,739
Total long-term loans to related parties	91,558,739	93,058,739	134,008,739	284,288,739
Less: Allowance for doubtful accounts	(91,558,739)	(93,058,739)	(35,708,739)	(35,708,739)
Net	-	-	98,300,000	248,580,000



The movements of loans to related parties during the year ended December 31, 2011 were as follow :-

(Unit: Baht)

Consolidated financial statements							
	January 1, 2011	Transfer in (out)	Repayment	December 31, 2011	Allowance for doubtful accounts	Net	Due date
<b>Long - term loans to associated company</b>							Call
Pan Asia Leather Co., Ltd.	88,200,000	-	(1,000,000)	87,200,000	(87,200,000)	-	
<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.	2,750,000	-	(500,000)	2,250,000	(2,250,000)	-	Call
Total	4,858,739	-	(1,500,000)	4,358,739	(4,358,739)	-	
Less : Allowance for doubtful accounts	(93,058,739)	-	1,500,000	(91,558,739)	(91,558,739)	-	
Total long - term loans to related parties	-	-	-	-	-	-	

(Unit : Baht)

Separate financial statements							
	January 1, 2011	Additional loans	Repayment	December 31, 2011	Allowance for doubtful accounts	Net	Due date
<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	8,000,000	(2,000,000)	39,600,000	(33,600,000)	6,000,000	Call
Footwear Tech 1530 Co., Ltd.	136,780,000	-	(136,780,000)	-	-	-	Call
Kabinburi Panasia Footwear Co., Ltd.	41,000,000	31,000,000	-	72,000,000	-	72,000,000	Call
International Curiry Footwear Co., Ltd.	58,800,000	-	(58,800,000)	-	-	-	Call
Phimai Footwear Co., Ltd.	12,000,000	8,300,000	-	20,300,000	-	20,300,000	Call
Total	282,180,000	47,300,000	(197,580,000)	131,900,000	(33,600,000)	98,300,000	
<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)	-	-	-	-	-	
Total long-term loans to related parties	248,580,000	47,300,000	(197,580,000)	134,008,739	(35,708,739)	98,300,000	

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

The Company and three subsidiary companies have loans to Pan Asia Leather Co., Ltd. in which 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 subsidiary companies 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 cash repayment to the Company and two subsidiary companies. As at December 31, 2011 and 2010, the outstanding debt is Baht 87.20 million and Baht 88.20 million respectively. These loans are repayable at call and bear inter-company interest at the rate of 6.5 per annum. Such loans have no collaterals. Those subsidiary companies 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 loans in the amount of Baht 21.25 million to Rangsit Footwear Co., Ltd. Interest on the loan is payable on a monthly basis, at the SCB's MLR-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 accounts has been set aside by the Company. On July 24, 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 rehabilitation plan.

As at December 31, 2011 and 2010, two subsidiary companies have provided unsecured loans totaling Baht 2.25 million and Baht 2.75 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. The principal is repayable at call. A full allowance for doubtful account has been set aside by the subsidiary companies.

### **5.6 Receivables from guarantee**

(Unit : Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Receivables from guarantee-subsiary companies</u></b>				
International Curity Footwear Co., Ltd.	-	-	54,070,000	64,870,000
Total	-	-	54,070,000	64,870,000

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b><u>Receivables from guarantee - related companies</u></b>				
Bangkok Rubber Plc.	14,733,985	14,758,827	14,733,985	14,758,827
Rangsit Polymer Co., Ltd.	3,720,879	3,720,879	-	-
Total	18,454,864	18,479,706	14,733,985	14,758,827
Total receivables from guarantee - related companies	18,454,864	18,479,706	68,803,985	79,628,827
Less: Allowance for doubtful accounts	(18,454,864)	(18,479,706)	(14,733,985)	(14,758,827)
Net	-	-	54,070,000	64,870,000

**Receivable from guarantee- subsidiary company**

In 2010, the Company, in being guarantor, accepted obligation with a bank in the amount of Baht 64.87 million for International Curity Footwear 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 has paid amount of Baht 39 million to a bank in settlement loans amount of Baht 56 million granted to Bangkok Rubber Plc., which is undergoing debt restructuring. The Company has included this amount under “Receivables from guarantee - related companies”. Subsequent in 2003, Bangkok Rubber Plc. issued 633,437 additional ordinary shares, valued at Baht 11 million for making repayment 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. At present, the portion of repayment is made.

In 2004, a subsidiary company, as loan guarantor has paid amount of Baht 4 million to a bank in settlement loans amount of Baht 4 million 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 made covenants with the subsidiary company whereby it would pay such debt in installments over 5 years, within 2009. At present, there is no any repayment.

## 5.7 Trade accounts payable – related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Trade accounts payable-subsidary companies</b>				
(Eliminated from consolidated financial statements)				
International Curity Footwear Co., Ltd.	-	-	222,955	1,530,848
Pontex (Thailand) Co., Ltd.	-	-	6,210,677	2,553,336
Excellent Rubber Co., Ltd.	-	-	26,548,856	36,845,023
Modern Technology Component Co., Ltd.	-	-	2,507,819	1,223,939
Pan Rayong Co., Ltd.	-	-	11,288,661	14,490,161
Kabinuri Panasia Footwear Co., Ltd.	-	-	1,690,565	32,849,807
Pek Industry Co., Ltd.	-	-	11,488	78,533
Thai Sung Shin New Material Co., Ltd.	-	-	462,497	3,058,547
Pan Asia Biotechnology Co., Ltd.	-	-	22,200	72,388
Footwear Tech 1530 Co., Ltd.	-	-	686,669	1,389,730
Phimai Footwear Co., Ltd.	-	-	242,201	1,286,893
Advantage Footwear Co., Ltd.	-	-	2,000,794	3,391,048
Innovation Nakornluang Footwear Co., Ltd.	-	-	2,790	2,790
<b>Total</b>	<b>-</b>	<b>-</b>	<b>51,898,172</b>	<b>98,773,043</b>
<b>Trade accounts payable - associated companies</b>				
Nutrition House Co., Ltd.	11,625	-	-	-
Pan Asia Leather Co., Ltd.	15,759,667	15,260,471	8,454,033	9,568,231
Pan Innovation Co., Ltd.	184,121	429,151	-	-
Bangkok Athletic Co., Ltd.	590,133	614,076	-	-
Nongchang Rubber Co., Ltd.	100,056	110,895	61,671	61,671
Uthai Bangkok Rubber Co., Ltd.	203,188	203,188	203,188	203,188
<b>Total</b>	<b>16,848,790</b>	<b>16,617,781</b>	<b>8,718,892</b>	<b>9,833,090</b>
<b>Trade accounts payable - related companies</b>				
Bangkok Rubber Plc.	4,625,794	10,049,790	289,855	4,683,211
Pan Tech Machinery Co., Ltd.	14,688	603,438	-	-
Rangsit Footwear Co., Ltd.	448,555	1,398,591	-	981,207
PF Intertech Co., Ltd.	2,243,635	2,174,133	-	-
Textile Prestige Plc.	98,975	846,591	-	770,952
Inter Fareast Engineering Plc.	17,845	30,671	-	-
Ban Pan Research Laboratory Co., Ltd.	705,268	761,149	181,151	231,366
Ban Pan Engineering and Holding Co., Ltd.	60,120	60,120	-	-
Rangsit Polymer Co., Ltd.	11,592	11,592	-	-
Pan Long John Co., Ltd.	616,973	1,717,975	104,282	435,220
Innovation Footwear Co., Ltd.	1,458,385	1,189,360	1,189,360	1,189,360

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Ecco (Thailand) Co., Ltd.	91,159	11,825	11,825	11,825
Pan Asia Pacific Co., Ltd.	1,366,929	1,366,928	-	-
Sadesa (Thailand) Co., Ltd.	1,587	1,587	-	-
I.C.C. International Plc.	5,509,130	5,042,317	-	-
Pan Comp International Co., Ltd.	33,930	207,580	-	-
Sun Star Tech Co., Ltd.	-	10,498	-	-
Performance Rubber Co., Ltd.	235	1,900,087	-	-
International Leather Fashion Co., Ltd.	298,441	337,887	-	-
Suphan Footwear Co., Ltd.	-	68,777	-	68,777
Rattanakorn Engineering Co., Ltd.	20,865	20,865	-	-
Jones & Vining (Thailand) Co., Ltd.	266,782	-	-	-
Narai Bangkok Rubber Co., Ltd.	50,884	-	-	-
Total	<u>17,941,772</u>	<u>27,811,762</u>	<u>1,776,473</u>	<u>8,371,918</u>
Total trade accounts payable - related parties	<u>34,790,562</u>	<u>44,429,543</u>	<u>62,393,537</u>	<u>116,978,051</u>

**5.8 Other payables - related parties**

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>(Eliminated from consolidated financial statements)</b>				
International Curity Footwear Co., Ltd.	-	-	1,507,931	4,297,556
Excellent Rubber Co., Ltd.	-	-	646,239	345,645
Footwear Tech 1530 Co., Ltd.	-	-	4,317,472	329,075
PA Capital Co., Ltd.	-	-	-	142,874
Pek Industry Co., Ltd.	-	-	279,128	279,120
Pan Asia Biotechnology Co., Ltd.	-	-	4,385	9,336
Innovation Nakornluang Footwear Co., Ltd.	-	-	16,500	16,500
Kabinburi Pansia Footwear Co., Ltd.	-	-	-	4,280
Modern Technology Component Co., Ltd.	-	-	397,801	84,419
Pontex (Thailand) Co., Ltd.	-	-	87,466	446,008
Phimai Footwear Co., Ltd.	-	-	1,246	603
Thai Sung Shin New Material Co., Ltd.	-	-	53,530	85,073
Advantage Footwear Co., Ltd.	-	-	73,810	54,683
Pan Rayong Co., Ltd.	-	-	766,723	-
Pan tech R&D Co., Ltd.	-	-	29,000	-
Total	<u>-</u>	<u>-</u>	<u>8,181,231</u>	<u>6,095,172</u>

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b><u>Other payables - associated companies</u></b>				
Nutrition House Co., Ltd.	1,947,945	1,647,123	-	-
Pan Asia Leather Co., Ltd.	112,713	90,508	111,652	89,447
Nongchang Rubber Co., Ltd.	-	2,100	-	-
Pan Innovation Co., Ltd.	1,748	23,861	-	-
Total	<u>2,062,406</u>	<u>1,763,592</u>	<u>111,652</u>	<u>89,447</u>
<b><u>Other payables - related companies</u></b>				
Bangkok Rubber Plc.	10,942,932	20,152,432	405,557	199,682
PF Intertech Co., Ltd.	2,156,847	2,774,181	499,081	1,299,021
Saha Rattanakorn Co., Ltd.	1,608,715	1,608,715	-	-
Ban Pan Research Laboratory Co., Ltd.	4,390,817	4,505,790	3,440,174	3,435,830
Jones & Vining (Thailand) Co., Ltd.	28,968	73,911	28,968	73,911
Sun Colour OA Co., Ltd.	184,902	180,595	163,506	162,054
Rangsit Polymer Co., Ltd.	44,581	44,581	-	-
Inter Fareast Engineering Plc.	-	6,094	-	-
Ban Pan Engineering and Holding Co., Ltd.	9,783,679	10,494,462	2,641,016	1,682,830
Bangkok Rubber Saharattana Co., Ltd.	290,262	290,262	-	-
Pan Poly Technic Co., Ltd.	3,729,453	3,362,216	926,122	641,100
Pan Comp International Co., Ltd.	18,019	50,996	12,562	25,423
Rangsit Footwear Co., Ltd.	568,733	547,279	2,893	2,893
Rattanakorn Engineering Co., Ltd.	-	1,433,800	-	-
F.N. Infinity Co., Ltd.	340,420	344,420	210,000	210,000
Pan Long John Co., Ltd.	18,869	92,049	-	9,869
Sahapattana Interholding Plc.	2,940,492	9,070,845	2,137,755	1,765,360
Pan Security Guard and Service Co., Ltd.	10,661,205	7,639,784	5,441,673	2,621,703
Suphan Footwear Co., Ltd.	5,671,209	5,671,209	-	-
Innovation Footwear Co., Ltd.	90,000	90,000	-	-
Narai Bangkok Rubber Co., Ltd.	1,800	1,800	-	-
Pan Tech Machinery Co., Ltd.	-	52,644	-	-
Esastampa (Thailand) Co., Ltd.	237,902	179,702	-	-
Performance Rubber Co., Ltd.	428	428	428	428
Bangkok Rubberland Engineering Co., Ltd.	15,530	15,530	-	-
Sadesa (Thailand) Co., Ltd.	41,481	54,313	41,481	54,313
Textile Prestige Plc.	-	15,480	-	15,480
Total	<u>53,767,244</u>	<u>68,753,518</u>	<u>15,951,216</u>	<u>12,199,897</u>
<b><u>Other payables - other companies</u></b>				
Other companies	<u>183,668,720</u>	<u>178,851,255</u>	<u>44,663,569</u>	<u>55,603,282</u>
Total	<u>183,668,720</u>	<u>178,851,255</u>	<u>44,663,569</u>	<u>55,603,282</u>
Total other payable	<u>239,498,370</u>	<u>249,368,365</u>	<u>68,907,668</u>	<u>73,987,798</u>

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>5.9 Short-term loans from related parties</b>				
<b><u>Short-term loan from subsidiary company</u></b>				
Aphakorn Industrial Co., Ltd.	-	-	4,000,000	4,000,000
Pontex (Thailand) Co., Ltd.	-	-	11,000,000	11,000,000
Total	-	-	15,000,000	15,000,000
<b><u>Short-term loan from associated company</u></b>				
Nutrition House co., Ltd.	30,000,000	30,000,000	-	-
Total	30,000,000	30,000,000	-	-
<b><u>Short-term loans from persons and related companies</u></b>				
Ban Pan Engineering and Holding Co., Ltd.	46,000,000	43,000,000	-	-
PF Intertech Co., Ltd.	2,698,755	2,698,755	-	-
Sajja Aomsap Mutual Fund	2,560,547	1,112,328	-	-
Pan Way of Life Co., Ltd.	500,000	-	-	-
Pan Biotech Co., Ltd.	200,000	-	-	-
Esastampa (THAILAND) Co.,Ltd.	1,940,000	1,940,000	-	-
Total	53,899,302	48,751,083	-	-
<b><u>Short – term loans from directors</u></b>				
Mr. Narong Chokwatana	35,000,000	15,000,000	-	-
Total	35,000,000	15,000,000	-	-
<b><u>Short – term loans from other parties</u></b>				
Other companies	-	1,590,411	-	-
Total	-	1,590,411	-	-
Total short – term loans from related parties	118,899,302	95,341,494	15,000,000	15,000,000

The movements of short – term loans from related persons and parties during the year ended December 31, 2011 were as follows :

(Unit : Baht)

	Consolidated financial statements				
	January 1,	Additional		December 31,	Due date
	2011	loans	Repayment	2011	
<b><u>Short - term loans from related parties</u></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	46,000,000	(43,000,000)	46,000,000	Call
PF Intech Co., Ltd.	2,698,755	-	-	2,698,755	Call
Sajja Aomsap Mutual Fund	1,112,328	2,560,547	(1,112,328)	2,560,547	Call
Pan Way of Life Co., Ltd.	-	500,000	-	500,000	Call
Pan Biotech Co., Ltd.	-	200,000	-	200,000	Call
Esastampa (THAILAND) Co.,Ltd.	1,940,000	-	-	1,940,000	Call
Total	48,751,083	49,260,547	(44,112,328)	53,899,302	
<b><u>Short-term loans from directors</u></b>					
Mr. Narong Chokwatana	15,000,000	37,000,000	(17,000,000)	35,000,000	Call
Mr.Amphol Sirinorakul	-	1,000,000	(1,000,000)	-	Call
Mr.Theeraphol Yamchaya	-	400,000	(400,000)	-	Call
Total	15,000,000	38,400,000	(18,400,000)	35,000,000	
<b><u>Short - term loans from other parties</u></b>					
Other companies	1,590,411	-	(1,590,411)	-	
Total	1,590,411	-	(1,590,411)	-	
Total short – term loans form related parties	95,341,494	87,660,547	(64,102,739)	118,899,302	

(Unit : Baht)

	Separate financial statements				
	January 1,	Additional		December 31,	Due date
	2011	loans	Repayment	2011	
<b><u>Short- term loans from subsidiary companies</u></b>					
Aphakorn Industrial Company Limited	4,000,000	-	-	4,000,000	Call
Pontex (Thailand) Company Limited	11,000,000	-	-	11,000,000	Call
Total short – term loans form related parties	15,000,000	-	-	15,000,000	

**Short-term loan from associated company**

As at December 31, 2011 and 2010, a subsidiary company has obtained an unsecured loan amount of Baht 30 million from Nutrition House Co., Ltd., carrying interest at 6.0 percent per annum and pays on a monthly basis. The notes are to be matured in three months and can be extended.



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

As at December 31, 2011 and 2010, a subsidiary company has obtained an unsecured loan amount of Baht 46 million and 43 million respectively from Ban Pan Engineering and Holding Co., Ltd. on which interest is payable on a monthly basis at the rate of 6.0 - 6.5 percent per annum. Principal is to be repaid on a quarterly basis amount of Baht 28 million each, commenced in the first quarter of 2012.

As at December 31, 2011 and 2010, subsidiary company has obtained an unsecured loan amount of Baht 2.70 million from PF Intertech Co., Ltd. carrying interest at rate 7.25 percent per annum and pays on a monthly basis. The principal is repayable at call.

As at December 31, 2011, four subsidiary companies (December 31, 2010: 2 subsidiary companies) have obtained an unsecured loans amount of Baht 1.40 million, Baht 0.14 million, Baht 0.72 million and 0.03 million respectively from Sajja Aomsab Mutual Fund carrying interest at the rate 0.75-12.0 percent per annum. The repayment is matured on January 31, 2012 amount of Baht 0.14 million, February 29, 2012 amount of Baht 1.40 million and at call amount of Baht 0.72 million and Baht 0.03 million respectively.

As at December 31, 2011 and 2010 a subsidiary company has obtained an unsecured loan amount of Baht 1.94 million from Esastampa (Thailand) Co., Ltd., carrying interest at the rate of 3.00 percent per annum and pays on a monthly basis. The principal is repayable at call.

As at December 31, 2011, a subsidiary company has obtained unsecured loans amount of Baht 0.50 million from Pan Way of Life Co., Ltd., on which interest is payable on a monthly basis at a rate of 0.75 percent per annum. The principal is repayable at call.

As at December 31, 2011, a subsidiary company has obtained unsecured loans amount of Baht 0.20 million from Pan Biotech Co., Ltd., on which interest is payable on a monthly basis at a rate of 0.75 percent per annum. The principal is repayable at call.

On December 15, 2011 PA Capital Co., Ltd. has entered into transferring debt agreement with Pan Asia Biotechnology Co., Ltd. for its debt settlement amount of Baht 46.00 million to Ban Pan Engineering and Holding Co., Ltd. As a result, Ban Pan Engineering and Holding Co., Ltd. is a new creditor of Pan Asia Biotechnology Co., Ltd., thus, inter-company loans between PA Capital Co., Ltd. and Pan Asia Biotechnology Co., Ltd. was cleared.

In the year of 2011, Pan Asia Biotechnology Co., Ltd., a subsidiary company has obtained loans from a director of subsidiary company amount of Baht 20.00 million.

#### **5.10 Long – term loans from related persons and parties**

The movements of short – term loans to related parties during the year ended December 31, 2011 are below:

	Consolidated and Separated financial statements				Due date
	January 1, 2011	Additional loans	Repayment	December 31, 2011	
<b><u>Long-term loans from related companies</u></b>					
I.D.F. Co., Ltd	130,000,000	-	(130,000,000)	-	Dec.23, 2012
Total long - term loans from related companies	130,000,000	-	(130,000,000)	-	
<b><u>Long – term loans from related persons</u></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 persons	60,000,000	-	(60,000,000)	-	
<b>Total long - term loans from related persons and parties</b>	<b>190,000,000</b>	<b>-</b>	<b>(190,000,000)</b>	<b>-</b>	

## 6. TRADE AND OTHER RECEIVABLES

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b>Trade accounts receivable – related parties</b>				
(Eliminated from consolidated financial statements)				
In due	18,951,785	72,892,954	1,097,326	23,788,425
Overdue				
1 - 30 days	15,371,045	39,457,481	981,336	9,288,430
31 - 60 days	10,744,926	8,842,174	1,034,475	221,439
61 -90 days	2,983,669	3,662,912	430,024	8,041
91 - 120 days	2,938,818	3,485,754	398,682	328,239
121 - 150 days	2,129,828	1,433,479	397,478	848,385
151 - 180 days	974,463	268,118	76,820	25,467
Over 180 days	100,242,837	99,444,512	349,032	3,257,085
Total related parties	154,337,371	229,487,384	4,765,173	37,765,511
Less : Allowance for doubtful accounts	(98,314,136)	(101,091,606)	(157,918)	-
Total related parties - net	56,023,235	128,395,778	4,607,255	37,765,511
<b>Trade accounts receivable – unrelated parties</b>				
In due	292,566,903	170,463,383	218,845,095	122,289,942
Overdue				
1 - 30 days	93,035,691	73,851,130	54,134,163	46,634,523
31 - 60 days	6,123,105	12,646,177	1,419,944	6,599,553
61 - 90 days	1,456,472	2,638,600	108,956	379,082
91 - 120 days	761,761	2,625,573	124,612	767,292
121 - 150 days	1,370,639	1,251,058	682,131	142,699
151 - 180 days	971,453	2,515,215	13,618	2,041,502
Over 180 days	34,597,074	48,853,560	430,828	16,328,562
Total unrelated parties	430,883,098	314,844,696	275,759,347	195,183,875
Less : Allowance for doubtful accounts	(27,338,371)	(22,665,756)	(246,135)	(366,090)
Total unrelated parties -net	403,544,727	292,178,940	275,513,212	194,817,785
Total accounts receivable -net	459,567,962	420,574,718	280,120,467	232,583,296
<b>Other receivables</b>				
Other receivable-related parties	33,558,805	60,365,785	104,385,066	148,052,231
Accrued income	12,199,304	28,199,539	5,248,629	25,664,613
Prepaid expenses	48,214,668	39,183,322	33,894,896	27,697,163
Total	93,972,777	127,748,646	143,528,591	201,414,007
<b>Total accounts receivables and other receivables</b>	<b>553,540,739</b>	<b>548,323,364</b>	<b>423,649,058</b>	<b>433,997,303</b>

## 7. INVENTORIES

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Finished goods	220,850,274	189,756,485	89,851,032	55,986,332
Work in process	183,659,165	199,656,817	75,980,104	49,042,709
Raw materials	341,990,971	417,132,002	173,689,157	140,098,483
Goods in transit	5,885,543	7,758,114	3,775,893	2,815,083
Total	752,385,953	814,303,418	343,296,186	247,942,607
Less : Allowance for stock obsolescence	(136,140,476)	(198,825,513)	(36,861,350)	(17,372,146)
Inventories - net	616,245,477	615,477,905	306,434,836	230,570,461

## 8. OTHER CURRENT ASSETS

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Value added tax for refund	8,852,303	10,233,373	7,522,755	9,301,955
Deposit for assets	28,800,000	28,800,000	28,000,000	28,000,000
Others	18,012,014	37,452,845	4,312,652	4,000,375
Total	55,664,317	76,486,218	40,635,407	42,102,330
Less Allowance for doubtful accounts	(28,800,000)	-	(28,000,000)	-
Total	26,864,317	76,486,218	11,835,407	42,102,330

## 9. PLEDGED FIXED DEPOSITS

Ten 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 :

Unit : Baht

	Consolidated financial statements	
	2011	2010
Fixed deposits	7,947,200	7,985,857

## 10. 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			
	2011		2010	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Ordinary shares	758,418,340	29,400	818,739,418	29,400
Less Changes in fair value of available for sale investments	(94,600)	-	(94,600)	-
Provision for impairment of investments	(758,294,340)	-	(818,615,418)	-
Long - term investments in available-for-sale securities - net	29,400	29,400	29,400	29,400

(Unit:Baht)

	Separate financial statements			
	2011		2010	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Ordinary shares	758,418,340	29,400	758,418,340	29,400
Less Changes in fair value of available for sale investments	(94,600)	-	(94,600)	-
Provision for impairment of investments	(758,294,340)	-	(758,294,340)	-
Long - term investments in available-for-sale securities - net	29,400	29,400	29,400	29,400

As at December 31, 2011 and 2010, long - term investments in available-for-sale securities as included in the consolidated financial statements amounting to Baht 819 million (separate : Baht 758 million) consist of investment in the ordinary shares of a related company which is undergoing debt restructuring. A full provision for impairment of investments has been set aside by the Company and subsidiary companies.

## 11. INVESTMENTS IN ASSOCIATED COMAPNIES

As at December 31, 2011 and 2010 investments in associated companies are stated under equity method in the consolidated financial statements and investments. 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	
			2011	2010	2011	2010
			Thousand Baht	Thousand Baht	Percent	Percent
<b>Investments in associated companies</b>						
Nongchang Rubber Co., Ltd.	Manufacture of footwear soles	Uthaithani	40,000	40,000	28.82	28.82
Uthai Bangkok Rubber Co., Ltd.	Manufacture of Footwear uppers	Uthaithani	30,000	30,000	28.82	28.82
Pan Innovation Co., Ltd.	Manufacture of galvanized rubber	Rayong	-	110,000	-	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
Jones & Vining (Thailand) Co., Ltd.	Manufacture of Shoes model	Ayuttaya	15,000	-	33.33	-

(Unit : Baht)

Consolidated financial statements								
Company's name	Investment				Estimated liabilities from			
	Cost method		Equity method		guarantee		Dividend	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Investments in associated companies</b>								
Nutrition House Co., Ltd.	41,389,500	41,389,500	18,684,922	19,224,640	-	-	-	-
Bangkok Athletic Co., Ltd.	180,024,000	180,024,000	84,522,004	96,789,747	-	-	-	-
Pan Innovation Co., Ltd.	-	24,000,000	-	47,803,366	-	-	-	-
Jones & Vining (Thailand) Co., Ltd.	20,900,000	-	20,900,000	-	-	-	-	-
<b>Total investments in associated companies</b>	<b>242,313,500</b>	<b>245,413,500</b>	<b>124,562,775</b>	<b>163,817,753</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Consolidated financial statements

Company's name	Investment				Estimated liabilities from			
	Cost method		Equity method		guarantee		Dividend	
	2011	2010	2011	2010	2011	2010	2011	2010
<b>Investments in associated companies with capital deficiency</b>								
Nongchang Rubber Co., Ltd.	11,999,300	11,999,300	-	-	(5,425,546)	(8,749,546)	-	-
Uthai Bangkok Rubber Co., Ltd.	8,999,300	8,999,300	-	-	(4,756,000)	(7,840,000)	-	-
Pan Asia Leather Co., Ltd.	39,999,400	39,999,400	-	-	-	-	-	-
<b>Investment in associated companies</b>								
<b>with capital deficiency</b>	<b>60,998,000</b>	<b>60,998,000</b>	<b>-</b>	<b>-</b>	<b>(10,181,546)</b>	<b>(16,589,546)</b>	<b>-</b>	<b>-</b>
<b>Net</b>	<b>282,411,500</b>	<b>306,411,500</b>	<b>124,106,926</b>	<b>163,817,753</b>	<b>(10,181,546)</b>	<b>(16,589,546)</b>	<b>-</b>	<b>-</b>

In 2011, Pan Asia Biotechnology Co., Ltd., a subsidiary company has entered into agreement to purchase 50,000 ordinary shares in the price of Baht 418.00 per share amounting to Baht 20,900,000 or equal to 33.33 percent of paid-up share capital of Jones & Vining (Thailand) Co., Ltd. As a result, the status of Jones & Vining (Thailand) Co., Ltd. is an associated company of the Company. The acquisition ordinary shares in such associated company incurred from purchase from related company and the Company has not received the financial statements as at the acquisition date and for the year ended December 31, 2011. Therefore, the consolidated financial statements have been presented as investment in subsidiary companies amount of Baht 20,900,000 by using the cost method and have not presented investments in Jones & Vining (Thailand) Co., Ltd. by using the equity method in the consolidated financial statements. Subsequent on November 10, 2011, the Board of directors' meeting of the Company has resolution to cancel such transaction which is still pending.

Investment in associates with capital deficiency is investment in ordinary shares by the Company's subsidiary. Such associated companies had operating capital deficiency and the Company got in the guarantee for such associated companies' debts. The Company, thus, recorded part of capital deficiency as estimated loss from guarantee for associated companies as stated in note 22.

(Unit : Million Baht)

Associates' name	Investment in associates under	Shares of Loss from investment
	equity method	
	December 31, 2011	December 31, 2011
Nutrition House Co., Ltd.	18.68	(0.46)
Pan Innovation Co., Ltd.	-	(1.73)
<b>Total</b>	<b>18.68</b>	<b>(2.19)</b>

The consolidated financial statements for the year ended December 31, 2011, the Company has recorded investment in associated company from the financial statements which were not audited by the auditor, had investment value amount of Baht 18.68 million (1 associated company) and share of loss from investment amount of Baht 2.19 million (2 associated companies) since in 2011, a subsidiary company had sold investment in Pan Innovation Co., Ltd., an associated company for 53,428 shares, cash received from selling amount of Baht 47.99 million and resulted gain on sale of investment amount of Baht 1.91 million.

## 12. INVESTMENTS IN SUBSIDIARY COMPANIES

As at December 31, 2011 and 2010, the Company has recorded investments in subsidiary companies by using cost method in the separate financial statements. These represent investments in ordinary shares in the following companies:-

(Unit : Baht)

Separate financial statements						
Company's name	Type of business	Country of incorporation	Paid-up capital		Investments proportion	
			2011	2010	2011	2010
			Thousand Baht	Thousand Baht	Percent	Percent
<b>Investments in subsidiary companies</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 Pansia 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
Pan Asia Garment Co., Ltd. (Lao)	Manufacture of shirts	Laos	13,197	-	100.00	-
Bangkok Rubber Saharattana Co., Ltd.	Manufacture and export of shoes	Chainat	210,800	-	60.10	-

(Unit : Baht)

Consolidated financial statements								
Company's name	Provision for impairment							
	Cost method		of investment		Net		Dividend	
	2011	2010	2011	2010	2011	2010	2011	2010
Bangkok Rubber Saharattana Co., Ltd.	11,669,930	-	-	-	11,669,930	-	-	-
	11,669,930	-	-	-	11,669,930	-	-	-

## Separate financial statements

Company's name	Provision for impairment							
	Cost method		of investment		Net		Dividend	
	2011	2010	2011	2010	2011	2010	2011	2010
<u>Investments in subsidiary companies</u>								
Footwear Tech 1530 Co., Ltd.	467,967,864	467,967,864	(462,534,327)	(424,567,864)	5,433,537	43,400,000	-	-
International Curity Footwear Co., Ltd.	349,999,300	349,999,300	(319,931,694)	(73,138,996)	30,067,606	276,860,304	-	-
Kabinburi Pania Footwear Co., Ltd.	443,522,638	443,522,638	(264,808,393)	(231,599,069)	178,714,245	211,923,569	-	-
Excellent Rubber Co., Ltd.	385,886,972	385,886,972	(139,958,845)	(139,958,845)	245,928,127	245,928,127	-	-
Phimai Footwear Co., Ltd.	115,969,381	115,969,381	(115,969,381)	(41,966,304)	-	74,003,077	-	-
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	(143,147,223)	(109,997,900)	6,850,677	40,000,000	-	-
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	-	-
Pan Asia Garment (Laos) Co., Ltd.	13,197,305	-	-	-	13,197,305	-	-	-
Total	<u>2,457,890,142</u>	<u>2,444,692,837</u>	<u>(1,775,198,463)</u>	<u>(1,350,077,578)</u>	<u>682,691,679</u>	<u>1,094,615,259</u>	<u>-</u>	<u>-</u>

In 2011, a subsidiary has sold investment in Pan Asia Bio Technology Co., Ltd., a subsidiary to related persons for 116,842 shares. Subsidiary has cash received from selling amount of Baht 17.01 million and incurred loss on sales of investment amount of Baht 1.07 million.

The Company estimates provision for impairment loss of investment in subsidiary companies by applying valuation in use method.

In 2011, Pan Asia Biotechnology Co., Ltd., a subsidiary company has entered into agreement to purchase 1,166,993 ordinary shares in the price of Baht 10.00 per share amounting to Baht 11,669,930 or equal to 55.36 percent of the paid-up share capital of Bangkok Rubber Saharattana Co., Ltd. and included ordinary shares held by PA Capital Co., Ltd. at 4.74 percent, resulted to the percentage of investment is 60.10 percent of the paid-up share capital. As a result, the status of Bangkok Rubber Saharattana Co., Ltd. is a subsidiary company of the Company. The acquisition ordinary shares in such subsidiary company incurred from purchase from related company and the Company has not received the financial statements as at the acquisition date and for the year ended December 31, 2011. Therefore, the consolidated financial statements have been presented as investment in subsidiary companies amount of Baht 11,669,930 by using the cost method and have not eliminated investments in Bangkok Rubber Saharattana Co., Ltd. from the consolidated financial statements since the financial statements of Bangkok Rubber Saharattana Co., Ltd. have not been included in the consolidated financial statements. Subsequent on November 10, 2011, the Board of directors' meeting of the Company has resolution to cancel such transaction.



### 13. LONG - TERM INVESTMENTS IN RELATED PARTIES

As at December 31, 2011 and 2010, 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	
		2011	2010	2011	2010
		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
Bangkok Rubber Saharattana Co., Ltd.	Manufacture and export footwear soles	210,800	70,000	60.10	14.29
International Leather Fashion Co., Ltd.	Manufacture of footwear	50,000	50,000	14.00	14.00
Casa demoda 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	0.42
Laopan Footwear Co., Ltd.	Manufacture and distribution of footwear soles	6,880	6,880	100.00	100.00
Unison Pan (Asia) Co., Ltd.	Bag manufacture	20,000	-	10.00	-
Jones & Vining (Thailand) Co., Ltd.	Shoe model manufacture	150,000	-	33.33	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b><u>Group with full provision for impairment</u></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 Footwear Co., Ltd.	6,880,000	6,880,000	-	-
Total	151,922,839	151,922,839	-	-
Less Provision for impairment	(151,922,839)	(151,922,839)	-	-
Net	-	-	-	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
<b><u>Group without provision for impairment</u></b>				
Panway of Life Co., Ltd.	-	780,000	-	-
Pan Polytechnic Co., Ltd.	900,000	900,000	-	-
Pan Long John Co., Ltd.	1,844,459	1,844,459	-	-
International Leather Fashion Co., Ltd.	-	7,000,000	-	-
Thai Takaya Co., Ltd.	2,000,000	2,000,000	-	-
SSDC (Tiger Text) Co., Ltd.	1,187,500	1,187,500	-	-
Unison Pan (Asia) Co., Ltd.	1,999,980	-	-	-
Total	7,931,939	13,711,959	-	-
Long - term investments in related parties - net	7,931,939	13,711,959	-	-

In 2010, the Company and 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:

(Unit : Baht)

## Consolidated financial statements

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

In the year of 2011, a subsidiary company has sold investment in International Leather Fashion Co., Ltd., a related company for 70,000 shares by receiving cash payment 14.73 million resulted gain on sales of investment amount of Baht 7.73 million.

**14. INVESTMENTS PROPERTIES**

(Unit : Baht)

	Consolidated financial statements		
	Land and land improvement	Building and construction	Total
<b>Cost :</b>			
December 31, 2010	367,293,553	43,980,305	411,273,858
Purchase	-	-	-
Disposals	-	-	-
Transferred in (out)	-	-	-
December 31, 2011	<u>367,293,553</u>	<u>43,980,305</u>	<u>411,273,858</u>
<b>Accumulated depreciation :</b>			
December 31, 2010	( 145,314)	(26,949,260)	( 27,094,574 )
Depreciation for the period	-	(1,898,005)	(1,898,005)
December 31, 2011	<u>( 145,314)</u>	<u>(28,847,265)</u>	<u>(28,992,579)</u>
Less Provision for impairment of assets	<u>(155,263,950)</u>	-	<u>(155,263,950)</u>
<b>Net book value :</b>			
December 31, 2011	<u>211,884,289</u>	<u>15,133,040</u>	<u>227,017,329</u>
December 31, 2010	<u>211,884,289</u>	<u>17,031,045</u>	<u>228,915,334</u>

(Unit : Baht)

	Separate financial statements		
	Land and land improvement	Building and construction	Total
<b>Cost :</b>			
December 31, 2010	826,206,039	356,474,040	1,182,680,079
Purchase	-	-	-
Disposals	-	-	-
Transferred in (out)	-	-	-
December 31, 2011	<u>826,206,039</u>	<u>356,474,040</u>	<u>1,182,680,079</u>
<b>Accumulated depreciation :</b>			
December 31, 2010	(1,102,402)	(147,527,943)	(148,630,344)
Depreciation for the period	(279,693)	(17,058,616)	(17,338,309)
December 31, 2011	<u>(1,382,095)</u>	<u>(164,586,559)</u>	<u>(165,968,654)</u>
<b>Provision for impairment of assets :</b>			
December 31, 2010	(187,052,220)	-	(187,052,220)
Depreciation for the period	(14,794,801)	(19,775,311)	(34,570,112)
December 31, 2011	<u>(201,847,021)</u>	<u>(19,775,311)</u>	<u>(221,622,332)</u>
<b>Net book value :</b>			
December 31, 2011	<u>622,976,923</u>	<u>172,112,170</u>	<u>795,089,093</u>
December 31, 2010	<u>638,051,418</u>	<u>208,946,097</u>	<u>846,997,515</u>

As at December 31, 2011, investment properties had fair value amount of Baht 782.90 million (separate: Baht 1,128.56 million), appraised by the independent appraiser.

## 15. PROPERTY, PLANT AND EQUIPMENT

(Unit : Baht)

### Consolidated 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>									
January 1, 2010	1,193,556,831	1,134,610,454	2,855,975,371	571,171,922	78,222,539	65,175,371	2,801,811	18,738,694	5,920,252,993
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)
Elimination	-	-	(1,347,528)	-	(1,798,650)	-	-	-	(3,146,178)
December 31, 2010	1,127,064,608	1,003,485,760	2,814,035,006	539,706,892	74,477,591	60,014,698	2,675,517	10,978,968	5,632,439,040
Purchase	162,983,748	93,532,579	51,814,258	5,601,046	4,719,386	175,975	662,946	7,083,709	326,573,647
Disposals	(481,800,819)	(175,445,000)	(282,550,811)	(69,305,902)	(34,118,813)	(18,062,829)	-	(4,732,958)	(1,066,017,132)
Transferred in (out)	-	72,000	6,264,649	17,000	(235)	272,378	-	(2,418,233)	4,207,559
Written assets off	-	(460,277)	-	(19,100)	(529,360)	-	(80,869)	-	(1,089,606)
Elimination	(99,635,834)	(67,798,286)	-	-	(1,917,799)	-	-	-	(169,351,919)
December 31, 2011	708,611,703	853,386,776	2,589,563,102	475,999,936	42,630,770	42,400,222	3,257,594	10,911,486	4,726,761,589

(Unit : Baht)

## Consolidated 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>Accumulated depreciation ::</b>									
January 1, 2010	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 of disposals	(1,377,546)	(115,153,980)	(106,734,546)	(31,327,584)	(6,665,105)	(2,713,570)	-	-	(263,972,331)
Depreciation of write off	-	-	-	(2,043,220)	-	-	-	-	(2,043,220)
Elimination	-	(6,188,284)	(407,326)	-	(359,722)	-	-	-	(6,955,332)
December 31, 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
Depreciation for the year	287,818	38,331,986	100,689,513	15,944,858	5,092,699	471,044	256,559	-	161,074,477
Depreciation of disposals	(2,011,804)	(80,013,762)	(261,063,062)	(68,063,895)	(27,314,926)	(18,042,513)	-	-	(456,509,962)
Depreciation of write off	-	-	-	(14,682)	(944,019)	-	-	-	(958,701)
Elimination	-	(8,521,407)	(434,752)	-	(743,291)	-	-	-	(9,699,450)
December 31, 2011	12,438,846	481,372,767	2,267,098,445	443,331,564	34,666,513	41,200,545	2,256,924	-	3,282,365,604

(Unit : Baht)

## Consolidated 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>Provision for impairment :</b>									
January 1, 2010	(233,817,042)	(8,130,396)	(21,930,892)	(584,278)	-	-	-	(5,011,989)	(269,474,597)
Reversed impairment (loss)									
Of asset	2,450,488	-	(4,902,300)	-	-	-	-	-	(2,451,812)
December 31, 2010	(231,366,554)	(8,130,396)	(26,833,192)	(584,278)	-	-	-	(5,011,989)	(271,926,409)
Reversed impairment (loss)									
Of asset	158,102,075	(21,892,267)	(27,300,751)	(38,366)	-	-	-	-	108,870,691
December 31, 2011	(73,264,479)	(30,022,663)	(54,133,943)	(622,644)	-	-	-	(5,011,989)	(163,055,718)
<b>Net book value :</b>									
December 31, 2010	881,535,222	463,779,414	359,295,068	43,657,331	15,901,541	1,242,684	675,152	5,966,979	1,772,053,391
December 31, 2011	622,908,377	341,991,346	268,330,714	32,045,728	7,964,257	1,199,677	1,000,670	5,899,497	1,281,340,266
Depreciation for the year ended December 31									
2010									218,427,643
2011									161,074,477

(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>									
January 1, 2010	442,796,626	219,310,859	503,274,836	106,002,235	8,925,595	24,396,825	11,293,744	1,661,815	1,317,662,535
Purchase	-	190,000	18,552,987	838,488	4,841,433	-	34,646,026	72,070	59,141,004
Disposals	(66,492,221)	(181,888,851)	(71,896,495)	(26,397,853)	-	(4,966,175)	-	-	(351,641,595)
Transferred in (out)	-	3,590,712	39,487,123	2,389,836	-	-	(45,467,671)	-	-
December 31, 2010	376,304,405	41,202,720	489,418,451	82,832,706	13,767,028	19,430,650	472,099	1,733,885	1,025,161,944
Purchase	162,863,751	91,882,668	24,930,324	647,470	2,971,682	-	3,406,232	662,946	287,365,073
Disposals	(337,211,913)	(36,225,322)	(2,426,068)	(17,921,934)	(7,715,538)	(17,912,019)	-	-	(419,412,794)
Transferred in (out)	-	72,000	781,813	-	-	-	(915,053)	-	(61,240)
December 31, 2011	201,956,243	96,932,066	512,704,520	65,558,242	9,023,172	1,518,631	2,963,278	2,396,831	893,052,983



(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>Accumulated depreciation :</b>									
January 1, 2010	4,177,432	131,087,376	397,304,540	99,663,585	6,533,946	18,781,363	-	889,847	658,438,089
Depreciation for the year	252,540	7,255,218	24,647,375	3,935,195	1,883,828	2,451,561	-	277,589	40,703,306
Depreciation of disposals	(1,377,547)	(111,003,924)	(71,322,255)	(26,195,008)	-	(2,463,572)	-	-	(212,362,306)
December 31, 2010	3,052,425	27,338,670	350,629,660	77,403,772	8,417,774	18,769,352	-	1,167,436	486,779,089
Depreciation for the year	1,583	(3,545,335)	28,085,056	2,220,519	1,346,764	229,178	-	238,359	28,576,124
Depreciation of disposals	(2,011,804)	(26,376,417)	(2,425,902)	(17,860,402)	(4,008,146)	(17,891,706)	-	-	(70,574,377)
December 31, 2011	1,042,204	(2,583,082)	376,288,814	61,763,889	5,756,392	1,106,824	-	1,405,795	444,780,836
<b>Provision for impairment</b>									
Provision for impairment as at December 31, 2010	(31,788,270)	-	-	-	-	-	-	-	(31,788,270)
Provision for impairment during the period	(14,794,796)	(19,775,311)	-	-	-	-	-	-	(34,570,107)
Reversal	112,902,129	-	-	-	-	-	-	-	112,902,129
Provision for impairment as at December 31, 2011	66,319,063	(19,775,311)	-	-	-	-	-	-	46,543,752
<b>Net book value :</b>									
December 31, 2010	341,463,709	13,864,050	138,788,791	5,428,935	5,349,253	661,297	472,099	566,449	506,594,586
December 31, 2011	200,914,039	99,515,148	136,415,705	3,794,353	3,266,779	411,807	2,963,278	991,036	448,272,145
Depreciation for the year ended December 31, 2010									56,127,080
2011									43,999,896

As at December 31, 2011 and 2010 the Company and 7 subsidiary companies have mortgaged land and the construction thereon and machinery, with net book values amount of Baht 753.54 million and Baht 701.05 million, to secure credit facilities of the Company and subsidiary companies obtained from financial institutions, as discussed in Note 18 and 20.

As at December 31, 2011 and 2010 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 2,348 million and Baht 2,456 million, respectively (separate : Baht 334 million and Baht 347 million).

In 2011, the Company has sold land with its construction to a related company in the price of Baht 245.54 million which closed to appraisal value of the independent appraiser. Such assets had carrying value amount of Baht 103.03 million. Gain on sales of assets amounted to Baht 142.51 million.

In 2011, the Company has sold land with its para-rubber plant to a related company in the amount of Baht 445.19 million which had carrying value amount of Baht 197.31 million, resulted gain on sales of assets amount of Baht 247.88 million.

In 2011, a subsidiary company has sold parts of machinery in the price of Baht 5.22 million, had carry value amount of Baht 2.00 resulted gain on sale of assets amount of Baht 5.22 million. Such machinery was taken to guarantee bank overdrafts and short-term loans from financial institution as stated in note 18.

In 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.

## 16. GOODWILL - NET

	(Unit : Baht)	
	<u>Consolidated financial statements</u>	
	2011	2010
Goodwill	12,047,314	12,047,314
Less Provision for impairment of goodwill	<u>(12,047,314)</u>	<u>(12,047,314)</u>
Net	<u>-</u>	<u>-</u>

## 17. LEASEHOLD RIGHTS

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	2011	2010	2011	2010
Leasehold rights as at 1 January	6,737,197	7,313,863	5,967,751	6,511,084
Less: Amortization for the year	<u>(576,668)</u>	<u>(576,666)</u>	<u>(543,333)</u>	<u>(543,333)</u>
Leasehold rights as at 31 December	<u>6,160,529</u>	<u>6,737,197</u>	<u>5,424,418</u>	<u>5,967,751</u>

## 18. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

Bank 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 9 and 15 respectively.

As at December 31, 2011, International Curity Footwear Co., Ltd. has defaulted on the debt repayment under debt restructuring agreement. Therefore, such company has recorded such liabilities in the amount of Baht 122.23 million.

## 19. TRADE AND OTHER PAYABLES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade accounts payable-related parties	34,790,562	44,429,543	62,393,537	116,978,051
Trade accounts payable-other parties	332,431,069	359,663,591	125,032,218	94,471,078
Other payables –related parties	55,829,651	70,517,110	24,244,099	18,384,516
Accrued expenses	175,445,496	170,413,145	43,269,799	55,600,701
Unearned revenue	8,223,224	8,438,110	1,393,770	2,581
Total	<u>606,720,001</u>	<u>653,461,499</u>	<u>256,333,423</u>	<u>285,436,927</u>

## 20. LONG-TERM LOANS

Long-term loans consist of the following: -

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Long-term loans under debt restructuring agreements	25,324,253	30,124,253	-	-
Long-term loans, others	467,916,537	547,855,769	333,524,106	242,383,414
Total long-term loans	493,240,790	577,980,022	333,524,106	242,383,414
Less: Current portion of long-term loans	(146,517,063)	(167,903,210)	(72,720,000)	(72,720,000)
Long-term loans - net of current portion	<u>346,723,727</u>	<u>410,076,812</u>	<u>260,804,106</u>	<u>169,663,414</u>

20.1 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 2517. Such loans are guaranteed by the Company and subsidiary companies' land with its construction building.

20.2 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 2515. Such loans are guaranteed by the Company and subsidiary companies' land with its construction building.

- 20.3 The Company entered into loans agreement with a commercial bank in the amount of Baht 76.00 million at the interest rate of 12 percent per annum, the interest is payable on monthly basis. The principal is repayable on monthly basis in the amount of Baht 1.82 million each, commenced in October 2011 and ended in March 2515. Such loans are guaranteed by the Company's land with its construction building.
- 20.4 The Company entered into loans agreement with a commercial bank in the amount of Baht 200.00 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 4.20 million each, commenced in January 2009 and ended in June 2513. Such loans are guaranteed by subsidiary companies' land with its construction building.
- 20.5 The Company entered into loans agreement with a commercial bank in the amount of Baht 100.00 million at the interest rate of MLR + 0.5 percent per annum , the interest is payable on monthly basis. The principal is repayable on monthly basis in the amount of Baht 1.67 million each, commenced in September 2011 and ended in August 2016. Such loans have no collaterals.
- 20.6 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>th</sup> hinstallment 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.
- 20.7 As at December 31, 2011, Innovation Nakhornluang Footwear Co., Ltd. has defaulted the debt repayment under the debt restructuring agreement. Therefore, the Company has recorded such liabilities in the amount of Baht 25.32 million.
- 20.8 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.
- 20.9 Phimai Footwear Company Limited entered into loans agreement with a commercial bank amount of Baht 11.44 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> – 12<sup>th</sup> installment of Baht 400,000 each
  - 13<sup>th</sup> - 23<sup>th</sup> installment of Baht 550,000 each
  - 24<sup>th</sup> installment is repayable for total remaining (commenced in July 2011)

20.10 Excellent Rubber Company Limited entered into loans agreement with a commercial bank amount of Baht 3.00 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayment on a monthly basis in the amount of Baht 0.15 each, commenced in May 2011. Such loans are guaranteed by subsidiary companies' land with its construction building.

20.11 Thai Sung Shin New Material Co., Ltd. entered into loans agreement with a commercial bank amount of Baht 24.81 million at the interest rate of MLR, the interest is payable on monthly basis. The principal is repayable on a monthly basis. Such loans are guaranteed by subsidiary company's land with its construction building and machinery. The repayment condition is below :

1<sup>st</sup> – 27<sup>th</sup> installment not less than Baht 1,030,000 each (commenced in November 2010)

20.12 Pan Upper Company Limited entered into loans agreement with a commercial bank amount of Baht 4.80 million at the interest rate of MLR, the interest is payable on monthly basis. Such loans by the Company.

The principal is repayable on a monthly basis as below:

1<sup>st</sup> - 5<sup>th</sup> installment of Baht 150,000 each

6<sup>th</sup> installment of Baht 1,350,000 each

7<sup>th</sup> - 23<sup>th</sup> installment of Baht 150,000 each

24<sup>th</sup> installment is repayable for total remaining (commenced in March 2011)

## 21. EMPLOYEE BENEFITS OBLIGATION

The Company adopted TAS 19 (Revised 2009) "Employee Benefits" which effective on January 1, 2011. The effects to financial statements have been disclosed in note 4.

The group of company and the Company paid post-employment benefits, retirement benefits and pensions in accordance with the Labor Protection Act B.E. 2541. The employee is entitled the retirement benefits and other long-term benefits based on right and length of services.

Changes in present value of employee benefits obligation project

	(Unit: Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Employee benefits obligation project as at January 1, 2011	28,400,313	16,361,090
Present cost of service and interest	3,566,204	1,808,504
Employee benefits payment during the period	-	-
Employee benefits obligation project as at December 31, 2011	<u>31,966,517</u>	<u>18,169,594</u>

Expenses and employee benefits realized in profit or loss

(Unit: Baht)

	Consolidated	Separate
	financial statements	financial statements
For the year ended December 31, 2011		
Current cost of service	2,216,672	1,040,883
Interest on obligation	1,349,532	767,621
Total	3,566,204	1,808,504

Employee benefits realized in following transaction in statements of comprehensive income

(Unit: Baht)

	Consolidated	Separate
	financial statements	financial statements
For the year ended December 31, 2011		
Administrative expenses	3,566,204	1,808,504
Total	3,566,204	1,808,504

## 22. LONG-TERM PROVISIONS

(Unit : Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2011	2010	2011	2010
Provisions from guarantee subsidiary companies	22.1	-	-	73,770,360	32,015,363
Provisions from associated companies	22.2	10,181,546	16,589,546	10,181,546	16,589,546
Provisions from related companies	22.3	410,585,400	450,585,401	410,585,400	450,585,401
Provisions from prosecution	22.4	10,424,047	-	10,424,047	-
Total		431,190,993	467,174,947	504,961,353	499,190,310

22.1 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.

22.2 The Company has investment in several associated companies which had operating capital deficiency as stated in note 11 and also guarantee loans of those companies, the Company, thus, estimates the provisions from possible loss. In 2011, the Company has paid portion of guarantee line in the amount of Baht 6.41 million to a bank on behalf of such company. The Company, thus, reduced the provisions from guarantee associated companies.

22.3 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 Court of First Instance 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 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. As at December 31, 2011, the Company had the balance of provisions from guarantee amount of Baht 410.58 million.

22.4 The Company was sued in respect of cause of injustice to lay off the employee that the Court of First Instance has ordered the Company to make compensation amount of Baht 10.42 million. The Company has recorded as provisions from prosecution as expenses in the statements of comprehensive income for the year December 31, 2011.

### **23. CAPITAL INCREASE OF SUBSIDIARY COMPNAIES**

In 2011, Pan Asia Biotechnology Co., Ltd., a subsidiary company through PA Capital Co., Ltd. has increased its share capital from Baht 30.00 million to Baht 40.00 million by issuing newly 100,000 ordinary shares at par value 100 each and offering to the shareholders in the price of Baht 150 each in compliance with the resolution of the shareholders' extraordinary meeting no.1/2011 held on July 25, 2011. PA Capital Co. Ltd., a subsidiary of the Company and the existing shareholder of Pan Asia Biotechnology Co., Ltd. in proportion at 61.05 percent, did not invest in the increase investment increased proportion. On November 10, 2011, the Board of directors of the Company has already considered the increase share capital and deems that the omission to increase share capital based on the increased percentage, this proceed is not requested the approval from the Board of directors of the Company and required to proceed with the legal for the relevant persons quickly. However, according to the minutes of the meeting on December 14, 2011, has ratified by waiving the subscription to purchase the increased share capital since the lack of liquidity. As a result, the percentage of investment is changed from 61.05 percent to 45.79 percent. The increase share capital and reduce the percentage of investment of subsidiary has not been approved by the Company's Board of directors.

## 24. 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					
	2011			2010		
	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
Footwear Tech 1530 Co., Ltd.	1,750,000	9,863,405	2,905,000	34,339,500	193,545,372	35,369,685
Pan Tech R&D Co., Ltd.	-	-	-	15,070,000	82,850,600	15,522,100
Pontex (Thailand) Co., Ltd.	2,723,000	13,070,400	4,520,180	2,723,000	13,070,400	2,804,690
Pan Upper Co., Ltd.	1,841,777	9,024,704	3,057,350	1,841,777	9,024,704	1,897,030
Excellent Rubber Co., Ltd.	-	-	-	36	70	37
Pan Rayong Co., Ltd.	713,398	3,566,990	1,184,241	713,398	3,566,990	734,800
PA Capital Co., Ltd.	-	-	-	102,112,778	641,092,361	105,176,161
The Company's shares held by its subsidiaries	<u>7,028,175</u>	<u>35,525,499</u>	<u>11,666,771</u>	<u>199,136,439</u>	<u>1,171,517,936</u>	<u>205,110,532</u>

In 2011, a subsidiary company has sold the Company's share capital held by subsidiary companies for 102.11 million shares which had the cost of Baht 641.09 million by receiving cash payment amount of Baht 105.18 million resulted discount on sales of share capital amount of Baht 535.92 million. Such subsidiary company's ordinary shares are held by the Company in proportion of 43.67%. When subsidiary company sold the Company's shares to external investors, resulted the shareholding structure is changed and the increase in deficit on the owners of the Company, and the decrease in non-controlling interests and share of deficit by the same amount of Baht 87.03 million.

In 2011, three subsidiary companies have sold the Company's share capital held by subsidiary companies for 37.91 million shares which had the cost of Baht 211.58 million by receiving cash payment amount of Baht 55.35 million resulted discount on sales of share capital of the Company held by subsidiary company in the consolidated financial statements amount of Baht 156.23 million.

In 2011, two subsidiary companies have sold the Company's share capital held by subsidiary companies for 52.08 million shares which had the cost of Baht 283.32 million by receiving cash payment amount of Baht 91.00 million, resulted discount on sales of share capital of the Company held by subsidiary from sales the Company's share capital in the consolidated financial statements amount of Baht 192.32 million.



In 2010, five subsidiary companies have sold the Company's share capital held by subsidiary companies amount of Baht 33.92 million which had the cost of Baht 188.13 million by receiving cash payment amount of Baht 36.80 million resulted discount on sales of share capital of the Company held by subsidiary company in the consolidated financial statements amount of Baht 151.33 million.

## 25. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

### 25.1 Directors' remuneration

According to the minutes of general meeting of shareholders no. 33 held on April 11, 2011, passed to pay directors' remuneration including meeting allowance and gratuity for the year total amount not exceed Baht 10.00 million.

### 25.2 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.

## 26. EXPENSES ANALYZED BY NATURE

(Unit : Baht)

	For the year ended December 31			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Changes in inventories of finished goods and work in progress	(62,131,497)	(39,729,345)	(60,802,096)	(23,162,962)
Raw materials and consumables used	2,495,612,037	3,475,145,454	1,771,984,139	1,776,929,374
Salaries, wages and other employees benefit expenses	1,179,867,890	1,255,280,984	446,010,974	430,398,276
Depreciation and amortization	154,506,004	214,581,334	46,502,473	58,586,164

## 27. CORPORATE INCOME TAX

Corporate income tax of the Company and its subsidiary companies for the year has been calculated at the rates indicated in Revenue code from non-promoted activities for the year, after adding back certain provisions and expenses which shall not be allowed for tax computation purposes and deducting dividend income which is exempted from tax.

A subsidiary company has been granted the promotional privileges discussed in note 28, including exemption from corporate income tax on net earnings from promoted activities.

## 28. PROMOTIONAL PRIVILEGES

Two 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: -

- Fifty percent reduction of the normal corporate income tax rate on the net profits from the provided activities of two 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, 2011 can be divided into promoted and non-promoted activities as follows: -

	(Unit: Baht)		
	<u>Promoted activity</u>	<u>Non-promoted activity</u>	<u>Total</u>
Export sales	10,540,881	2,201,327,958	2,211,868,839
Local sales	<u>239,984,195</u>	<u>1,147,861,013</u>	<u>1,387,845,208</u>
Total	<u><u>250,525,076</u></u>	<u><u>3,349,188,971</u></u>	<u><u>3,599,714,047</u></u>

## 29. SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION

29.1 Cash and cash equivalents consist of cash on hand and at banks from the transaction in statements of financial position as follows:

	(Unit : Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Cash on hand and at banks	72,649,254	67,154,945	3,899,351	23,912,208

29.2 Non - cash transaction

29.2.1 As at December 31, 2011 and 2010, the Company and subsidiaries purchased assets in the form of credit in the amount of Baht 5.38 million and 0.88 million respectively.

29.2.2 In 2011, three and 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 884.47 million and Baht 151.33 million respectively.

29.2.3 In 2011, the Company estimated the provisions regarding the employee benefits by chosen to record as an adjustment to retained earnings as stated in note 4. From such adjustment, in the consolidated financial statements represented the decrease in retained earning amount of Baht 27.81 million (separate : Baht 16.36 million), decrease in non-controlling interests amount of Baht 5.67 million and increase in provisions amount of Baht 28.40 million (separate : Baht 16.36 million).

29.2.4 In 2011, the Company made covenant for taken assets at the value of Baht 212.43 million in order to settle debt to a subsidiary.

29.2.5 In 2011, the Company has transferred advance payment for share capital amount of Baht 13.20 million to be long-term investment in subsidiary

29.2.6 In 2010, the Company, in being guarantor accepted debt obligation with a financial institution in the amount of Baht 64.87 million for a subsidiary company, by directly paying to subsidiary company's financial institution creditor

29.2.7 In 2011, the Company transferred liabilities in the form of promissory note amount of Baht 93.32 million to be long – term loans.

### 30. 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, Pan Asia 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 December 31, 2011 and 2010, are as follows: -

(Unit : Baht)

Consolidated financial statements										
	Production of footwear and related components		Other business		Total		Elimination		Grand total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Sales and hire of work										
- Local	2,175,753,776	2,148,882,871	350,444,237	385,676,102	2,526,198,013	2,534,558,973	(1,106,718,628)	(976,800,684)	1,419,479,385	1,557,758,289
- Export	2,207,777,994	1,489,523,479	4,090,845	3,335,289	2,211,868,839	1,492,858,768	-	-	2,211,868,839	1,492,858,768
Total sales	4,383,531,770	3,638,406,350	354,535,082	389,011,391	4,738,066,852	4,027,417,741	(1,106,718,628)	(976,800,684)	3,631,348,224	3,050,617,057
Gross profit									65,246,120	(472,021,663)
Other income									532,845,935	511,178,050
Selling and administrative expenses									(697,419,886)	(665,716,809)
Finance costs									(148,823,352)	(127,124,607)
Total comprehensive income (expenses)									(248,151,183)	(753,685,029)
Attributable to :										
Owners of the Company									(124,938,427)	(600,863,732)
Non-controlling interests									(113,736,393)	(152,821,297)

(Unit : Baht)

Consolidated financial statements										
	Production of footwear and related components		Other business		Total		Elimination		Grand total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Assets										
- Inventories	586,042,038	578,810,491	30,203,438	36,667,414	616,245,476	615,477,905	-	-	616,245,476	615,477,905
- Investment properties	795,089,093	846,997,515	-	-	795,089,093	846,997,515	(568,071,764)	(618,082,181)	227,017,329	228,915,334
- Property, plant and equipment	686,494,641	1,776,161,712	111,477,329	119,776,702	797,971,970	1,895,938,414	(317,149,142)	(123,885,023)	480,822,828	1,772,053,391
- Others	2,452,085,968	2,185,127,426	361,521,792	549,575,848	2,813,607,760	2,734,703,274	(1,124,001,269)	(1,773,186,990)	1,689,606,491	961,516,284
Total assets	4,519,711,740	5,387,097,144	503,202,559	706,019,964	5,022,914,299	6,093,117,108	(2,009,222,175)	(2,515,154,194)	3,013,692,124	3,577,962,914

(Unit : Baht)

	Separate financial statements					
	Production of footwear and		Other business		Grand total	
	related components					
	2011	2010	2011	2010	2011	2010
Sales and hire of work income						
- Local	127,913,454	127,913,454	-	-	127,913,454	127,913,454
- Export	1,996,940,489	1,346,572,282	-	-	1,996,940,489	1,346,572,282
Total sales	2,124,853,943	1,474,485,736	-	-	2,124,853,943	1,474,485,736
Gross profit					(3,013,186)	(314,886,986)
Other income					493,893,088	430,572,781
Selling and administrative expenses					(780,596,055)	(788,841,743)
Finance costs					(70,040,946)	(58,770,289)
Total comprehensive income					(359,757,099)	(731,926,237)

(Unit : Baht)

	Separate financial statements					
	Production of footwear and		Other business		Total	
	related components					
	2011	2010	2011	2010	2011	2010
Assets						
- Inventories	306,434,836	230,570,461	-	-	306,434,836	230,570,461
- Investment properties	795,089,093	846,997,515	-	-	795,089,093	846,997,515
- Property, plant and equipment	227,017,329	506,594,586	-	-	227,017,329	506,594,586
- Others	1,520,359,193	1,936,467,471	-	-	1,520,359,193	1,936,467,471
Total assets	2,848,900,451	3,520,630,033	-	-	2,848,900,451	3,520,630,033

### 31. PROVIDENT FUND

During the year 2011, the Company and its subsidiary companies contributed approximately Baht 4.96 million to the provident fund (separate: Baht 1.93 million).

## 32. COMMITMENTS AND CONTINGENT LIABILITIES

- 32.1 As at December 31, 2011 and 2010, the Company and its subsidiary companies have the following commitments in respect of lease of land, factory building, machinery and service agreements totaling Baht 118.42 million and Baht 208.18 million respectively.
- 32.2 As at December 31, 2011 and 2010, the Company and its subsidiary companies have the following other significant commitments in respect of car lease agreements totaling Baht 31.98 million and Baht 23.21 million respectively.
- 32.3 As at December 31, 2011 and 2010, there were outstanding bank guarantees of approximately Baht 6 million and Baht 5 million respectively, issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.
- 32.4 As at December 31, 2011 and 2010, there were outstanding bank guarantees of approximately Baht 35 million respectively, issued by banks on behalf of the subsidiary companies in respect of certain performance bonds as required in the normal course of business.
- 32.5 As at December 31, 2011 and 2010, the Company has obligations totaling Baht 587 million and Baht 695 million respectively, under its guarantees of loans and credit facilities provided to 16 related parties by banks and financial institutions. The loan and credit facilities were used by the Company in the amount of Baht 419 million and Baht 505 million respectively.
- 32.6 As at December 31, 2011 and 2010, 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 loans and credit facilities were used by those companies amounted to Baht 16 million.
- 32.7 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. In 2011, the Court of First Instance has ordered the Company to make payment amount of Baht 10.42 million. At present, the case is under the appeal. The Company then recorded as provisions from prosecution at the amount ordered by the Court.
- 32.8 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.

### 33. 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, 2011			
	Floating rate	Fixed rate	Non - interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	39,596,938	-	33,052,316	72,649,254
Short-term loans from associated company	-	-	-	-
Short-term loans to related parties-net	-	24,400,000	-	24,400,000
Short-term loans to other parties	-	612,969	-	612,969
<b>Financial liabilities</b>				
Bank overdrafts and short-term loans from financial institutions	159,010,684	640,841,249	-	799,851,933
Short-term loans from associated company	-	30,000,000	-	30,000,000
Short-term loans from related company	-	53,899,302	-	53,899,302
Short-term loans from directors	-	35,000,000	-	35,000,000
Long-term loans	493,240,791	-	-	493,240,791

(Unit : Baht)

Transactions	Separate financial statements			
	December 31, 2011			
	Floating rate	Fixed rate	Non - interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	3,847,260	-	52,091	3,899,351
Long-term loans to related parties - net	-	98,300,000	-	98,300,000
<b>Financial liabilities</b>				
Bank overdrafts and short-term loans from financial institutions	28,139,224	471,006,740	-	499,145,964
Short-term loans from related parties	-	15,000,000	-	15,000,000
Long-term loans	333,524,107	-	-	333,524,107

The financial instruments carrying interest at fixed rates are below classified, according to the period from the statements of financial position 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	24,400,000	-	-	24,400,000	7.50
<b><u>Financial liabilities</u></b>					
Bank overdrafts and short-term loans					
from financial institutions	-	640,841,249	-	640,841,249	3.47 - 10.25
Short-term loans from associated company	30,000,000	-	-	30,000,000	6.00
Short-term loans from related company	51,338,755	2,560,547	-	53,899,302	3.00 - 7.25
Short-term loans from directors	35,000,000	-	-	35,000,000	6.00
					(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	98,300,000	-	-	98,300,000	6.00 - 7.25
<b><u>Financial liabilities</u></b>					
Bank overdrafts and short-term loans					
from financial institutions	-	471,006,740	-	471,006,740	3.47 - 10.25
Short-term loans from related parties – net	15,000,000	-	-	15,000,000	5.85

### 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.

As at December 31, 2011, assets and liabilities denominated in foreign currencies which were not entered into exchange rate risk hedging agreement as follows:

Foreign currency	Consolidated financial statements		Separate financial statements	
	Assets	Liabilities	Assets	Liabilities
US Dollar	10,279,345	2,017,838	8,709,023	1,607,195
Euro	16,520	1,186	-	-

### 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 subsidiary companies. The Company and subsidiary companies believe that their maximum exposure to credit risk is limited to the net book value as stated in the statements of financial position.

With respect to off statements of financial position 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 adopted the method and assumption for the estimates of fair value of financial instrument of the financial statements for the year ended December 31, 2011.

As at December 31, 2011, the aggregate carrying values of financial instruments do not materially differ from their aggregate fair value.

## 34. EVENTS AFTER THE REPORTING PERIOD

- 34.1 From the worst flood in Thailand, the Company and subsidiary companies' parts of land, building and equipment located in flooding areas have been affected by such factors. However, the Company and subsidiaries has partly made insurance and the Company is claiming the compensation from insurance company. The damages have been recorded in the financial statements.
- 34.2 According to the Board of directors' meeting no. 3/2012 held on March 5, 2012, the Company has resolution to bring on action with a subsidiary company and/or directors and/or management of such subsidiary company in respect of investment acquisition in 2 companies which was not approved by the Company's meeting.



### 35. CAPITAL MANAGEMENT

The objective of capital management of the Company and subsidiary companies is to prepare the financial structure to be properly appropriated and preserve the ability to continue their operation as a going concern.

As at December 31, 2011 and 2010, the Company and subsidiary companies have debt to equity ratio as summarized below :

	Consolidated financial statements		Separate financial statements	
	December 31,	December 31,	December 31,	December 31,
	2011	2010	2011	2010
Debt to equity ratio	6.23 : 1	7.53 : 1	1.37 : 1	1.23 : 1

### 36. RECLASSIFICATION IN THE FINANCIAL STATEMENTS

The presentation in these financial statements have been prepared in compliance with the regulations in the notification of Department of Business Development dated September 28, 2011 regarding the condensed form should be included in the financial statements B. E. 2554, the certain accounts in comparative financial statements have been prepared for corresponding with the reclassification of currently accounts which have no impacts on statements of comprehensive income or shareholders' equity as previously reported.

The reclassifications in the 2010 financial statements for corresponding with the 2011 financial statements are as follows:

	Consolidated financial statements(Baht)		
	Before reclassify	Reclassify	After reclassify
<b>Statements of financial position</b>			
<b>as at December 31, 2010</b>			
<b>Assets</b>			
Trade and other receivables	-	548,323,364	548,323,364
Net trade accounts receivable	420,574,718	(420,574,718)	-
Other receivables-related parties -net	60,365,785	(60,365,785)	-
Other current assets-accrued income	28,199,539	(28,199,539)	-
Other current assets-prepaid expenses	39,183,322	(39,183,322)	-
Investment properties	-	228,915,334	228,915,334
Property, plant and equipment	1,738,441,740	33,611,651	1,772,053,391
Investment in properties	228,915,334	(228,915,334)	-
Cost of para-rubber plant	33,611,651	(33,611,651)	-

	Consolidated financial statements(Baht)		
	Before reclassify	Reclassify	After reclassify
<b>Statements of financial position</b>			
<b>as at December 31, 2010</b>			
<b>Liabilities</b>			
Trade and other payables	-	653,461,499	653,461,499
Trade accounts payable	404,093,134	(404,093,134)	-
Other payables-related parties	70,517,110	(70,517,110)	-
Other current liabilities- accrued expenses	170,413,144	(170,413,144)	-
Other current liabilities- unearned revenue	8,438,111	(8,438,111)	-
Long-term loan from related persons and parties	-	190,000,000	190,000,000
Long-term loan from related companies	130,000,000	(130,000,000)	-
Long-term loan from related persons	60,000,000	(60,000,000)	-
	<u>3,392,753,588</u>	<u>-</u>	<u>3,392,753,588</u>

	Separate financial statements(Baht)		
	Before reclassify	Reclassify	After reclassify
<b>Statements of financial position</b>			
<b>as at December 31, 2010</b>			
<b>Assets</b>			
Trade and other receivables	-	433,997,303	433,997,303
Net trade accounts receivable	232,583,295	(232,583,295)	-
Other receivables-related parties -net	148,052,231	(148,052,231)	-
Other current assets-accrued income	25,664,613	(25,664,613)	-
Other current assets-prepaid expenses	27,697,164	(27,697,164)	-
Investment properties	-	846,997,515	846,997,515
Property, plant and equipment	1,091,065,116	(584,470,530)	506,594,586
Investment in properties	228,915,334	(228,915,334)	-
Cost of para-rubber plant	33,611,651	(33,611,651)	-

	Separate financial statements(Baht)		
	Before reclassify	Reclassify	After reclassify
<b>Statements of financial position</b>			
<b>as at December 31, 2010</b>			
<b>Liabilities</b>			
Trade and other payables	-	285,436,927	285,436,927
Trade accounts payable	211,449,129	(211,449,129)	-
Other payables-related parties	18,384,516	(18,384,516)	-
Other current liabilities- accrued expenses	55,600,701	(55,600,701)	-
Other current liabilities- unearned revenue	2,581	(2,581)	-
Long-term loan from related persons and parties	-	190,000,000	190,000,000
Long-term loan from related companies	130,000,000	(130,000,000)	-
Long-term loan from related persons	60,000,000	(60,000,000)	-
	<u>2,263,026,331</u>	<u>-</u>	<u>2,263,026,331</u>

### 37. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on March 5, 2012.