

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

AUDITOR'S REPORT

To The Shareholders of
PAN ASIA FOOTWARE PUBLIC COMPANY LIMITED

I have audited the accompanying consolidated and separate financial statements of PAN ASIA FOOTWARE PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of PAN ASIA FOOTWARE PUBLIC COMPANY LIMITED, which comprise consolidated and separate statements of financial position as at December 31, 2012, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, including notes of summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with standards on auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis for Qualified Expression

As stated in notes 22 to financial statements, as at December 31, 2012, the Company has liabilities on guarantee the defaulted debt repayment in the amount of Baht 380.34 million. I have already sent the confirmation letter but have no reply yet and I was unable to apply the other auditing procedures for properly obtaining evidences as to such long-term provisions.

As stated in notes 3 and 13 to financial statements, the Company has obtained the financial statements as at September 30, 2012 (as at December 31, 2012, the Company has not obtained those financial statements) of PA Capital Co., Ltd., an associated company in which the Company has directly and indirectly holding share capital through subsidiary company at 43.67 percent (in 2011 it used to be subsidiary company and was changed the status to be associated company in 2012 as stated in notes 13 to financial statements) from the management of PA Capital Co., Ltd. which were not reviewed by the auditor that they are separate financial statements only and the management of PA Capital Co., Ltd. has not prepared the consolidated financial statements, even though PA Capital Co., Ltd. had investment in its subsidiary and associated companies. Therefore, the management of Pan Asia Footwear Public Company Limited taken the separate financial statements of PA Capital Co., Ltd to prepare the financial statements in which the equity method is applied in order to compute investment in PA Capital Co., Ltd. which reflected from changes in status from subsidiary company to associated company in accordance with the financial statements in which the equity is applied, PA Capital Co., Ltd. had net negative assets amount of Baht 325.20 million. The Company, then, recorded investment in PA Capital Co., Ltd. equal to zero. I have not audited the financial statements of PA Capital Co., Ltd. since I have not been appointed as an auditor. Therefore, I was unable to apply the other auditing procedures for satisfactory in such investment.

Qualified Opinion

In my opinion, except for the effects of adjustments, if any, of the matter as described in the Basis of Qualified Expression paragraph the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of PAN ASIA FOOTWARE PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of PAN ASIA FOOTWARE PUBLIC COMPANY LIMITED as at December 31, 2012, and their financial performance and cash flows for the year then ended in accordance with the Thai financial reporting standards.

Emphasis of matters

Without qualifying my opinion, I draw your attention to following notes to financial statements:

- 1) As stated in notes 2 to financial statements, pertaining to the continuity of Company and subsidiary companies' operation as at December 31, 2012, the Company and subsidiary companies have the exceeding of total liabilities over total assets amount of Baht 263.24 million, and current liabilities over current assets at the same day in amount of Baht 313.84 million. Besides, two subsidiary companies have stopped their manufacturing and laid-off employees. These factors may significantly affect to the continuity of Company and subsidiary companies' operation. However, the Company and subsidiary companies had sold their fixed assets and investment out in the first quarter of 2013 in order to settle the debt and implement the liquidity of the Company. The financial statements for the year ended December 31, 2012 do not include any adjustments that might result from the outcome of this uncertainty and the magnitude cannot be currently determined.
- 2) As stated in notes 13 to financial statements, in respect of the status of various subsidiary companies was changed to associated companies of the Company in 2012.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

March 30, 2013

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012

(Unit: Baht)

	Consolidated financial statements			Separate financial statements		
	<i>Note</i>	December 31, 2012	December 31, 2011 (Restated)	January 1, 2011 (Restated)	December 31, 2012	December 31, 2011
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents		18,180,592	72,649,254	67,154,945	1,149,145	3,899,351
Current investment		-	171,027	168,534	-	-
Trade and other receivables						
Trade accounts receivable - related parties	5.1	53,936,144	56,023,235	229,487,384	213,203	4,607,255
Trade accounts receivable - other parties		182,627,661	403,544,727	191,087,334	144,482,192	275,513,212
Other receivables	5.2	52,487,347	93,972,777	60,365,785	68,217,548	143,528,591
Total trade and other receivables	6	289,051,152	553,540,739	480,940,503	212,912,943	423,649,058
Short - term loans to related parties	5.3	9,605,668	25,012,969	8,772,969	-	-
Inventories	7	323,115,278	616,245,477	615,477,905	257,211,463	306,434,836
Assets classified as held for sale	8	872,615,553	-	-	796,962,741	-
Other current assets	9	7,965,355	26,864,317	143,869,079	2,479,610	11,835,407
Total current assets		1,520,533,598	1,294,483,783	1,316,383,935	1,270,715,902	745,818,652
NON-CURRENT ASSETS						
Pledged bank deposits	10	993,774	7,947,200	7,985,857	-	-
Long-term investments in available-for-sale securities	11	38,000	29,400	29,400	38,000	29,400
Investment in associated companies	12	31,401,549	103,206,926	163,817,753	-	-
Investment in subsidiary companies	13	-	-	-	169,074,820	682,691,679
Long-term investments in related parties	14	3,844,459	40,501,869	13,711,959	-	-
Long-term loans to related parties	5.4	12,800,000	-	-	51,300,000	98,300,000
Investment properties	15	-	227,017,329	228,915,334	3,213,953	795,089,093
Property, plant and equipment	16	206,894,152	1,281,340,266	1,772,053,391	295,406,217	448,272,145
Goodwill	17	-	-	-	-	-
Leasehold right		4,881,084	6,160,529	6,737,197	4,881,085	5,424,418
Receivables from guarantee	5.5	-	-	-	54,070,000	54,070,000
Other non-current assets		27,730,235	53,004,822	68,328,088	15,285,806	19,205,064
TOTAL NON-CURRENT ASSETS		288,583,253	1,719,208,341	2,261,578,979	593,269,881	2,103,081,799
TOTAL ASSETS		1,809,116,851	3,013,692,124	3,577,962,914	1,863,985,783	2,848,900,451

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, 2012

(Unit: Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Consolidated financial statements			Separate financial statements	
		December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011
CURRENT LIABILITIES			(Restated)	(Restated)		
Bank overdrafts and short-term loans from						
financial institutions	18	635,430,431	799,851,933	1,023,876,632	427,991,784	499,145,963
Trade and other payables						
Trade accounts receivable - related parties	5.6	57,264,964	34,790,562	44,429,542	39,641,210	62,393,537
Trade accounts receivable - other parties		145,316,188	332,431,069	359,663,592	68,186,018	125,032,218
Other payables	5.7	198,486,045	239,498,370	70,517,110	85,902,382	68,907,668
Total trade and other payables	19	401,067,197	606,720,001	474,610,244	193,729,610	256,333,423
Current portion of long-term loans	20	244,970,801	146,517,063	167,903,210	175,464,107	72,720,000
Short-term loans from related persons and parties	5.8	116,264,907	118,899,302	95,341,494	182,950,000	15,000,000
Accrued income tax		3,169,658	17,384	2,623,284	-	-
Liabilities from guarantee defaulted debt	22	380,344,834	-	-	380,344,834	-
Liabilities included with asset classified as held for sale		33,518,254	-	-	-	-
Other current liabilities		19,604,398	30,994,900	248,732,153	19,695,074	17,185,037
Total current liabilities		1,834,370,480	1,703,000,583	2,013,087,017	1,380,175,409	860,384,423
NON-CURRENT LIABILITIES						
Long-term loans	20	199,353,878	346,723,727	600,076,812	115,450,000	260,804,106
Employee benefit obligations	21	17,035,448	31,966,517	-	14,398,765	18,169,594
Long-term provisions	22	18,176,160	431,190,993	467,174,947	191,514,293	504,961,353
Other non-current liabilities		3,423,180	3,439,750	2,848,288.00	-	-
TOTAL NON-CURRENT LIABILITIES		237,988,666	813,320,987	1,070,100,047	321,363,058	783,935,053
TOTAL LIABILITIES		2,072,359,146	2,516,321,570	3,083,187,064	1,701,538,467	1,644,319,476

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, 2012

(Unit: Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY	Note	Consolidated financial statements			Separate financial statements	
		December 31, 2012	December 31, 2011	January 1, 2011	December 31, 2012	December 31, 2011
SHAREHOLDERS' EQUITY			(Restated)	(Restated)		
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	2,700,000,000
Issued and paid-up share capital						
540,000,000 ordinary shares of Baht 5 each		2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000	2,700,000,000
Paid-in capital						
Premium on share capital		1,677,183	1,677,183	1,677,183	1,677,183	1,677,183
Shares capital of the Company held by its subsidiary companies	23	(17,552,525)	(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	21,000,000
Unappropriated		(2,973,763,394)	(1,968,949,255)	(1,105,433,217)	(2,560,143,867)	(1,518,001,608)
Changes in net fair value of available-for-sale investments	11	(86,000)	(94,600)	(94,600)	(86,000)	(94,600)
OWNERS OF THE COMPANY		(268,724,736)	718,107,829	445,631,430	162,447,316	1,204,580,975
NON-CONTROLLING INTERESTS		5,482,441	(220,737,275)	49,144,420	-	-
TOTAL SHAREHOLDERS' EQUITY		(263,242,295)	497,370,554	494,775,850	162,447,316	1,204,580,975
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,809,116,851	3,013,692,124	3,577,962,914	1,863,985,783	2,848,900,451

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Revenues from sales	2,060,412,154	3,599,714,047	1,638,960,203	2,122,499,789
Hire of work	39,011,942	31,634,176	13,419,039	2,354,154
Total revenues	2,099,424,096	3,631,348,223	1,652,379,242	2,124,853,943
Cost of sales and hire of work	(2,218,423,601)	(3,566,102,103)	(1,726,589,438)	(2,127,867,129)
Gross profit (loss)	(118,999,505)	65,246,120	(74,210,196)	(3,013,186)
Other income :				
Interest income	33,508,031	6,595,488	11,695,577	13,073,918
Rental income	36,633,551	29,172,489	44,384,530	48,376,844
Service fee income	5,574,969	3,723,240	5,839,687	6,442,972
Gain on debt restructuring	9,928,354	-	-	-
Gain on exchange rate	-	11,203,174	-	10,686,443
Sales of raw materials scrap income	4,243,624	1,546,950	-	-
Gain on disposal of investment	-	8,566,905	-	-
Gain on disposal of assets	135,511,298	421,280,329	102,879,739	405,298,275
Others	79,944,366	61,960,534	7,647,456	10,014,636
Total other income	305,344,193	544,049,109	172,446,989	493,893,088
Profit before expenses	186,344,688	609,295,229	98,236,793	490,879,902
Selling expenses	(82,493,887)	(63,641,260)	(58,657,820)	(45,115,131)
Administrative expenses	(282,488,302)	(439,430,263)	(111,171,014)	(153,082,392)
Other expenses :				
Impairment loss of investment	(12,968,441)	-	(477,314,859)	(425,120,884)
Loss impairment of assets.	(103,443,950)	(40,278,257)	(101,271,535)	(14,794,802)
Loss on guarantees and lose the case	(15,159,960)	(11,329,732)	(85,874,369)	(53,084,729)
Loss on flood situation	-	(25,157,640)	-	(19,775,311)
Loss on exchange rate	(3,060,095)	-	(3,166,042)	-
Doubtful accounts	(567,753,679)	(88,491,877)	(197,271,316)	(51,163,692)
Damages expenses on defective goods	(11,308,831)	(1,044,218)	(11,308,831)	(1,044,218)
Others	(21,399,453)	(27,490,173)	(17,649,810)	(17,414,896)
Total other expenses	(735,094,409)	(193,791,897)	(893,856,762)	(582,398,532)
Finance costs	(119,058,088)	(148,823,351)	(76,693,456)	(70,040,946)
Share of profit (loss) from investment in associated companies	43,884,518	(9,457,305)	-	-
Total expenses	(1,175,250,168)	(855,144,076)	(1,140,379,052)	(850,637,001)
Profit (Loss) before income tax	(988,905,480)	(245,848,847)	(1,042,142,259)	(359,757,099)
Income tax expenses	(3,498,250)	(2,302,335)	-	-
Profit (loss) for the period from continuing operations	(992,403,730)	(248,151,182)	(1,042,142,259)	(359,757,099)
Profit (loss) for the period from discontinued operations	(4,586,979)	-	-	-
Total comprehensive income (expense) for the period	(996,990,709)	(248,151,182)	(1,042,142,259)	(359,757,099)

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Other comprehensive income (expense) :				
Profit (loss) on re-measuring of available-for sale investment	8,600	-	8,600	-
Other comprehensive income (expense) for the period - net of tax	8,600	-	8,600	-
Total comprehensive income (expense) for the period	<u>(996,982,109)</u>	<u>(248,151,182)</u>	<u>(1,042,133,659)</u>	<u>(359,757,099)</u>
Profit (loss) attributable to:				
Owners of the Company	(992,198,415)	(142,594,808)	(1,042,142,259)	(359,757,099)
Non-controlling interests	(4,792,294)	(105,556,374)	-	-
	<u>(996,990,709)</u>	<u>(248,151,182)</u>	<u>(1,042,142,259)</u>	<u>(359,757,099)</u>
Total comprehensive income attributable to:				
Owners of the Company	(992,189,815)	(142,594,808)	(1,042,133,659)	(359,757,099)
Non-controlling interests	(4,792,294)	(105,556,374)	-	-
	<u>(996,982,109)</u>	<u>(248,151,182)</u>	<u>(1,042,133,659)</u>	<u>(359,757,099)</u>
Earnings (loss) per share :				
Loss from continuing operations	(1.85)	(0.32)	(1.93)	(0.67)
Loss from discontinued operations	(0.01)	-	-	-
Basic earnings (loss) per share	<u>(1.86)</u>	<u>(0.32)</u>	<u>(1.93)</u>	<u>(0.67)</u>
Weighted average number of ordinary shares (share)	535,390,365	448,707,934	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 YEAR ENDED DECEMBER 31, 2012

(Unit: Baht)

	Consolidated financial statements							Total
	Issued and paid-up share capital	Premium on share capital	The Company's share held by its subsidiary companies	Other components of equity	Retained earnings (deficit)		Non-controlling interests	
				Changes in net fair value of available for sales investment	Appropriated Legal reserve	Unappropriated		
Balance as at January 1, 2011	2,700,000,000	1,677,183	(1,171,517,936)	(94,600)	21,000,000	(1,133,241,046)	43,476,293	461,299,894
Sales of treasury stocks	-	-	1,135,992,437	-	-	(582,587,641)	(301,881,595)	251,523,201
Gain (loss) on changes in inter-company shareholding structure	-	-	-	-	-	(110,525,760)	110,525,760	-
Total comprehensive income (expense) for the period	-	-	-	-	-	(142,594,808)	(105,556,374)	(248,151,182)
Non-controlling interests of subsidiary increased from sales of investment in subsidiary	-	-	-	-	-	-	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)
Balance as at December 31, 2011	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(35,525,499)</u>	<u>(94,600)</u>	<u>21,000,000</u>	<u>(1,968,949,255)</u>	<u>(220,737,275)</u>	<u>497,370,554</u>
Balance as at January 1, 2012	2,700,000,000	1,677,183	(35,525,499)	(94,600)	21,000,000	(1,968,949,255)	(220,737,275)	497,370,554
Sales of treasury stocks	-	-	17,972,974	-	-	(12,615,724)	-	5,357,250
Changes in non-controlling interests								
- Decrease from changes in status of subsidiary companies to be associated companies	-	-	-	-	-	-	231,012,010	231,012,010
Total comprehensive income (expense) for the period	-	-	-	8,600	-	(992,198,415)	(4,792,294)	(996,982,109)
Balance as at December 31, 2012	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(17,552,525)</u>	<u>(86,000)</u>	<u>21,000,000</u>	<u>(2,973,763,394)</u>	<u>5,482,441</u>	<u>(263,242,295)</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 YEAR ENDED DECEMBER 31, 2012

(Unit: Baht)

	Separate financial statements					Total	
	Issued and paid-up share capital	Premium on share capital	Other components		Total		
			Changes in net fair value of available for sales investment	Retained earnings (deficit)			
				Appropriated Legal reserve			Unappropriated
Balance as at January 1, 2011	2,700,000,000	1,677,183	(94,600)	21,000,000	(1,158,244,509)	1,564,338,074	
Total comprehensive income (expense) for the periods	-	-	-	-	(359,757,099)	(359,757,099)	
Balance as at December 31, 2011	<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>	
Balance as at January 1, 2012	2,700,000,000	1,677,183	(94,600)	21,000,000	(1,518,001,608)	1,204,580,975	
Total comprehensive income (expense) for the periods	-	-	8,600	-	(1,042,142,259)	(1,042,133,659)	
Balance as at December 31, 2012	<u>2,700,000,000</u>	<u>1,677,183</u>	<u>(86,000)</u>	<u>21,000,000</u>	<u>(2,560,143,867)</u>	<u>162,447,316</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 YEAR ENDED DECEMBER 31, 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit (loss) before income tax	(988,905,480)	(245,848,847)	(1,042,142,259)	(359,757,099)
Loss from discontinued operations	(4,586,979)	-	-	-
Profit (loss) for the period	(993,492,459)	(245,848,847)	(1,042,142,259)	(359,757,099)
Adjustments to reconcile net earnings to net cash provided				
by (used in) operating activities				
Depreciation and amortization	90,222,512	154,506,004	50,234,909	46,502,473
Share of profit (loss) on investments in associated				
companies under equity method	(43,884,518)	9,457,305	-	-
(Reversed) loss on guarantee and lost the case	15,159,960	11,329,732	85,874,369	53,084,729
Loss on devaluation of inventories	27,112,514	52,773,898	27,091,152	19,489,204
Loss on disposal of assets	103,443,950	40,278,257	101,271,535	14,794,802
Loss on flood situation	-	25,157,640	-	19,775,311
Gain on disposal of assets	(135,511,298)	(421,280,329)	(102,879,739)	(405,298,275)
Gain on disposal of investment	-	(8,566,905)	-	-
Impairment loss of investment	12,968,441	-	477,314,859	425,120,884
Doubtful accounts	567,753,679	88,491,877	197,271,316	51,163,692
Employee benefit obligations	(3,048,965)	3,566,204	(3,689,202)	1,808,504
Finance costs - interest expenses	114,987,388	141,572,315	74,373,893	65,538,719
Profit from operation before changes in operating				
assets and liabilities	(244,288,796)	(148,562,849)	(135,279,167)	(67,777,056)
(Increase) Decrease in operating assets				
Trade and other receivables	119,438,026	(65,816,153)	157,888,205	(32,662,732)
Inventories	186,439,766	(53,541,469)	22,132,222	(95,353,580)
Other current assets	5,374,787	17,853,187	9,355,796	561,239
Other non-current assets	(475,100)	(2,088,838)	(47,090)	(1,571,523)
Receivables from guarantee	-	-	-	10,800,000
Increase (Decrease) in operating liabilities				
Trade and other payables	(158,811,558)	(115,956,484)	(71,767,060)	(34,738,346)
Other current liabilities	(81,910)	(38,885,998)	2,510,039	(44,575,867)
Liabilities provision from guarantee and breach of agreement	(47,829,960)	(46,408,000)	(32,670,000)	(46,408,000)
Employee benefit obligations	(5,322,085)	-	(81,627)	-
Other non-current liabilities	2,137,003	(1,953,221)	-	-
Cash generated from operation before	(143,419,827)	(455,359,825)	(47,958,682)	(311,725,865)
interest and income tax paid				
Interest paid	(75,057,311)	(75,194,385)	(65,210,646)	(66,729,329)
Income tax paid	(5,782,846)	(32,721,141)	(3,112,704)	(9,816,409)
Income tax refunded	12,837,809	47,285,229	7,079,049	14,576,089
Net cash provided (used in) by operating activities	(211,422,175)	(515,990,122)	(109,202,983)	(373,695,514)

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 YEAR ENDED DECEMBER 31, 2012

(Unit: Baht)

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Cash flows from investing activities					
Decrease from changes in status of subsidiary companies					
to be associated companies		(34,395,923)	-	-	-
(Increase) Decrease in cash at banks and financial institution maturity					
over 3 months pledged as guarantee		1,901,813	36,164	-	-
Decrease (Increase) in current investment		112,978	-	-	-
Purchase of property, plant and equipment		(28,399,456)	(43,074,671)	(11,932,843)	(68,109,639)
Proceeds from disposal of property, plant and equipment		209,847,052	744,392,345	147,929,800	722,364,954
Proceeds from purchase of investment in subsidiary companies		-	(388,000)	-	-
Payments for purchase of investment in related parties		-	(33,789,910)	-	-
Proceeds from disposal of investment in related parties		-	79,731,892	-	-
Proceeds from short-term loans to related companies and other companies		2,440,000	60,000	-	-
Payments for short-term loans to related companies and other companies		-	(18,300,000)	-	-
Proceeds from long-term loans to related parties		3,200,000	1,500,000	5,000,000	71,440,000
Payments for long-term loans to related parties		-	-	(88,730,000)	(55,600,000)
Net cash provided (used in) by investing activities		<u>154,706,464</u>	<u>730,167,820</u>	<u>52,266,957</u>	<u>670,095,315</u>
Cash flows from financing activities					
Increase (Decrease) in bank overdrafts and short-term loans					
from financial institutions		(90,202,076)	(130,704,700)	(71,154,180)	(53,693,351)
Proceeds from short-term loans related persons and parties and other parties		113,304,360	68,540,000	228,100,000	-
Payments for short-term loans related persons and other parties		-	(44,982,191)	(60,150,000)	-
Payments for long-term loans related persons and other parties		-	(190,000,000)	-	(190,000,000)
Proceeds from long-term loans		-	11,097,797	-	-
Payment for long-term loans		(20,456,199)	(189,157,028)	(42,610,000)	(72,719,307)
Proceeds from disposal of debentures		-	15,000,000	-	-
Proceeds from disposal of treasury stock		5,357,251	251,523,201	-	-
Net payment for dividend		-	(467)	-	-
Net cash provided (used in) by financing activities		<u>8,003,336</u>	<u>(208,683,388)</u>	<u>54,185,820</u>	<u>(316,412,658)</u>
Net increase (decrease) in cash and cash equivalents		(48,712,375)	5,494,310	(2,750,206)	(20,012,857)
Cash and cash equivalents at the beginning of the period		72,649,254	67,154,944	3,899,351	23,912,208
Transferred cash and cash equivalents of subsidiary company					
to be assets classified as held for sale	28.4	(5,756,287)	-	-	-
Cash and cash equivalents at the end of the period		<u>18,180,592</u>	<u>72,649,254</u>	<u>1,149,145</u>	<u>3,899,351</u>

Supplemental disclosures of cash flows information are detailed in note 28

Notes to financial statements are parts of these financial statements.

PAN ASIA FOOTWEAR PUBLIC COMPANY LIMITED AND SUBSIDIARIES

CONDENSED NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2012

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. CONTINUITY OF OPERATION

As at December 31, 2012, the Company and subsidiary companies have the exceeding of total liabilities over total assets amount of Baht 263.24 million, and current liabilities over current assets at the same day in amount of Baht 313.84 million. Besides, two subsidiary companies have stopped their manufacturing and laid-off employees. These factors may significantly affect to the continuity of Company and subsidiary companies’ operation. However, the Company and subsidiary companies had sold their part of fixed assets and investment out in the price of Baht 744.00 million in the first quarter of 2013 in order to settle the debt and implement the liquidity of the Company, resulted gain on sale of assets amount of Baht 398.51 million (Separate statements Baht 273.07 million). The financial statements for the year ended December 31, 2012 do not include any adjustments that might result from the outcome of this uncertainty and the magnitude cannot be currently determined

3. FINANCIAL STATEMENTS PRESENTATION BASIS

3.1 The financial statements have been prepared in accordance with the generally accepted accounting principles enunciated under the Accounting Professions Act B.E. 2547 and presented in accordance with the regulations of the Securities and Exchange Commission regarding the preparation and presentation of the 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.

3.2 Issued and revised financial reporting standards

3.2.1 The Federation of Accounting Professions issued various revised financial reporting standards which 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. The details are following:

<u>Accounting standards</u>	<u>Contents</u>	Effective
TAS 12	Income Taxes	January 1, 2013
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rate	
<u>Financial reporting standards</u>		
TFRS 8	Operation Segments	January 1, 2013
<u>Standing Interpretations</u>		
TSIC 10	Government Assistance-No Specific Relation to Operating Activities	January 1, 2013
TSIC 21	Income Taxes- Recovery of Revalued Non-Depreciable Assets	January 1, 2013
TSIC 25	Income Taxes- Changes in the Tax Status of an Enterprises or its Shareholders	January 1, 2013

The Company's management assessed and found that those standards will have no significant impacts on the financial statements.

3.2.2 On January 17, 2013, the Federation of Accounting Professions has issued the financial reporting standards

<u>Standing Interpretations</u>	<u>Contents</u>	Effective
TSIC 29	Service Concession Arrangements Disclosures	January 1, 2014
<u>Financial Reporting Interpretations</u>		
TFRIC 4	Determining whether an Arrangement contains a Lease	January 1, 2014
TFRIC 12	Service Concession Arrangements	January 1, 2014
TFRIC 13	Customers Loyalty Programmes	January 1, 2014
<u>Accounting Guidance</u>		
	Transfers of Financial Assets	January 1, 2013

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

3.3 These consolidated financial statements include the financial statements of the Company and the following subsidiaries.

Company's name	Nature of business	Percentage of shareholding		Country of incorporation	Subsidiary's total assets as a percentage to the consolidated total assets		Subsidiary's total revenues as a percentage to the consolidated total revenues for the years	
		as at			as at December 31,		ended December 31,	
		December 31, 2012	2011		2012	2011	2012	2011
Footwear Tech 1530 Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	6.52	4.57	0.38	0.12
International Curity Footwear Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	4.72	3.27	2.88	0.70
Pan Rayong Company Limited	Manufacture of footwear uppers	100.00	100.00	Thailand	0.14	0.81	0.98	0.02
PhimaiFootwear Company Limited	Manufacture of footwear uppers and soles	100.00	100.00	Thailand	0.61	1.00	0.14	0.81
Excellent Rubber Company Limited	Manufacture of footwear soles	100.00	100.00	Thailand	4.34	5.33	5.41	3.24
KabinburiPanasia Footwear Company Limited	Manufacture and export of footwear	100.00	100.00	Thailand	8.32	10.78	3.67	2.77
Pontex (Thailand) Company Limited	Manufacture of plastic footwear parts	95.73	95.73	Thailand	6.21	2.79	4.68	2.25
Innovation Nakornluang Footwear Company Limited	Ceased operation	96.07	96.07	Thailand	0.69	0.20	3.21	0.06
Chainat Rubber Company Limited) (100 percent held byPan Asia	Manufacture of footwear soles	100.00	100.00	Thailand	1.63	0.67	4.47	1.70
Footware Public CompanyLimited)								
Hankha Bangkok Rubber Company Limited (100 percent held by Pan Asia	Manufacture of footwear uppers	99.99	99.99	Thailand	1.69	0.91	4.87	2.28
Footware Public CompanyLimited)								
Modern Technology Component Company Limited (100 percent held by Kabinburi								
Panasia Footwear Co., Ltd.)	Manufacture of footwear soles	100.00	100.00	Thailand	8.20	5.09	7.58	4.29
Pan Component Company Limited (100 percent held by KabinburiPanasia								
Footwear Co., Ltd.)	Manufacture of footwear uppers	100.00	100.00	Thailand	0.04	0.12	0.06	0.03
Pan Upper Company Limited (100 percent held by KabinburiPanasia								
Footwear Co., Ltd.)	Manufacture of footwear uppers	100.00	100.00	Thailand	0.04	0.01	0.05	0.02
Pan Tech R&D Company Limited	Design, research and development of shoes	100.00	100.00	Thailand	0.78	0.78	-	-
Pan Asia Garment (Laos) Co., Ltd.	Manufacture of garment	100.00	-	Laos	0.56	0.44	-	0.62
BurirumPanfootwear Co., Ltd. (65.67 percent held by KabinburiPanasia	Manufacture of footwear uppers	65.67	65.67	Thailand	0.05	0.18	0.10	-
Footwear Co., Ltd.)								

3.3.1 Changes in shareholding structure from subsidiary companies to be associated companies as stated in notes 12 to financial statements, consist of:

Company's name	Nature of business	Country of incorporation	Percentage of shareholding by Pan Asia Footwear Plc. and subsidiary
1. PA Capital Co., Ltd. (held by International Curity Footwear Co., Ltd. at 1.04%, Footwear Tech 1530 Co., Ltd. at 17.42%, Pantech R&D Co., Ltd. at 1.75%, Kabinburi Pan Asia Footwear Co., Ltd. at 6.64%, Modern Technology Components Co., Ltd. at 11.22% and held by Subsidiary companies of PA Capital Co., Ltd. at 18.61%)	Investment, service real estate and grocery stores	Thailand	43.67
2. Aphakorn Industrial Co., Ltd. (held By Pontex (Thailand) Co., Ltd. at 33.36%, PA Capital Co., Ltd. at 65.71%)	Manufacture of plastic injection molds	Thailand	33.36
3. Pek Engineering Co., Ltd. (held by PA Capital Co., Ltd. at 100%)	Ceased operation	Thailand	Associated company through PA Capital Co., Ltd.
4. P.L. John Industries Co., Ltd. (held by PA Capital Co., Ltd. at 80.75% and International Curity Footwear Co., Ltd. at 19.25%)	Ceased operation	Thailand	19.25 (Associated company through PA Capital Co., Ltd.)
5. Eastern Rubber Co., Ltd. (held by PA Capital Co., Ltd. at 57%)	Ceased operation	Thailand	Associated company through PA Capital Co., Ltd.
6. Thai Sungshin New Material Co., Ltd. (held by PA Capital Co., Ltd. at 54.58% and Pimai Footwear Co., Ltd. at 4.57%)	Manufacturing of footwear soles	Thailand	4.57 (Associated company through PA Capital Co., Ltd.)
7. Pek Industry Co., Ltd. (held by PA Capital Co., Ltd. at 50%)	Manufacturing of footwear parts	Thailand	Associated company through PA Capital Co., Ltd.
8. Advantage Footwear Co., Ltd. (held By PA Capital Co., Ltd. at 25.42%, Pek Industries Co., Ltd. at 11.58%, Kabinburi Pan Asia Footwear Co., Ltd. at 22.15%, Pan Component Co., Ltd. at 12.83%, Pan Upper Co., Ltd. at 9.80%, Modern Technology Co., Ltd. at 0.54%, Pan Rayong Co., Ltd. at 1.09%, and Nakhornluang Footwear Co., Ltd. at 0.82%)	Manufacturing of footwear soles	Thailand	47.23

3.3.2 Changes in shareholding structure from subsidiary companies to be related companies

In of 2012, PA Capital Co., Ltd. has sold out investment in Pan Asia 0Bio Technology Co., Ltd. (held by PA Capital Co., Ltd. at 45.79 percent)for total amount, as a result, such company is changed its status form subsidiary company to be related company.

3.4 Transaction with related companies

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 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.

4.2 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.

4.3 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.

4.4 Inventories

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

4.5 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.

4.6 Property, plants and equipment

Property are stated at cost less provision for impairment (if any), plants and equipment are stated at cost less accumulated depreciation and provision for impairment.

The cost is included all direct costs related to bringing the asset, construction cost, including cost of material and direct labor and any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner of intention, the cost of dismantling and removing the item and restoring the site on which it is located and the borrowing cost.

Parts of property, plant and equipment are not the same useful life, the Company and subsidiaries separately recorded the significant parts of each item.

The replacement cost is recognized as part of the carrying value of property, plant and equipment if it is probable that future economic benefits associated with the item will flow to the Company and subsidiaries and the cost of the item can be measured reliably. The removed assets are derecognized by the carrying value. The cost of day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is calculated from the depreciable amount of building and equipment which comprised of the cost of an asset, or other amount substituted for cost, less its residual value. The allocation of the depreciable amount is calculated by over its estimated useful life as follows:

Land improvement	5 - 20 years
Building	20 – 50 years
Tools and equipment	5 - 10 years
Office furniture equipment and vehicles	3 - 5 years
Public utilities	5 - 10 years

4.7 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.

4.8 Leasehold right and amortization

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

4.9 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

4.10 Share capital of the Company held by subsidiary companies

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

4.11 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.

4.12 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.

4.13 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.

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

4.14 Employees benefit

4.14.1 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.

4.14.2 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.

Assumption	Consolidated financial statements	Separate financial statements
Discount rate for employees and daily staff	3.80 - 4.59	4.33 - 4.59
Increase salaries rate for employees and daily staff	0.67 - 4.80	0.67 - 4.20
Mortality and disability		
According to Thailand TMO97 males and female tables		

4.15 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.

4.16 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.

4.17 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.

4.18 Assets classified as held for sale

In the preparation of the consolidated financial statements, assets, liabilities and non-controlling interests in subsidiary companies in which the Company intended to dispose such investment in total within 1 year, have been reclassified as assets classified as held for sale, liabilities included with assets classified as held for sale and non-controlling interests included with assets classified as held for sale. And in the separate financial statements, the Company has reclassified investments in subsidiary companies as assets classified as held for sale. In the first quarter of 2013, the Company and subsidiary companies have sold part of fixed assets out, therefore, investment properties, and property, plant and equipment have been transferred to assets classified as held for sale and in the first quarter of 2013, the Company and subsidiary companies had sold part of fixed assets out that the investment properties, and property, plant and equipment have been transferred to assets classified as held for sale.

Net assets of discontinued operations held for sale are stated at the lower of cost or fair value after deduction with selling expenses.

Investment properties, and property, plant and equipment classified as held for sale are stated at the cost or fair value whichever is lower

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 :

For the ended December 31

	Consolidated financial statements		Separate financial statements		Pricing policy
	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	
Transactions with subsidiary companies :					
(Eliminated from consolidated financial statements)					
Sales of goods	-	-	1,810,281	2,971,084	Cost plus margins of 3 - 10 percent
Hire of work income	-	-	2,625,831	1,800,310	Cost plus margins of 3 - 10 percent
Interest income	-	-	11,555,456	12,199,414	6.0 percent per annum
Rental fee income	-	-	12,130,270	26,792,938	Cost plus margins of 3 percent or market price
Service fee income	-	-	59,450	461,639	As indicated in the agreement
Guarantee fee income	-	-	4,131,017	4,719,822	1.5 percent of facilities used
Other income	-	-	179,772	484,151	Cost plus margin
Purchases of goods	-	-	163,469,649	295,002,618	Cost plus margins of 3 - 10 percent
Hire of work expenses	-	-	269,262,917	529,367,848	Cost plus margins of 3 - 10 percent
Service expenses				9,777	As indicated in the agreement
Rental expenses	-	-	7,495,800	19,773,860	As indicated in the agreement
Other expenses			2,500		
Interest expenses	-	-	2,193,504	1,042,500	5.85 percent per annum
Transactions with associated companies :					
Sales of goods	13,294,191	93,056,069	3,120,799	65,468,155	Cost plus margins of 3 - 10 percent
Hire of work income	1,618,872	-	-	-	Cost plus margins of 3 - 10 percent
Interest income	32,256,155	6,576,304	-	527,052	5.50 - 6.50 percent per annum
Rental fee income	19,722,001	13,723,590	27,451,368	10,437,190	Cost plus margins of 3 percent or market price
Service fee income	2,317,002	1,352,329	9,600	5,000	As indicated in the agreement
Guarantee fee income	1,293,259	1,835,773	1,293,259	1,105,800	1.5 percent of facilities used
Other income	2,036,465	2,614,328	-	-	Cost plus margin
Purchase of goods	103,649,040	115,111,985	37,800,421	43,964,812	Cost plus margins of 3 - 10 percent
Hire of work expenses	9,440,851	773,213	538,757	-	Cost plus margins of 3 - 10 percent
Rental expenses	110,860	-	31,860	-	As indicated in the agreement
Other expenses	3,209,393	45,390	64,186	8,000	As indicated in the agreement
Production expenses	524,878				
Fee expenses	2,422,603	-	-	-	As indicated in the agreement
Interest expenses	326,301	1,806,413	326,301	-	4 - 6 percent per annum
Public utilities expenses	2,466,780	106,449	-	-	As indicated in the agreement
Service fee	33,498	-	-	-	As indicated in the agreement
Security expenses	662,369	-	-	-	As indicated in the agreement
Debt compromise wages income	6,600,000	-	-	-	As indicated in the agreement
Share subscription deposit	2,000,000	-	2,000,000	-	As indicated in the agreement

For the ended December 31

	Consolidated financial statements		Separate financial statements		Pricing policy
	2012	2011	2012	2011	
Transactions with related companies :					
Sales of goods	150,613,952	459,577,039	1,973,798	9,728,346	Cost plus margins of 3 - 10 percent
Hire of work income	17,276,125	162,609,016	8,234,973	1,159,771	Cost plus margins of 3 - 10 percent
Interest income	914,285	12,605,138	45,491	78,274	0.4 - 7.25 percent per annum
Rental income	10,446,572	10,028,130	874,471	8,204,930	Cost plus margins of 3 percent or market price
Service fee income	48,400	688,889	-	8,225	As indicated in the agreement
Guarantee fee income	148,261	193,877	148,261	142,092	1.5 percent of facilities used
Other income	1,027,684	4,361,296	-	40,676	Cost plus margin
Dividend received	1,000	1,500	1,000	1,500	As declared for payment
Purchases of goods	16,540,455	46,630,604	3,465,857	15,466,995	Cost plus margins of 3 - 10 percent
Hire of work expenses	1,741,731	14,253,886	1,646,300	9,007,338	Cost plus margins of 3 - 10 percent
Research and development expenses	-	1,299,000	-	-	As indicated in the agreement
Production expenses	1,870,518	220,761	-	-	As indicated in the agreement
Training expenses	228,700	1,536,255	-	6,000	As indicated in the agreement
Public utilities expenses	19,974,950	31,727,200	18,628,055	28,074,549	As indicated in the agreement
Service expenses	91,317	1,239,550	2,005,148	70,200	As indicated in the agreement
Rental expenses	12,002,503	20,764,057	11,649,404	13,854,747	As indicated in the agreement
Supply expenses	32,636	225,580	-	-	As indicated in the agreement
Computer expenses	9,930	204,730	-	2,500	As indicated in the agreement
Car rental expenses	1,856,477	6,754,643	324,021	2,400,818	As indicated in the agreement
Consultant fee	-	170,300	-	-	As indicated in the agreement
Other expenses	902,755	8,434,560	372,045	238,799	As indicated in the agreement
Interest expenses	-	2,884,147	-	-	3 - 7.25 percent per annum
Security expenses	1,101,019	4,860,020	-	1,431	As indicated in the agreement
Share subscription deposit	3,000,000	-	3,000,000	-	As indicated in the agreement
Transaction with related persons					
Interest expenses	1,584,099	2,210,959	1,596,428	916,438	3.75 – 6.00 percent per annum

In of 2012, Innovation Nakhornluang Footwear Co., Ltd. a subsidiary company entered into agreement to hire PA Capital Co., Ltd., an associated company in order to negotiate with a trade accounts payable for which Innovation Nakhornluang Footwear Co., Ltd. has outstanding debt in the amount of Baht 22.43 million. The compromise wages amounted to Baht 6.60 million. From this negotiationsuch company has to make trade payable in the amount of Baht 12.50 million, resulted gain amount of Baht 3.33 million. This transaction was done by the related persons without approval by the Board of directors of Pan Asia Footwear Public Company Limited.

As at December 31, 2012 and 2011, 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	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Trade accounts receivable - subsidiary companies				
(Eliminated from consolidated financial statements)				
KabinburiPanasia Footwear Company Limited	-	-	159,109	975,870
Excellent Rubber Co., Ltd.	-	-	-	76,820
Total	-	-	159,109	1,052,690
Trade accounts receivable - associated companies				
Uthai Bangkok Rubber Co., Ltd.	963	963	-	-
Pan Asia Leather Co., Ltd.	118,330	13,424,392	-	-
Pan Innovation Co., Ltd.	-	471,630	-	-
Bangkok Athletic Co., Ltd.	3,082	5,052,703	-	3,454,778
Pek Engineering Co., Ltd.	1,426,432	-	-	-
Pek Industry Co., Ltd.	68,003	-	-	-
Thai Sung Shin New Material Co., Ltd.	1,489,728	-	-	-
Advantage Footwear Co., Ltd.	698,812	-	-	-
Nongchang Rubber Co., Ltd.	43,592	43,592	-	-
Total	3,848,942	18,993,280	-	3,454,778
Trade accounts receivable - related companies				
PF Intertech Co., Ltd.	26,157	693,402	-	-
Bangkok Rubber Plc.	12,087,755	18,433,157	-	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Ban Pan Engineering and Holding Co., Ltd.	41,727	172,314	-	-
Rangsit Footwear Co., Ltd.	7,966,040	13,408,334	-	-
Rangsit Polymer Co., Ltd.	61,483	61,483	-	-
Pan Long John Co., Ltd.	37,145	201,183	-	-
Bangkok Rubber Saharattana Co., Ltd.	1,550,716	11,578,630	23,104	108,763
Suphan Footwear Co., Ltd.	17,797,247	17,954,679	36,402	36,402
Innovation Footwear Co., Ltd.	726,037	13,292,649	81,638	81,638
Ecco (Thailand) Co., Ltd.	14,613,880	23,138	-	-
P.S.R. Footwear Co., Ltd.	34,414,649	48,990,388	-	-
Thanuluk Plc.	-	2,677	-	-
International Leather Fashion Co., Ltd.	376,647	489,403	-	30,902
P.I. Industries Co., Ltd.	-	409,440	-	-
Performance Rubber Co., Ltd.	-	91,318	-	-
Thanakom Injection Co., Ltd.	22,177,170	7,793,555	-	-
Pan Security Guard and Service Co., Ltd.	302,776	1,083,939	-	-
Ban Pan Research Laboratory Co., Ltd.	-	2,290	-	-
H&B Intertech Co., Ltd.	-	487,920	-	-
Payway of Life Co., Ltd.	-	6,749	-	-
Phichit P. S. R. Footwear Co., Ltd.	-	55,646	-	-
SahapattanaInterholding Plc.	-	22,420	-	-
Sadesa (Thailand) Co., Ltd.	-	11,877	-	-
Pan Poly Technic Co., Ltd.	-	77,500	-	-
Total	112,179,428	135,344,091	141,144	257,705
Total accounts receivable	116,028,370	154,337,371	300,253	4,765,173
Less : Allowance for doubtful accounts	(62,092,226)	(98,314,136)	(87,050)	(157,918)
Total trade accounts receivable – related parties	53,936,144	56,023,235	213,203	4,607,255

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
5.2 Other accounts receivable - subsidiary companies				
(Eliminated from consolidated financial statements)				
Footwear Tech 1530 Co., Ltd.	-	-	101,141	21,287
International Curity Footwear Co., Ltd.	-	-	6,565,114	14,491,165
Excellent Rubber Co., Ltd.	-	-	8,525,100	111,018
Pan Tech R&D Co., Ltd.	-	-	1,682	-
Kabinburi Panasia Footwear Co., Ltd.	-	-	56,474,425	81,410,734
Pan Component Co., Ltd.	-	-	5,476,250	3,836,640
Pan Upper Co., Ltd.	-	-	124,162	2,675
Innovation Nakornluang Footwear Co., Ltd.	-	-	482,407	4,023,378
PA Capital Co., Ltd.	-	-	-	518
Hankha Bangkok Rubber Co., Ltd.	-	-	698,081	-
Phimai Footwear Co., Ltd.	-	-	2,572,398	174,148
Pan Rayong Co., Ltd.	-	-	1,682	-
Modern Technology Component Co., Ltd.	-	-	10,282,342	7,757,642
Pek Engineering Co., Ltd.	-	-	-	321,657
Pek Industry Co., Ltd.	-	-	-	363,389
Pan Asia Biotechnology Co. Ltd.	-	-	-	772,000
Advantage Footwear Co., Ltd.	-	-	-	7,121
Pan Asia Garment Co., Ltd. (Lao)	-	-	1,454,235	-
Aphakorn Industrial Co., Ltd.	-	-	-	1,800
Total	-	-	92,759,019	113,295,172
Other accounts receivable - associated companies				
PA Capital Co., Ltd.	120,544,059	-	4,557	-
P.L. John Industries Co., Ltd.	31,299	-	-	-
Pek Engineering Co., Ltd.	3,787,421	-	321,656	-
Pek Industry Co., Ltd.	2,627	-	2,627	-
Eastern Rubber Co., Ltd.	1,300,000	-	-	-
Thai Sung Shin New Material Co., Ltd.	3,177,311	-	4,800	-
Advantage Footwear Co., Ltd.	37,225	-	8,803	-
Aphakorn Industrial Co., Ltd.	87,650	-	-	-
Uthai Bangkok Rubber Co., Ltd.	18,877,517	18,877,517	57,833	57,833
Nongchang Rubber Co., Ltd.	16,776,926	16,792,312	14,337	14,337
Pan Asia Leather Co., Ltd.	66,430,711	64,390,110	26,951,661	20,535,414
Bangkok Athletic Co., Ltd.	160,835	2,102,421	160,835	157,912
Total	231,213,581	102,162,360	27,527,109	20,765,496

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
<u>Other accounts receivable - related companies</u>				
PF Intertech Co., Ltd.	7,807	21,535,748	7,807	3,818
Rayong Bangkok Rubber Co., Ltd.	1,442,918	1,547,211	-	-
Bangkok Rubber Plc.	9,335,697	44,302,414	9,318,405	764,257
Pan Long John Co., Ltd.	18,000	138,866	18,000	-
Ban Pan Engineering and Holding Co., Ltd.	4,034,874	4,034,874	4,034,874	4,034,874
Rangsit Footwear Co., Ltd.	1,218,934	15,245,093	321,099	259,388
P.S.R. Footwear Co., Ltd.	9,206,976	19,754,905	-	-
Rattanakorn Engineering Co., Ltd.	2,440	7,129	2,440	7,129
Pan Tech Machinery Co., Ltd.	44,302	-	-	-
Rangsit Polymer Co., Ltd.	583,073	745,064	-	-
Bangkok Rubberland Engineering Co., Ltd.	-	211,241	-	-
Srisuree Co., Ltd.	-	48,322	-	-
Pan Comp International Co., Ltd	14,791	14,903	14,792	14,903
Suphan Footwear Co., Ltd.	9,060	9,060	-	-
Innovation Footwear Co., Ltd.	6,066,686	6,616,686	4,566,686	5,116,686
Pan Security Guard and Service Co., Ltd.	901,429	1,547,611	831,687	1,410,490
Bangkok Rubber Saharattana Co., Ltd.	-	209,732	-	4,800
Pan Asia Biotechnology Co. Ltd.	930	-	-	-
Pan Biotech Co., Ltd.	-	50,000	-	-
International Leather Fashion Co., Ltd.	25,120	-	25,120	-
SahapattanaInterholding Plc.	5,011	-	-	-
Thanuluk Plc.	2,406	-	-	-
	<u>32,920,454</u>	<u>116,018,859</u>	<u>19,140,910</u>	<u>11,616,345</u>

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Other receivables - other companies</u>				
Other companies	63,029,709	89,213,972	24,158,491	67,943,525
Total	63,029,709	89,213,972	24,158,491	67,943,525
Total other receivables	327,163,744	307,395,191	163,585,529	213,620,538
Less : Allowance for doubtful accounts	(274,676,397)	(213,422,414)	(95,367,981)	(70,091,947)
Total other receivables	52,487,347	93,972,777	68,217,548	143,528,591

5.3 Short-term loans to related and other parties**Short-term loans to associated companies**

Nongchang Rubber Co., Ltd.	850,000	850,000	-	-
PA Capital Co., Ltd.	2,932,699	-	-	-
Thai Sung Shin New Material Co., Ltd.	2,600,000	-	-	-
Total	6,382,699	850,000	-	-

Short-term loans to related companies

Rangsit Polymer Co., Ltd.	6,500,000	6,500,000	-	-
PF Intertech Co., Ltd.	-	52,740,000	-	-
Bangkok Rubber Saharattana Co., Ltd.	-	17,000,000	-	-
P.S.R. Footwear Co., Ltd.	-	60,944,250	-	-
Rangsit Footwear Co., Ltd.	-	105,462,971	-	-
Pan Security Guard and Service Co., Ltd.	-	6,900,000	-	-
Narai Bangkok Rubber Co., Ltd.	500,000	500,000	-	-
Pan Asia Biotechnology Co., Ltd.	6,100,000	-	-	-
Total	13,100,000	250,047,221	-	-

Short – term loans to other parties

Other companies	572,969	612,969	-	-
Total	572,969	612,969	-	-
Total short-term loans to related parties	20,055,668	251,510,190	-	-
Less: Allowance for doubtful accounts	(10,450,000)	(226,497,221)	-	-
Total short – term loans to related parties	9,605,668	25,012,969	-	-

The movements of loans to related parties during the ended December 31, 2012 were as follows :-

(Unit: Baht)

Consolidated financial statements							
	January 1,	Transfer in	Repayment	December31,	Allowance for	Net	Due date
	2012	(out)		2012	doubtful		
					accounts		
Short - term loans to associated companies							
Nongchang Rubber Co., Ltd.	850,000	-	-	850,000	(850,000)	-	Call
Thai Sung Shin New Material Co., Ltd.	-	2,600,000	-	2,600,000	(2,600,000)	-	Call
PA Capital Co., Ltd.	-	4,632,699	(1,700,000)	2,932,699	-	2,932,699	Call
Total	850,000	7,232,699	(1,700,000)	6,382,699	(3,450,000)	2,932,699	
Short - term loans to related companies							
Rangsit Polymer Co., Ltd.	6,500,000	-	-	6,500,000	(6,500,000)	-	Call
PF Intertech Co., Ltd.	52,740,000	(52,740,000)	-	-	-	-	Call
P.S.R. Footwear Co., Ltd.	60,944,250	(60,944,250)	-	-	-	-	Call
Rangsit Footwear Co., Ltd.	105,462,971	(105,462,971)	-	-	-	-	Call
Pan Security Guard and Services Co., Ltd.	6,900,000	(6,900,000)	-	-	-	-	Call
Narai Bangkok Rubber Co., Ltd.	500,000	-	-	500,000	(500,000)	-	Call
Bangkok Rubber Saharattana Co., Ltd	17,000,000	(17,000,000)	-	-	-	-	Call
Pan Asia Biotechnology Co., Ltd. .	-	6,700,000	(600,000)	6,100,000	-	6,100,000	Call
Total	250,047,221	(236,347,221)	(600,000)	13,100,000	(7,000,000)	6,100,000	
Short – term loans to other parties							
Other company	612,969	-	(40,000)	572,969	-	572,969	Call
Total	612,969	-	(40,000)	572,969	-	572,969	
Total	251,510,190	(229,114,522)	(2,340,000)	20,055,668	(10,450,000)	9,605,668	
Less : Allowance for doubtful accounts	(226,497,221)	(226,497,221)	-	-	-	-	
Total short-term loans to related parties	25,012,969	(2,617,321)	(2,340,000)	20,055,668	(10,450,000)	9,605,668	

Short-term loans to associated companies

As at December 31, 2012, two subsidiary companies have short-term loans providing to three associated companies in the amount of Baht 0.85 million, Baht 2.93 million, and Baht 2.60 million respectively without collateralize. These loans are repayable at call, and bear interest at rates of 3.00-8.36 percent per annum. Subsidiary companies have provided the allowance for doubtful accounts in the amount of Baht 3.45 million.

Short-term loans to related parties

As at December 31, 2012, three subsidiary companies have short-term loans providing to related parties which had no collateralized. These loans are repayable at call, and bear inter-company interest at rates of 4.00 - 8.625 percent per annum. Such subsidiary companies have already provided an allowance for doubtful accounts of Baht 7.0 million.

Short-term loans to other parties

A subsidiary company has short-term loan providing to other parties in the amount of Baht 0.57 million which had no collateral. The loans are repayable at call and bear inter-company interest at the rate of 7.50 percent per annum.

5.4 Long-term loans to related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Long-term loans to subsidiary company</u>				
(Eliminated from consolidated financial statements)				
Modern Technology Component Co., Ltd.	-	-	41,600,000	39,600,000
Phimai Footwear Co., Ltd.	-	-	19,660,000	20,300,000
KabinburiPanasia Footwear Co., Ltd.	-	-	136,070,000	72,000,000
Excellent Rubber Co., Ltd.	-	-	18,300,000	-
Total	-	-	215,630,000	131,900,000
<u>Long-term loans to associated company</u>				
Pan Asia Leather Co., Ltd.	47,000,000	87,200,000	-	-
PA Capital Co., Ltd.	395,785,415	-	-	-
P.L. John Industries Co., Ltd.	10,700,000	-	-	-
Pek Engineering Co., Ltd.	9,540,000	-	-	-
Advantage Footwear Co., Ltd.	12,800,000	-	-	-
Total	475,825,415	87,200,000	-	-
<u>Long-term loans to related companies</u>				
Rangsit Footwear Co., Ltd.	2,108,739	2,108,739	2,108,739	2,108,739
Pan Tech Machinery Co., Ltd.	2,250,000	2,250,000	-	-
Total	4,358,739	4,358,739	2,108,739	2,108,739
Total long-term loans to related parties	480,184,154	91,558,739	217,738,739	134,008,739
Less: Allowance for doubtful accounts	(467,384,154)	(91,558,739)	(166,438,739)	(35,708,739)
Net	12,800,000	-	51,300,000	98,300,000

The movements of loans to/from related parties during the ended of December 31, 2012 were as follows :-

(Unit: Baht)

Consolidated financial statements							
	January 1,	Transfer in	Repayment	December31,	Allowance for	Net	Due date
	2012	(out)		2012	doubtful		
					accounts		
<u>Long - term loans to associated company</u>							
Pan Asia Leather Co., Ltd.	87,200,000	(37,200,000)	(3,000,000)	47,000,000	(47,000,000)	-	Call
PA Capital Co., Ltd.	-	395,785,415	-	395,785,415	(395,785,415)	-	Call
P.L. John Industries Co., Ltd.	-	10,700,000	-	10,700,000	(10,700,000)	-	Call
Pek Engineering Co., Ltd.	-	9,540,000	-	9,540,000	(9,540,000)	-	Call
Advantage Footwear Co., Ltd.	-	13,000,000	(200,000)	12,800,000	(12,800,000)	12,800,000	Call
Total long - term loans to associated company	87,200,000	391,825,415	(3,200,000)	475,825,415	(475,825,415)	12,800,000	
<u>Long - term loans to related companies</u>							
Rangsit Footwear Co., Ltd.	2,108,739	-	-	2,108,739	(2,108,739)	-	July 24, 2017
Pan bioTechnologyCo.,Ltd.	3,400,000	-	(600,000)	-	-	-	
Pan Tech Machinery Co., Ltd.	2,250,000	-	-	2,250,000	(2,250,000)	-	Call
Total Long - term loans to related companies	4,358,739	-	(600,000)	4,358,739	(4,358,739)	-	
Total	91,558,739	391,825,415	(3,800,000)	480,384,154	(467,384,154)	12,800,000	
Less : Allowance for doubtful accounts	(91,558,739)	-	-	(467,384,154)	-	-	
Total long - term loans to related parties	-	-	-	12,800,000	-	12,800,000	

(Unit : Baht)

Separate financial statements							
	January 1,	Additional	Repayment	December31,	Allowance for	Net	Due date
	2012	loans		2012	doubtful		
					accounts		
<u>Long-term loans to subsidiary companies</u>							
Modern Technology Component Co., Ltd.	39,600,000	3,000,000	(1,000,000)	41,600,000	(8,600,000)	33,000,000	Call
KabinburiPanasia Footwear Co., Ltd.	72,000,000	64,070,000	-	136,070,000	(136,070,000)	-	Call
Excellent Rubber Co., Ltd.	-	18,300,000	-	18,300,000	-	18,300,000	
International Curity Footwear Co., Ltd.	-	1,500,000	(1,500,000)	-	-	-	Call
Phimai Footwear Co., Ltd.	20,300,000	1,860,000	(2,500,000)	19,660,000	(19,660,000)	-	Call
Total	131,900,000	88,730,000	(5,000,000)	215,630,000	(164,330,000)	51,300,000	
<u>Long-term loans to related companies</u>							
Rangsit Footwear Co., Ltd.	2,108,739	-	-	2,108,739	(2,108,739)	-	
Total long-term loans to relate companies	134,008,739	88,730,000	(5,000,000)	217,738,739	(168,038,739)	51,300,000	
Less : Allowance for doubtful accounts	(35,708,739)	-	-	(168,438,739)	-	-	
Total long-term loans to related parties	98,300,000	-	-	51,300,000	-	51,300,000	

Long-term loans to associated companies

A subsidiary company has loans to Pan Asia Leather Co., Ltd. in which encountered the financial problem. As at December 31, 2012, the outstanding debt is Baht 47.00 million. These loans are repayable at call and bear inter-company interest at the rate of 6.50 percent per annum. Such loans have no collaterals. That subsidiary company has provided the allowance for doubtful accounts in fully amount.

As at December 31, 2012, seven subsidiary companies have loans providing to PA Capital Co., Ltd. in total amount of Baht 395.79 million. Those loans are repayable at call and bear inter-company interest at the rate of 5.00-6.00 percent per annum. Those subsidiary companies have provided the allowance for doubtful accounts in fully amount.

As at December 31, 2012, three subsidiary companies have loans providing to P.L. John Industry Co., Ltd., Pek Engineering Co., Ltd. and Advantage Footwear Co., Ltd. in the amount of Baht 10.70 million, Baht 9.54 million and Baht 12.80 million respectively and bear interest at the rate of 5.00 percent per annum. Those subsidiary companies have provided the allowance for doubtful accounts for two companies in the amount of Baht 20.24 million.

Long-term loans to related companies

As at December 31, 2012, the Company has provided loans in the amount of Baht 2.11 million to Rangsit Footwear Co., Ltd in which is being operated the business rehabilitation. The Company has provided allowance for doubtful accounts in fully amount.

As at December 31, 2012, two subsidiary companies have provided unsecured loans totaling Baht 2.25 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.

5.5 Receivables from guarantee

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Receivables from guarantee – subsidiary company</u>				
International Curity Footwear Co., Ltd.	-	-	54,070,000	54,070,000
Total	-	-	54,070,000	54,070,000
<u>Receivables from guarantee - related companies</u>				
Bangkok Rubber Plc.	14,733,985	14,733,985	14,733,985	14,733,985
Rangsit Polymer Co., Ltd.	3,720,879	3,720,879	-	-
Total	18,454,864	18,454,864	14,733,985	14,733,985
Total receivables from guarantee - related companies	18,454,864	18,454,864	68,803,985	68,803,985
Less: Allowance for doubtful accounts	(18,454,864)	(18,454,864)	(14,733,985)	(14,733,985)
Net	-	-	54,070,000	54,070,000

Receivable from guarantee- subsidiary companies

In 2010, the Company, as loan guarantor is liable on payment to a bank in settlement loans granted to International Curity Footwear Co., Ltd. The Company has included this transaction under “Receivables from guarantee - subsidiary companies”. As at December 31, 2012 the remaining amount of Baht 54.07 million.

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”. As at December 31, 2012 the remaining amount of Baht 14.73 million which was fully provided allowance for doubtful accounts.

In 2004, a subsidiary company, as loan guarantor has paid amount of Baht 4 million to a bank in settlement loans for a related company. Subsidiary company has included this amount under “Receivables from guarantee - related companies” which was fully provided allowance for doubtful accounts.

5.6 Trade accounts payable – related parties

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Trade accounts payable-subsidiary companies</u>				
(Eliminated from consolidated financial statements)				
International Curity Footwear Co., Ltd.	-	-	105,630	222,955
Pontex (Thailand) Co., Ltd.	-	-	8,002,316	6,210,677
Excellent Rubber Co., Ltd.	-	-	4,497,672	26,548,856
Modern Technology Component Co., Ltd.	-	-	1,642,137	2,507,819
Pan Rayong Co., Ltd.	-	-	11,288,661	11,288,661
KabinburiPanasia Footwear Co., Ltd.	-	-	314,778	1,690,565
Pek Industry Co., Ltd.	-	-	-	11,488
Thai Sung Shin New Material Co., Ltd.	-	-	-	462,497
Footwear Tech 1530 Co., Ltd.	-	-	1,353,761	686,669
Phimai Footwear Co., Ltd.	-	-	79,193	242,201
Advantage Footwear Co., Ltd.	-	-	-	2,000,794
Chainat Rubber Co., Ltd.	-	-	495,060	-
Innovation Nakornluang Footwear Co., Ltd.	-	-	2,790	2,790
Panasia Bio Technology Co., Ltd.	-	-	-	22,000
Total	-	-	27,781,998	51,897,972

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Trade accounts payable - associated companies				
Nutrition House Co., Ltd.	-	11,625	-	-
PA Capital Co., Ltd.	5,540,912	-	-	-
Pek Engineering Co., Ltd.	51,478	-	-	-
Pek Industry Co., Ltd.	823,588	-	193	-
Thai Sung Shin New Material Co., Ltd.	317,078	-	245,349	-
Advantage Footwear Co., Ltd.	8,438,808	-	7,377,478	-
Aphakorn Industrial Company Limited	23,961,632	-	-	-
Pan Asia Leather Co., Ltd.	6,543,120	15,759,667	2,335,335	8,454,033
Pan Innovation Co., Ltd.	-	184,121	-	-
Bangkok Athletic Co., Ltd.	-	590,133	-	-
Nongchang Rubber Co., Ltd.	61,670	100,056	61,671	61,671
Uthai Bangkok Rubber Co., Ltd.	203,188	203,188	203,188	203,188
BangkokAthleticCo., Ltd.	479,811	-	-	-
Total	46,421,285	16,848,790	10,223,214	8,718,892
Trade accounts payable - related companies				
Bangkok Rubber Plc.	1,608,947	4,625,794	289,855	289,855
Pan Innovation Co., Ltd.	62,141	-	-	-
Pan Tech Machinery Co., Ltd.	-	14,688	-	-
Rangsit Footwear Co., Ltd.	340,344	448,555	-	-
Panasia Bio Technology Co., Ltd.	16,095	-	6,600	-
PF Intertech Co., Ltd.	828,367	2,243,635	-	-
Textile Prestige Plc.	51,050	98,975	51,050	-
Inter Fareast Engineering Plc.	17,846	17,845	-	-
Ban Pan Research Laboratory Co., Ltd.	555,741	705,268	20,063	181,151
Ban Pan Engineering and Holding Co., Ltd.	-	60,120	-	-
Rangsit Polymer Co., Ltd.	11,592	11,592	-	-
Pan Long John Co., Ltd.	68,411	616,973	67,245	104,282
Innovation Footwear Co., Ltd.	1,189,360	1,458,385	1,189,360	1,189,360
Ecco (Thailand) Co., Ltd.	11,825	91,159	11,825	11,825
Pan Asia Pacific Co., Ltd.	1,366,929	1,366,929	-	-
Sadesa (Thailand) Co., Ltd.	1,587	1,587	-	-

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
I.C.C. International Plc.	4,372,853	5,509,130	-	-
Pan Comp International Co., Ltd.	-	33,930	-	-
Performance Rubber Co., Ltd.	-	235	-	-
International Leather Fashion Co., Ltd.	319,725	298,441	-	-
Rattanakorn Engineering Co., Ltd.	20,865	20,865	-	-
Bangkok Rubber Saharattana Co., Ltd.	-	266,782	-	-
Narai Bangkok Rubber Co., Ltd.	-	50,884	-	-
Total	10,843,678	17,941,772	1,635,998	1,776,473
Total trade accounts payable - related parties	57,264,964	34,790,562	39,641,210	62,393,537

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011

5.7 Other payables - related parties**(Eliminated from consolidated financial statements)**

International Curity Footwear Co., Ltd.	-	-	2,233,303	1,507,931
Excellent Rubber Co., Ltd.	-	-	229,196	646,239
Footwear Tech 1530 Co., Ltd.	-	-	4,873,253	4,317,472
Pek Industry Co., Ltd.	-	-	-	279,128
Innovation Nakornluang Footwear Co., Ltd.	-	-	16,500	16,500
KabinburiPanasia Footwear Co., Ltd.	-	-	2,379	-
Modern Technology Component Co., Ltd.	-	-	424,810	397,801
Pontex (Thailand) Co., Ltd.	-	-	73,093	87,466
Phimai Footwear Co., Ltd.	-	-	36,245	1,246
Thai Sung Shin New Material Co., Ltd.	-	-	-	53,530
Advantage Footwear Co., Ltd.	-	-	-	73,810
Pan Rayong Co., Ltd.	-	-	1,477,785	766,723
Pan tech R&D Co., Ltd.	-	-	99,027	29,000
Total	-	-	9,465,591	8,176,846

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Other payables - associated companies</u>				
Nutrition House Co., Ltd.	-	1,947,945	-	-
PA Capital Co., Ltd.	2,506,286	-	-	-
Pek Industry Co., Ltd.	242,409	-	242,409	-
Thai Sung Shin New Material Co., Ltd.	259,630	-	63,344	-
Advantage Footwear Co., Ltd.	39,930	-	39,930	-
Pan Asia Leather Co., Ltd.	14,391	112,713	14,391	111,652
Bangkok Athletic Co., Ltd.	2,000,000	-	2,000,000	-
Pan Innovation Co., Ltd.	-	1,748	-	-
Total	5,062,646	2,062,406	2,360,074	111,652
<u>Other payables - related companies</u>				
Bangkok Rubber Plc.	1,234,644	10,942,932	364,331	405,557
PF Intertech Co., Ltd.	157,230	2,156,847	99,189	499,081
SahaRattanaNakorn Co., Ltd.	427,667	1,608,715	232,567	-
Pan Asia Biotechnology Co., Ltd.	4,385	-	4,385	4,385
Ban Pan Research Laboratory Co., Ltd.	3,453,370	4,390,817	3,432,470	3,440,174
Jones & Vining (Thailand) Co., Ltd.	-	28,968	-	28,968
Sun Colour OA Co., Ltd.	118,998	184,902	103,672	163,506
Rangsit Polymer Co., Ltd.	44,581	44,581	-	-
Ban Pan Engineering and Holding Co., Ltd.	6,069,651	9,783,679	2,660,892	2,641,016

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Bangkok Rubber Saharattana Co., Ltd.	3,000,053	290,262	3,000,000	-
Pan Poly Technic Co., Ltd.	3,305,338	3,729,453	926,122	926,122
Pan Comp International Co., Ltd.	2,782	18,019	2,782	12,562
Rangsit Footwear Co., Ltd.	471,584	568,733	2,893	2,893
F.N. Infinity Co., Ltd.	314,500	340,420	210,000	210,000
Pan Long John Co., Ltd.	14,012	18,869	150	-
Sahapattana Interholding Plc.	3,734,429	2,940,492	2,503,224	2,137,755
Pan Security Guard and Service Co., Ltd.	9,175,093	10,661,205	5,441,673	5,441,673
Suphan Footwear Co., Ltd.	5,671,209	5,671,209	-	-
Innovation Footwear Co., Ltd.	-	90,000	-	-
Narai Bangkok Rubber Co., Ltd.	1,800	1,800	-	-
Esastampa (Thailand) Co., Ltd.	-	237,902	-	-
Performance Rubber Co., Ltd.	428	428	428	428
Bangkok Rubberland Engineering Co., Ltd.	15,530	15,530	-	-
I.C.C. International Plc.	2,208,060	-	2,208,060	-
Sadesa (Thailand) Co., Ltd.	-	41,481	-	41,481
Total	39,404,444	53,767,244	21,192,838	15,955,601
<u>Other payables - other companies</u>				
Other companies	154,018,955	183,668,720	52,883,879	44,663,569
Total	154,018,955	183,668,720	52,883,879	44,663,569
Total other payable	198,486,045	239,498,370	85,902,382	68,907,668

5.8 Short-term loans from persons, related parties and other companies

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Short-term loan from subsidiary company</u>				
Aphakorn Industrial Co., Ltd.	-	-	-	4,000,000
Pontex (Thailand) Co., Ltd.	-	-	11,000,000	11,000,000
Pan Tech R&D Co., Ltd.	-	-	1,850,000	-
Footwear Tech 1530 Co., Ltd.	-	-	14,300,000	-
Pan Rayong Co., Ltd.	-	-	41,800,000	-
Total	-	-	68,950,000	15,000,000
<u>Short-term loan from associated company</u>				
Nutrition House Co., Ltd.	-	30,000,000	-	-
Aphakorn Industrial Co., Ltd.	4,000,000	-	4,000,000	-
Total	4,000,000	30,000,000	4,000,000	-
<u>Short-term loans from persons and related companies</u>				
Ban Pan Engineering and Holding Co., Ltd.	-	46,000,000	-	-
PF Intertech Co., Ltd.	-	2,698,755	-	-
SajjaAomsap Mutual Fund	860,547	2,560,547	-	-
Pan Way of Life Co., Ltd.	-	500,000	-	-
Pan Biotech Co., Ltd.	-	200,000	-	-
Esastampa (Thailand) Co.,Ltd.	-	1,940,000	-	-
Employee Relief FundBurirum	1,404,360	-	-	-
Mr. BoonyasitChokwatana	100,000,000	-	100,000,000	-
Mr. BoonyakiatChokwatana	10,000,000	-	10,000,000	-
Total	112,264,907	53,899,302	110,000,000	-
<u>Short – term loans from directors</u>				
Mr. NarongChokwatana	-	35,000,000	-	-
Total	-	35,000,000	-	-
Total short – term loans from related parties	116,264,907	118,899,302	182,950,000	15,000,000

The movements of short – term loans from related persons and parties during the ended December 31, 2012 were as follows :-

(Unit : Baht)

Consolidated financial statements					
	January 1, 2012	Transfer in (out)	Additional loans (Repayment)	December 31, 2012	Due date
Short - term loans from associated companies					
Nutrition House Co., Ltd.	30,000,000	(30,000,000)	-	-	Call
Aphakorn Industrial Co., Ltd	-	4,000,000	-	4,000,000	Call
Total	30,000,000	(26,000,000)	-	4,000,000	
Short - term loans from related companies					
Ban Pan Engineering and Holding Co., Ltd.	46,000,000	(46,000,000)	-	-	Call
PF Intech Co., Ltd.	2,698,755	(2,698,755)	-	-	Call
SajjaAomsap Mutual Fund	2,560,547	-	(1,700,000)	860,547	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
Mr. BoonyasitChokwatana	-	-	100,000,000	100,000,000	Call
Mr. BoonyakiatChokwatana	-	-	10,000,000	10,000,000	Call
Employee Relief Fund Buriram	-	-	1,404,360	1,404,360	Call
Total	53,899,302	(51,338,755)	109,704,360	112,264,907	
Short-term loans from directors					
Mr. NarongChokwatana	35,000,000	(35,000,000)	-	-	Call
Total	35,000,000	(35,000,000)	-	-	
Total short – term loans from related parties	118,899,302	(112,338,755)	109,704,360	116,264,907	

(Unit : Baht)

Separate financial statements					
	January 1, 2012	Transfer in (out)	Additional loans (Repayment)	December 31, 2012	Due date
Short- term loans from subsidiary companies					
Pontex (Thailand) Co., Ltd.	11,000,000	-	-	11,000,000	Call
Footwear Tech 1530 Co., Ltd.	-	-	14,300,000	14,300,000	Call
Pan Rayong Co., Ltd.	-	-	41,800,000	41,800,000	Call
Pan Tech R&D Co., Ltd.	-	-	1,850,000	1,850,000	Call
Aphakorn Industrial Co., Ltd.	4,000,000	(4,000,000)	-	-	Call
Total	15,000,000	(4,000,000)	57,950,000	68,950,000	
Short - term loans from associated companies					
Aphakorn Industrial Company Limited	-	4,000,000	-	4,000,000	Call
Total	-	4,000,000	-	4,000,000	
Loan from related person					
Mr. BoonyasitChokeatana	-	-	100,000,000	100,000,000	Call
Mr. BoonyakiatChokeatana	-	-	10,000,000	10,000,000	Call
Total short - term loans from related parties	15,000,000	-	167,950,000	182,950,000	

Short-term loan from associated company

As at December 31, 2012, the Company has obtained an unsecured loan amount of Baht 4 million from Aphakorn Industrial Co., Ltd., with the monthly interest rate bearing at 7.5 percent per annum. These loans are repayable at call.

Short-term loans from persons, related companies and other companies

As at December 31, 2012, two subsidiary companies have obtained an unsecured loans amount of Baht 0.14 million and Baht 0.72 million respectively from Sajja Aomsap Mutual Fund on which interest is payable on a monthly basis at the rate of 6.50 percent per annum. The loans are repayable at call.

As at December 31, 2012, the Company has obtained loans from two related persons in total amount of Baht 110 million with the interest rate bearing at 4.90-6.00 percent per annum, guaranteed by the Company's land. The principal is repayable at call.

As at December 31, 2012, subsidiary company has obtained an unsecured loans amount of Baht 1.40 million from Employee Welfare Fund, Buriram province with the monthly interest rate bearing at 3.00 percent per annum. The principal is repayable at call.

6. TRADE ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

The balances of trade accounts receivable are classified by:-

(Unit : Baht)

Age of receivable	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Trade accounts receivable – related parties				
In due	20,399,298	18,951,785	-	1,097,326
Overdue				
1 - 30 days	9,148,084	15,371,045	-	981,336
31 - 60 days	4,469,901	10,744,926	-	1,034,475
61 - 90 days	4,046,862	2,983,669	-	430,024
91 - 120 days	3,055,801	2,938,818	-	398,682
121 - 150 days	1,757,047	2,129,828	-	397,478
151 - 180 days	2,343,471	974,463	143,755	76,820
Over 180 days	70,807,906	100,242,837	156,498	349,032
Total	116,028,370	154,337,371	300,253	4,765,173
Less : Allowance for doubtful accounts	(62,092,226)	(98,314,136)	(87,050)	(157,918)
Related parties – net	53,936,144	56,023,235	213,203	4,607,255
Trade accounts receivable – unrelated parties				
In due	95,619,434	292,566,903	87,351,593	218,845,095
Overdue				
1 - 30 days	50,342,597	93,035,691	40,263,521	54,134,163
31 - 60 days	15,297,686	6,123,105	2,626,740	1,419,944
61 -90 days	11,561,573	1,456,472	4,108,571	108,956
91 - 120 days	4,775,174	761,761	4,722,341	124,612
121 - 150 days	3,810,398	1,370,639	3,787,492	682,131
151 - 180 days	1,326,218	971,453	1,294,497	13,618
Over 180 days	13,794,573	34,597,074	686,125	430,828
Total	196,527,653	430,883,098	144,840,880	275,759,347
Less : Allowance for doubtful accounts	(13,899,992)	(27,338,371)	(358,688)	(246,135)
Unrelated parties - net	182,627,661	403,544,727	144,482,192	275,513,212
Total trade accounts receivable - net	236,563,805	459,567,962	144,695,395	280,120,467
Other receivables				
Other receivable-related parties	17,347,508	33,558,805	42,604,822	104,385,066
Accrued income	12,211,580	12,199,304	8,659,368	5,248,629
Prepaid expenses	22,928,259	48,214,668	16,953,358	33,894,896
Total	52,487,347	93,972,777	68,217,548	143,528,591
Total accounts receivables and other receivables	289,051,152	553,540,739	212,912,943	423,649,058

7. INVENTORIES

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Finished goods	205,679,864	220,850,274	156,709,503	89,851,032
Work in process	66,375,562	183,659,165	35,718,815	75,980,104
Raw materials	197,026,297	341,990,971	123,005,116	173,689,157
Goods in transit	5,787,354	5,885,543	5,730,530	3,775,893
Total	474,869,078	752,385,953	321,163,965	343,296,186
Less : Allowance for stock obsolescence	(151,753,800)	(136,140,476)	(63,952,502)	(36,861,350)
Inventories - net	323,115,278	616,245,477	257,211,463	306,434,836

8. Assets classified as held for sale

In 2012, the Company and subsidiary companies have transferred part of investments in subsidiaries, investment properties, and property, plant and equipment to assets classified as held for sale as stated in notes 13, 15 and 16 as detailed following

(Unit : Baht)

	Consolidated financial statements	Separate financial statements
Investments in subsidiary company	70,053,474	36,302,001
Investments Properties	225,114,124	682,747,289
Property, plant and equipment	577,447,955	77,913,451
Total assets classified as held for sale	872,615,553	796,962,741

9. OTHER CURRENT ASSETS

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Value added tax for refund	-	8,852,303	-	7,522,755
Deposit for assets	28,800,000	28,800,000	28,800,000	28,800,000
Others	7,965,355	18,012,014	2,479,610	4,312,652
Total	36,765,355	55,664,317	31,279,610	40,635,407
Less : Allowance for doubtful accounts	(28,800,000)	(28,800,000)	(28,800,000)	(28,800,000)
Other current assets – net	7,965,355	26,864,317	2,479,610	11,835,407

10. PLEDGED DEPOSITS AT FINANCIAL INSTITUTIONS

As at December 31, 2012 and 2011, five and 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	
	December 31, 2012	December 31, 2011
Fixed deposits	993,774	7,947,200

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

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

	(Unit:Baht)			
	Consolidated financial statements			
	December 31, 2012		December 31, 2011	
	Cost	Fair value	Cost	Fair value
Available-for-sale securities				
Ordinary shares	758,418,340	38,000	758,418,340	29,400
Less Changes in fair value of available for sale investments	(86,000)	-	(94,600)	-
Provision for impairment of investments	(758,294,340)	-	(758,294,340)	-
Long - term investments in available-for-sale securities - net	38,000	38,000	29,400	29,400

As at December 31, 2012 and 2011, long-term investments in available-for-sale securities are investments in the ordinary shares of a related company which is undergoing debt restructuring under the rehabilitation business plan. A full provision for impairment of investments has been set aside by the Company.

12. INVESTMENT IN ASSOCIATED COMPANIES

As at December 31, 2012 and 2011 investments in associated companies are stated under equity method in the consolidated financial statements. These represent investments in ordinary shares in the following companies :-

(Unit : Baht)

Consolidated financial statements						
Company's name	Nature of business	Country of incorporation	Paid-up capital		Investments proportion	
			December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
			Thousand Baht	Thousand Baht	Percent	Percent
<u>Investments in associated companies held by the Company</u>						
PA Capital Co., Ltd.	Investment, real estate service and grocery stores	Chonburi	1,054,000	-	43.67	-
<u>Investments in associated companies held by subsidiary companies</u>						
Nongchang Rubber Co., Ltd.	Manufacture of footwear soles	Uthaitхани	40,000	40,000	28.82	28.82
Uthai Bangkok Rubber Co., Ltd.	Manufacture of Footwear uppers	Uthaitхани	30,000	30,000	28.82	28.82
Bangkok Athletic Co., Ltd.	Retailer of sports equipment	Bangkok	-	200,000	-	18.90
Nutrition House Co., Ltd.	Manufacture of instant foods	Bangkok	-	145,000	-	17.76
Pan Asia Leather Co., Ltd.	Trimming for ready to use leather	Prachinburi	100,000	100,000	17.47	17.47
Aphakorn Industrial Co., Ltd.	Manufacture of plastic injection molds	Chachoengsoa	21,095	-	33.36	-
Advantage Footwear Co., Ltd.	Manufacture of footwear soles	Prachinburi	367,000	-	47.23	-
Pek Engineering Co., Ltd.	Ceased operations	Chonburi	10,000	-	-	-
P.L. John Industries Co., Ltd.	Ceased operations	Chonburi	40,000	-	19.25	-
Eastern Rubber Co., Ltd.	Ceased operations	Rayong	30,000	-	-	-
Thai Sungchin New Material Co., Ltd.	Manufacture of footwear soles	Rayong	160,000	-	4.57	-
Pek Industries Co., Ltd.	Manufacture of footwear parts	Chonburi	14,000	-	-	-

Consolidated financial statements

Company's name	Investment				Provisions from			
	Cost method		Equity method		guarantee		Dividend	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Investments in associated companies</u>								
Nutrition House Co., Ltd.	-	41,389,500	-	18,684,922	-	-	-	-
Bangkok Athletic Co., Ltd.	-	180,024,000	-	84,522,004	-	-	-	-
Aphakorn Industrial Co., Ltd.	-	-	10,560,121	-	-	-	-	-
Advantage Footwear Co., Ltd.	-	-	20,841,428	-	-	-	-	-
Total investments in associated companies	-	221,413,500	31,401,549	103,206,926	-	-	-	-
<u>Investments in associated companies with capital deficiency</u>								
Nongchang Rubber Co., Ltd.	11,999,300	11,999,300	-	-	(4,040,546)	(5,425,546)	-	-
Uthai Bangkok Rubber Co., Ltd.	8,999,300	8,999,300	-	-	(3,471,000)	(4,756,000)	-	-
Pan Asia Leather Co., Ltd.	-	39,999,400	-	-	-	-	-	-
Investment in associated companies with capital deficiency	20,998,600	60,998,000	-	-	(7,511,546)	(10,181,546)	-	-
Net	20,998,600	282,411,500	31,401,549	103,206,926	(7,511,546)	(10,181,546)	-	-

Investments in associated companies with capital deficiency are investments in ordinary shares by the Company, subsidiary and associated companies of the Company. Such associated companies had operating capital deficiency and the Company got in the guarantee for those associate companies debts. The Company, thus, recorded part of capital deficiency as provisions from guarantee associate as stated in note 22.

In of 2012, the Company has transferred the changes in status of investment from subsidiary companies to be associated companies as stated in notes 3 and 13.

13. INVESTMENTS IN SUBSIDIARY COMAPNIES

As at December 31, 2012 and 2011, 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	
			December 31,	December 31,	December 31,	December 31,
			2012	2011	2012	2011
			Thousand Baht	Thousand Baht	Percent	Percent
Investments in subsidiary companies						
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
KabinburiPanasia 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	NokornRatchasrima	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	-	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	13,197	100.00	100.00

(Unit : Baht)

Separate financial statements

Company's name	Provision for impairment							
	Cost method		of investment		Net		Dividend	
	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,	December 31,
2012	2011	2012	2011	2012	2011	2012	2011	
Investments in subsidiary companies								
Footwear Tech 1530 Co., Ltd.	467,967,864	467,967,864	(467,967,864)	(462,534,327)	-	5,433,537	-	-
International Curity Footwear Co., Ltd.	349,999,300	349,999,300	(349,999,300)	(319,931,694)	-	30,067,606	-	-
KabinburiPanasia Footwear Co., Ltd.	443,522,638	443,522,638	(443,522,638)	(264,808,393)	-	178,714,245	-	-
Excellent Rubber Co., Ltd.	385,886,972	385,886,972	(385,886,972)	(139,958,845)	-	245,928,127	-	-
Phimai Footwear Co., Ltd.	115,969,381	115,969,381	(115,969,381)	(115,969,381)	-	-	-	-
Pan Rayong Co., Ltd.	43,370,988	43,370,988	-	-	43,370,988	43,370,988	-	-
Pan tech R&D Co., Ltd.	149,997,900	149,997,900	(146,406,236)	(143,147,223)	3,591,664	6,850,677	-	-
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)	-	-	-	-
Chainat Rubber Co., Ltd.	17,964,613	17,964,613	(9,115,026)	-	8,849,587	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	(4,797,305)	-	8,400,000	13,197,305	-	-
Total	2,393,331,142	2,457,890,142	(2,187,954,322)	(1,775,198,463)	205,376,821	682,691,679	-	-
Transfer to assets classified as held for sale	-	-	-	-	(36,302,001)	-	-	-
Total	2,393,331,142	2,457,890,142	(2,187,954,322)	(1,775,198,463)	169,074,820	682,691,679	-	-

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

On January 1, 2012, the Company has transferred to changes investments in PA Capital Co., Ltd. and subsidiary companies of PA Capital Co., Ltd. from investments in subsidiary companies to be investments in associated companies. Previously, the Company held PA Capital Co., Ltd. as a subsidiary company. Even though, the Company held directly and indirectly share capital through subsidiary company at 43.67 percent but, the Company has subsidized by the way of loans providing to PA Capital Co., Ltd. and its subsidiary companies which had the remaining balance before deduction with allowance for doubtful accounts as at January 1, 2012 amount of Baht 429.03 million (a full allowance for doubtful accounts is provided since the begin of 2011 in the separate financial statements, and in the first quarter of 2012 in the consolidated financial statements) which the Company has taken the financial statements of PA Capital Co., Ltd. and subsidiary companies to include in the consolidated financial statements thoroughly. Subsequent in 2012, the management of PA Capital Co., Ltd. denied for being a subsidiary company of the Company. The Company's management negotiated by the various ways of that issue with the management of PA Capital Co., Ltd. but did not achieve. Therefore, the Company's management has sued PA Capital Co., Ltd. to Chonburi Court on July 17, 2012 for requesting the repayment of loans including interest. The fore, in the first quarter of 2012, the Company has transferred investment in such subsidiary company to investments in associated company and did not take the financial statements of PA Capital Co., Ltd. and subsidiary companies of PA Capital Co., Ltd. to include in the consolidated financial statements and compute investment in such companies by using equity method in the consolidated financial statements for the year ended December 31, 2012.

The Company not obtained the financial statements as at December 31, 2012 of PA Capital Co., Ltd., and subsidiary companies of PA Capital Co., Ltd. but used to obtain the financial statements as at September 30, 2012 of PA Capital Co., Ltd. prepared by the management of PA Capital Co., Ltd. which were not reviewed by the auditor and are separate financial statements but has not prepared the consolidated financial statements, even though PA Capital Co., Ltd. had investments in its subsidiary and associated companies. Therefore, the management of the Company has taken the separate financial statements of PA Capital Co., Ltd. to prepared the financial statements in which the equity method is applied by making adjustment investments in subsidiary and associated companies in the separate financial statements from the cost method to be equity method from the financial statements which were reviewed by the auditor of 2 subsidiary and associated companies and were not reviewed by the auditor of 8 companies, represented investments under equity method amount of Baht 100.01 million and Baht (17.59) million respectively from total assets amount of Baht 325.95 million. Nevertheless, the Company has recorded investments in PA Capital Co., Ltd. under equity method equal computed from that prepared financial statements. Net assets of PA Capital Co., Ltd. in accordance with the financial statements which presented investments under equity method had negative net assets amount of Baht (325.20) million. Therefore, the Company recorded investments in PA Capital Co., Ltd. under the equity method equal to Baht zero and share of profit (loss) in the consolidated statements of comprehensive income for the end December 31, 2012 amount of Baht 47.03 million which reflected from reversal of realized loss in the consolidated financial statements in being subsidiary companies before 2012 for which the group of PA Capital Co., Ltd. had capital deficiency operating and also provided allowance for doubtful accounts of

loans and interest receivable to PA Capital Co., Ltd. in the consolidated financial statements in 2012 amount of Baht 536.05million.

14. LONG - TERM INVESTMENTS IN RELATED PARTIES

As at December 31, 2012 and 2011, long - term investments in related parties represent investments in ordinary shares in the following companies:-

(Unit : Baht)

Company's name	Nature of business	Paid – up capital		Percentage of shareholding by	
		December 31, 2012	December 31, 2011	direct and indirect means	
		Thousand Baht	Thousand Baht	December 31, 2012	December 31, 2011
				Percent	Percent
Panway of Life Co., Ltd.	Retail business	-	4,000	-	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	-	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	-	60.10
International Leather Fashion Co., Ltd.	Manufacture of footwear	-	50,000	-	14.00
Casa demoda Co., Ltd.	Retailer	-	10,000	-	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	-	1.00
SSDC (Tiger Text) Co., Ltd.	Dying and decoration of textiles	-	270,000	-	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	-	15,000	-	33.33

(Unit : Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
<u>Group with full provision for impairment</u>				
Ban Pan Engineering and Holding Co., Ltd.	130,000,000	130,000,000	-	-
Bangkok Rubber Saharattana Co., Ltd.	-	10,000,100	-	-
Casademoda Co., Ltd.	-	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	-	-
Laopan Footwear Co., Ltd.	6,880,000	6,880,000	-	-
Thai Sung Shin New Material Co., Ltd.	12,968,442	-	-	-
Total	154,068,372	151,922,839	-	-
Less Provision for impairment	(154,068,372)	(151,922,839)	-	-
Net	-	-	-	-
<u>Group without provision for impairment</u>				
Pan Polytechnic Co., Ltd.	-	900,000	-	-
Pan Long John Co., Ltd.	1,844,459	1,844,459	-	-
Thai Takaya Co., Ltd.	2,000,000	2,000,000	-	-
SSDC (Tiger Text) Co., Ltd.	-	1,187,500	-	-
Unison Pan (Asia) Co., Ltd.	-	1,999,980	-	-
Bangkok Rubber Saharattana Co., Ltd.	-	11,669,930	-	-
Jones & Vining (Thailand) Co., Ltd.	-	20,900,000	-	-
Total	3,844,459	40,501,869	-	-
Long - term investments in related parties - net	3,844,459	40,501,869	-	-

15. INVESTMENTS PROPERTIES

(Unit : Baht)

	Consolidated financial statements		
	Land and land improvement	Building and construction	Total
Cost :			
December 31, 2011	367,293,553	43,980,305	411,273,858
Purchase	-	-	-
Disposals	-	-	-
Transfer out to non-current assets held for sale	(367,293,553)	(43,980,305)	(411,273,858)
December 31, 2012	-	-	-
Accumulated depreciation :			
December 31, 2011	(145,314)	(28,847,265)	(28,992,579)
Depreciation for the period	-	(1,903,205)	(1,903,205)
Transfer out to non-current assets held for sale	145,314	30,750,470	30,895,784
December 31, 2012	-	-	-
Less Provision for impairment of assets	(155,263,950)	-	(155,263,950)
Transfer out to non-current assets held for sale	155,263,950	-	155,263,950
December 31, 2012	-	-	-
Net book value :			
December 31, 2011	211,884,289	15,133,040	227,017,329
December 31, 2012	-	-	-

(Unit : Baht)

	Separate financial statements		
	Land and land improvement	Building and construction	Total
Cost :			
December 31, 2011	826,206,039	356,474,040	1,182,680,079
Purchase	-	-	-
Disposals	-	-	-
Transfer out to non-current assets held for sale	(826,206,039)	(349,216,440)	(1,175,422,479)
December 31, 2012	-	7,257,600	7,257,600
Accumulated depreciation :			
December 31, 2011	(1,382,095)	(164,586,559)	(165,968,654)
Depreciation for the period	(163,218)	(10,703,426)	(10,866,645)
Transfer out to non-current assets held for sale	1,545,313	171,246,339	172,791,652
December 31, 2012	-	4,043,646	4,043,646

(Unit : Baht)

	Separate financial statements		
	Land and land improvement	Building and construction	Total
Provision for impairment of assets :			
December 31, 2011	(201,847,022)	(19,775,311)	(221,622,333)
Reversed (loss) on impairment of assets	(98,261,206)	-	(98,261,206)
Transfer out to non-current assets held for sale	300,108,227	19,775,311	319,883,538
December 31, 2012	-	-	-
Net book value :			
December 31, 2011	622,976,923	172,112,170	795,089,093
December 31, 2012	-	3,213,954	3,213,953

In the first quarter of 2013, the Company and subsidiary companies had sold investment properties out in order to make debt settlement. Such assets have carrying value as at December 31, 2012 amount of Baht 225.11 million (Separate: Baht 682.75 million) which were reclassified as assets classified as held for sale.

As at December 31, 2012, investment properties had fair value in the separate financial statements amount of Baht 5.68 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	Intellectual assets	Construction in progress	Total
Cost:									
January 1, 2011	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
Purchase	621,740	2,922,984	15,105,416	3,121,807	435,103	102,600	145,000	9,344,874	31,799,524
Disposals	(52,975,454)	(39,199,395)	(100,534,222)	(21,416,468)	(11,339,215)	-	(5,083)	(43,000)	(225,512,837)
Transferred in (out)	-	3,192,706	4,183,860	97,939	-	-	-	(7,474,505)	-
Written assets off	-	-	(30,366,756)	(630,163)	(2,060,894)	-	-	(151,090)	(33,208,903)
Part of transfer to properties foreclosed	(501,063,293)	(530,429,574)	(334,636,449)	(59,658,422)	(373,670)	(12,774,802)	-	-	(1,438,936,210)
The company's state changes	(130,843,200)	(199,002,365)	(610,254,540)	(90,665,037)	(14,266,059)	(21,357,315)	-	(5,525,624)	(1,071,914,140)
December 31, 2012	24,351,496	90,871,132	1,533,060,411	306,849,592	15,026,035	8,370,705	3,397,511	7,062,141	1,988,989,023

(Unit : Baht)

Consolidated financial statements

	Land and land improvement	Building and construction	Machinery and equipment	Furniture and fixtures	Vehicles	Infrastructure	Intellectual assets	Construction in progress	Total
Accumulated depreciation ::									
January 1, 2011	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	29,810,579	100,254,761	15,944,858	4,349,408	471,044	256,559	-	151,375,027
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)
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
Depreciation for the year	414,602	18,124,546	57,850,502	7,424,836	2,107,090	521,926	320,195	4,616	86,768,313
Depreciation of disposals	(3,505,028)	(30,985,141)	(87,295,864)	(21,086,675)	(8,378,632)	79,339	(5,083)	-	(151,177,084)
Depreciation of write off	-	-	(26,662,441)	(1,362,072)	(3,999,107)	-	-	-	(32,023,620)
Part of transfer to assets									
Classified as held for sale	(1,483,684)	(308,259,402)	(308,310,102)	(55,074,115)	(372,551)	(12,774,802)	-	-	(686,274,656)
The company's state changes	(7,617,869)	(104,391,230)	(546,697,329)	(89,420,969)	(11,579,854)	(21,237,369)	-	-	(780,944,620)
December 31, 2012	246,867	55,861,540	1,355,983,211	283,812,569	12,443,459	7,789,639	2,572,036	4,616	1,718,713,937

(Unit : Baht)

Consolidated financial statements

	Land and land improvement	Building and construction	Machinery and equipment	Furniture and fixtures	Vehicles	Infrastructure	Intellectual assets	Construction in progress	Total
Provision for impairment :									
January 1, 2011	(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)
Reversed impairment (loss)									
Of asset	(101,271,536)	-	(1,994,794)	-	-	-	-	-	(103,266,330)
Part of transfer to properties foreclosed	144,844,273	19,775,311	10,594,015	-	-	-	-	-	175,213,599
The company's state changes	26,681,413	4,467,408	14,181,147	584,278	-	-	-	5,011,989	50,926,235
December 31, 2012	(3,010,229)	(5,779,944)	(31,353,575)	(38,366)	-	-	-	-	(40,182,214)
Less Part of investment held for sale	(2,359,739)	(9,809,779)	(3,710,164)	(1,701,489)	(142,875)	(467,150)	-	(5,007,524)	(23,198,720)
Net book value :									
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
December 31, 2012	18,734,561	19,419,868	140,170,833	20,744,324	2,439,700	113,916	825,475	4,445,475	206,894,152
Depreciation for the year ended December 31									
2011									151,375,027
2012									86,768,314

(Unit : Baht)

Separate financial statements

	Land and land improvement	Building and construction	Machinery and equipment	Furniture and fixtures	Vehicles	Infrastructure	Intellectual assets	Construction in progress	Total
Cost :									
January 1, 2011	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
Purchase	-	456,235	4,512,210	1,077,959	435,103	-	5,306,336	145,000	11,932,843
Disposals	(40,437,692)	-	(24,301,704)	(7,249,705)	(1,392,523)	-	-	(5,083)	(73,386,707)
Transferred in (out)	-	3,192,706	4,183,860	97,939	-	-	(7,474,505)	-	-
Part of transfer to assets classified as held for sale	(52,220,000)	(27,378,659)	-	-	-	-	-	-	(79,598,659)
December 31, 2012	109,298,551	73,202,348	497,098,886	59,484,435	8,065,752	1,518,631	795,109	2,536,748	752,000,460

(Unit : Baht)

	Separate financial statements								
	Land and land improvement	Building and construction	Machinery and equipment	Furniture and fixtures	Vehicles	Infrastructure	Intellectual assets	Construction in progress	Total
Accumulated depreciation :									
January 1, 2011	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)	(2,425,901)	(17,860,402)	(4,008,145)	(17,891,706)	-	-	(70,574,375)
December 31, 2011	1,042,204	(2,583,082)	376,288,815	61,763,889	5,756,393	1,106,824	-	1,405,795	444,780,838
Depreciation for the year	-	8,726,409	26,276,341	1,779,508	1,424,236	307,274	-	311,162	38,824,930
Depreciation of disposals	(1,042,204)	-	(18,479,673)	(7,614,913)	(1,271,258)	76,484	-	(5,083)	(28,336,647)
Part of transfer to assets classified as held for sale	-	(1,685,208)	-	-	-	-	-	-	(1,685,208)
December 31, 2012	-	4,458,119	384,085,483	55,928,484	5,909,371	1,490,582	-	1,711,874	453,583,913
Provision for impairment									
Provision for impairment during the period	(3,010,330)	-	-	-	-	-	-	-	(3,010,330)
Provision for impairment as at December 31, 2012	(3,010,330)	-	-	-	-	-	-	-	(3,010,330)
Net book value :									
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
December 31, 2012	106,288,221	68,744,229	113,013,403	3,555,951	2,156,381	28,049	795,109	824,874	295,406,217
Depreciation for the year ended December 31, 2011									28,576,124
2012									38,824,930

In the first quarter of 2013, the Company and subsidiary companies had sold part of property, plant and equipment out in order to make debt settlement. Such assets have carrying value as at December 31, 2012 amount of Baht 575.54 million (Separate: Baht 77.91 million) which were reclassified as assets classified as held for sale

As at December 31, 2012 and 2011, the Company, and threeand seven subsidiary companies have mortgaged land with its construction and machinery, with net book values amount of Baht 688.88 million and Baht 753.54 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, 2012 and 2011 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 1,557 million and Baht 2,348 million, respectively (separate : Baht 337 million and Baht 334 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.

17. GOODWILL - NET

	(Unit : Baht)	
	<u>Consolidated financial statements</u>	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>
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>	<u><u>-</u></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 10 and 16 respectively.

19. TRADE AND OTHER PAYABLES

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Trade accounts payable-related parties	57,264,964	34,790,562	39,641,210	62,393,537
Trade accounts payable-other parties	145,316,188	332,431,069	68,186,018	125,032,218
Other payables –related parties	48,816,082	55,829,651	33,018,504	24,244,099
Accrued expenses	149,940,930	175,445,495	52,848,878	43,269,799
Unearned revenue	7,327,197	8,223,224	35,000	1,393,770
Total	<u>401,067,197</u>	<u>606,720,001</u>	<u>193,729,610</u>	<u>256,333,423</u>

20. LONG-TERM LOANS

Long-term loans consist of the following: -

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Long-term loans under debt restructuring agreements	39,109,022	25,324,253	-	-
Long-term loans, others	405,215,657	467,916,537	290,914,107	333,524,106
Total long-term loans	444,324,679	493,240,790	290,914,107	333,524,106
Less: Current portion of long-term loans	(244,970,801)	(146,517,063)	(175,464,107)	(72,720,000)
Long-term loans	<u>199,353,878</u>	<u>346,723,727</u>	<u>115,450,000</u>	<u>260,804,106</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 2015. 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 12percent 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 2015. 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 2013. 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 st - 11 th | installment of Baht 1,350,000 each |
| 12 th – 81 th | hinstallment of Baht 1,230,000 each |
| 82 nd | 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 of 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 Curiry 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:

- 1st - 18th installment of Baht 250,000 each
- 19th - 48th installment of Baht 500,000 each
- 49th 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:

- 1st - 12th installment of Baht 400,000 each
- 13th - 23th installment of Baht 550,000 each
- 24th 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 :

- 1st - 27th 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. The principal is repayable on a monthly basis as below:

- 1st - 5th installment of Baht 150,000 each
- 6th installment of Baht 1,350,000 each
- 7th - 23th installment of Baht 150,000 each
- 24th installment is repayable for total remaining (commenced in March 2011)

21. EMPLOYEE BENEFITS OBLIGATION

Changes in present value of employee benefits obligation project

(Unit: Baht)

	Consolidated financial statements	Separate financial statements
Employee benefits obligation project as at January 1, 2012	31,966,517	18,169,594
Present cost of service and interest	2,716,236	971,208
Actuarial gains(losses) on defined employee benefit plans	(5,765,201)	(4,660,410)
Effects of changes in shareholding structure	(5,922,811)	-
Part of transfer to liabilities included with asset classified as held for sale.	(637,208)	-
Employee benefits payment during the period	(5,322,085)	(81,627)
Employee benefits obligation project as at December 31, 2012	<u>17,035,448</u>	<u>14,398,765</u>

22. LONG-TERM PROVISIONS

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Provisions from guarantee					
subsidiary companies	21.1	-	-	173,770,360	73,770,360
Provisions from associated companies	21.2	7,511,546	10,181,546	7,511,546	10,181,546
Provisions from related companies	21.3	240,567	410,585,400	240,567	410,585,400
Provisions from prosecution	21.4	10,424,047	10,424,047	10,424,047	10,424,047
Total		<u>18,176,160</u>	<u>431,190,993</u>	<u>191,514,293</u>	<u>504,961,353</u>

- 22.1 The Company was sued by a commercial bank from guarantee credit facilities for Innovation Nakornluang Footwear Co., Ltd. Modern Technology Component Co., Ltd. and International Curity Footwear Co., Ltd. The Company, then, recorded estimates the provisions from guarantee subsidiaries amount of Baht 173.34 million base on contingent loss incurred.
- 22.2 The Company has investment in several associated companies which had operating capital deficiency as stated in note 12 and also guarantee loans of those companies, the Company, thus, estimates the provisions from possible loss. In 2012, the Company has paid portion of guarantee line in the amount of Baht 2.67 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, 2012, the Company had the balance of provisions from guarantee amount of Baht 380.34 million then, transferred to liabilities from guarantee defaulted debt in current liabilities. The remaining provisions from guarantee related company amount of Baht 0.24 million is estimated base on the contingent loss incurred
- 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 estimates the provisions from prosecution.

23. THE COMPANY'S SHARES HELD BY ITS SUBSIDIARIES

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

(Unit : Baht)

	Consolidated financial statements					
	December 31, 2012			December 31, 2011		
	Number of shares (share)	Cost	Fair value	Number of shares (share)	Cost	Fair value
Footwear Tech 1530 Co., Ltd.	162,300	914,761	167,169	1,750,000	9,863,405	2,905,000
Pontex (Thailand) Co., Ltd.	2,723,000	13,070,400	2,804,690	2,723,000	13,070,400	4,520,180
Pan Upper Co., Ltd.	77	374	79	1,841,777	9,024,704	3,057,350
Pan Rayong Co., Ltd.	713,398	3,566,990	734,800	713,398	3,566,990	1,184,241
The Company's shares held by its subsidiaries	<u>3,598,775</u>	<u>17,552,525</u>	<u>3,706,738</u>	<u>7,028,175</u>	<u>35,525,499</u>	<u>11,666,771</u>

In of 2012, two subsidiary companies have sold the Company's share capital hold by subsidiary companies for 3.43 million shares in the amount of Baht 5.36 million which had the cost of Baht 17.97 million, resulted to the discount on sales of share capital of the Company held by subsidiary companies which is recognized as loss to deficit accounts in the consolidated financial statements total Baht 12.62 million.

24. DIRECTORS' REMUNERATION AND MANAGEMENT BENEFIT EXPENSES

24.1 Directors' remuneration

According to the minutes of general meeting of shareholders no. 34 held on April 26, 2012, passed to pay directors' remuneration including meeting allowance and gratuity for the year total amount not exceed Baht 4 million.

24.2 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.

25. EXPENSES ANALYZED BY NATURE

(Unit : Baht)

	For the ended December 31			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Changes in inventories of finished goods and work in progress	77,642,802	(62,131,497)	(26,597,181)	(60,802,096)
Raw materials and consumables used	1,220,800,467	2,495,612,037	1,306,452,346	1,771,984,139
Salaries, wages and other employees benefit expenses	770,482,429	1,179,867,890	467,034,380	446,010,974
Depreciation and amortization	105,127,131	154,506,004	48,331,704	46,502,473
Directors' remuneration	2,442,500	4,084,435	1,482,500	1,724,435
Management benefit expenses	12,156,364	19,467,504	7,817,522	3,704,457

26. 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 27, including exemption from corporate income tax on net earnings from promoted activities.

27. PROMOTIONAL PRIVILEGES

A subsidiary company 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 a subsidiary company 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, 2012 can be divided into promoted and non-promoted activities as follows: -

	<u>Promoted activity</u>	<u>Non-promoted activity</u>	<u>Total</u>
Export sales	-	1,633,355,818	1,633,355,818
Local sales	<u>100,806,181</u>	<u>326,250,155</u>	<u>427,056,336</u>
Total	<u><u>100,806,181</u></u>	<u><u>1,959,605,973</u></u>	<u><u>2,060,412,154</u></u>

(Unit: Baht)

28. SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION

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

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>December 31, 2012</u>	<u>December 31, 2011</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
Cash on hand and at banks	18,180,592	72,649,254	1,149,145	3,899,351

(Unit : Baht)

28.2 Non - cash transaction

28.2.1 As at December 31, 2012 and 2011, the Company and subsidiaries purchased assets in the form of credit in the amount of Baht 3.40 million and 5.38million respectively.

28.2.2 As at December 31, 2012, the Company and subsidiary companies have transferred investments in subsidiaries, investment properties, and property, plant and equipment amount of Baht 872.62 million (Separate: Baht 796.96 million) to assets classified as held for sale

28.2.3 For the ended December 31, 2011, three subsidiary companies has sold the Company's share capital for which held by that subsidiary company, resulted loss on treasury stocks in the amount of Baht 884.47million which is recorded to deficit and non-controlling interests amount of Baht 582.59 millionand Baht 301.88 million respectively.

28.2.4 For the ended December 31, 2011, the Company estimated the provisions in respect of employee benefits by chosen to record as an adjustment to retained earnings. From such adjustment, in the consolidated financial statements represented the decrease in retained earnings amount of Baht27.81 million (separate financial statement : 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 financial statement : Baht 16.36 million).

28.2.5 In 2011, the Company made covenant for taken assets at the value of Baht 96.53 million in order to settle debt to a subsidiary.

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

28.3 Changes in status of subsidiary companies to be associated companies

As stated in notes 3 and 13 to financial statements, the Company has changed status of PA Capital Co., Ltd and subsidiary companies of PA capital Co., Ltd. from subsidiary companies to associated companies. As a result, it incurred non-cash transactions and decreased in cash and cash equivalents as follows:

Net assets of group of subsidiary companies from changes in their status to be associated companies:
(net assets of discontinued operation)

Current investment	58,048
Trade and other receivables	76,268,832
Short-term loans to related and other parties	23,900,000
Inventories	77,068,684
Other current assets	13,312,254
Pledged fixed deposits	4,088,387
Investments in associated companies	103,206,926
Long-term investments in related parties	36,657,410
Property, plant and equipment	240,043,284
Leasehold right	736,112
Other non-current assets	3,714,271
Bank overdrafts and short-term loans from financial institution	(74,219,426)
Trade and other payables	(100,579,732)
Short-term loans from related persons, parties and other parties	(115,638,755)
Income tax payable	(17,384)
Other current liabilities	(9,981,663)
Long-term loans	(28,459,913)
Employee benefit obligations	(5,922,811)
Other non-current liabilities	(2,153,572)
Non-controlling interests	231,012,010
Total	473,092,962
Increase in net assets of group of parent company (previously eliminated from inter-company transactions)	
Trade and other receivables	(106,193,227)
Short-term loans to related and other parties	(13,932,699)
Long-term loans from related parties	(429,025,415)
Trade and other payables	37,662,456
Long-term loans	4,000,000
Total	(507,488,885)
Decrease in cash and cash equivalents	(34,395,923)

28.4 DISCONTINUED OPERATION HELD FOR SALE

In 2012, in the consolidated financial statements; assets, liabilities and non-controlling interests in three subsidiary companies have been reclassified as assets classified as held for sale, liabilities included assets classified as held for sale and non-controlling interests included assets classified as held for sale. And in the separate financial statements, the Company has reclassified investments in those subsidiary companies as assets classified as held for sale

	(Unit: Baht)
	Consolidated financial statements
Assets classified as held for sale:	
Cash and cash equivalents	5,756,288
Trade and other receivables	24,206,524
Inventories	2,509,235
Other current assets	211,922
Pledged deposits at financial institutions	963,226
Property, plant and equipment	23,198,179
Other non-current assets	13,207,560
Total assets classified as held for sale	<u>70,053,474</u>
Liabilities included with asset classified as held for sale:	
Trade and other payables	27,254,117
Short-term loans from related persons and parties and other parties	4,300,000
Other current liabilities	1,326,929
Employee benefit obligations	637,208
Liabilities included with asset classified as held for sale	<u>33,518,254</u>
Net assets classified as held for sale	<u><u>36,535,220</u></u>
	(Unit: Baht)
	Separate financial statements
Assets classified as held for sale	50,214,332
Less Provision for impairment of investment	(13,912,331)
Net assets classified as held for sale	<u><u>36,302,001</u></u>

29. 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 grocery store business, Pan Asia Bio Technology Co., Ltd. produces and sells para- rubber. All activities are carried out in Thailand, but the Company and its subsidiary companies have earnings from both local and export sales. On January 1, 2012, PA Capital Co., Ltd. has changed its status from subsidiary company to be associated company, resulting to the discontinued operation but have no impacts on the financial statements for the year ended December 31, 2012, the Company intended to dispose investment in three subsidiary company within 1 year, therefore, reclassified to be assets classified as held for sale which is presented in discontinued operation of 2012. Financial information of the Company and its subsidiary companies presented by business segment as at December 31, 2012 and 2011, and for the years ended December 31, 2012 and 2011, are as follows: -

(Unit : Baht)

Consolidated financial statements										
	Production of footwear and related components		Other business		Total		Elimination		Grand total	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Sales and hire of work										
- Local	598,977,816	2,175,753,776	570,569,827	350,444,237	1,169,547,643	2,526,198,013	(703,479,364)	(1,106,718,628)	466,068,279	1,419,479,385
- Export	1,619,724,043	2,207,777,994	28,072,977	4,090,845	1,647,797,020	2,211,868,839	(14,441,202)	-	1,633,355,818	2,211,868,839
Total sales	2,218,701,859	4,383,531,770	598,642,804	354,535,082	2,817,344,663	4,738,066,852	(717,920,566)	(1,106,718,628)	2,099,424,097	3,631,348,224
Gross profit									(112,658,735)	65,246,120
Other income									305,344,193	532,845,935
Selling and administrative expenses									(1,070,618,079)	(697,419,886)
Finance costs									(119,058,088)	(148,823,352)
Total comprehensive income (expenses)									(996,990,709)	(248,151,183)
Attributable to :										
Owners of the Company									(992,198,416)	(142,594,809)
Non-controlling interests									(4,792,293)	(105,556,374)

(Unit : Baht)

Consolidated financial statements										
	Production of footwear and related components		Other business		Total		Elimination		Grand total	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Assets										
- Inventories	314,875,916	539,176,792	-	77,068,684	314,875,916	616,245,476	-	-	314,875,916	616,245,476
- Assets classified as held for sale	872,615,554	-	-	-	872,615,554	-	-	-	872,615,554	-
- Investment properties	3,213,953	795,089,093	-	-	3,213,953	795,089,093	(3,213,953)	(568,071,764)	-	227,017,329
- Property, plant and equipment	506,561,228	556,816,982	1,617,924	241,154,988	508,179,152	797,971,970	(301,285,000)	(317,149,142)	206,894,152	480,822,828
- Others	841,461,558	2,197,105,946	41,960,182	616,501,814	883,421,760	2,813,607,760	(468,690,530)	(1,124,001,269)	414,732,230	1,689,606,491
Total assets	2,536,793,863	4,088,188,813	43,578,106	934,725,486	2,580,371,969	5,022,914,299	(773,189,484)	(2,009,222,175)	1,809,116,851	3,013,692,124

(Unit : Baht)

	Separate financial statements					
	Production of footwear and related components		Other business		Grand total	
	2012	2011	2012	2011	2012	2011
Sales and hire of work income						
- Local	45,705,730	127,913,454	-	-	45,705,730	127,913,454
- Export	1,606,673,512	1,996,940,489	-	-	1,606,673,512	1,996,940,489
Total sales	1,652,379,242	2,124,853,943	-	-	1,652,379,242	2,124,853,943
Gross profit					(74,210,196)	(3,013,186)
Other income					172,446,989	493,893,088
Selling and administrative expenses					(1,063,685,596)	(780,596,055)
Finance costs					(76,693,456)	(70,040,946)
Total comprehensive income					(1,042,142,259)	(359,757,099)

(Unit : Baht)

	Separate financial statements					
	Production of footwear and related components		Other business		Total	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Assets						
- Inventories	257,211,463	306,434,836	-	-	257,211,463	306,434,836
- Assets classified as held for sale	796,962,741	-	-	-	796,962,741	-
- Investment properties	3,213,954	795,089,093	-	-	3,213,954	795,089,093
- Property, plant and equipment	295,406,217	448,272,145	-	-	295,406,217	448,272,145
- Others	511,191,409	1,299,104,377	-	-	511,191,409	1,299,104,377
Total assets	1,863,985,783	2,848,900,451	-	-	1,863,985,783	2,848,900,451

30. PROVIDENT FUND

During the year 2012, the Company and its subsidiary companies contributed approximately Baht 3.60 million to the provident fund (separate: Baht 2.41 million).

31. COMMITMENTS AND CONTINGENT LIABILITIES

- 31.1 As at December 31, 2012 and 2011, the Company and its subsidiary companies have the following commitments in respect of lease of land, factory building, machinery and service agreements totaling Baht 31.31 million and Baht 118.42 million respectively.
- 31.2 As at December 31, 2012 and 2011, the Company and its subsidiary companies have the following other significant commitments in respect of car lease agreements totaling Baht 5.56 million and Baht 31.98 million respectively.
- 31.3 As at December 31, 2012 and 2011, there were outstanding bank guarantees of approximately Baht 4.44 million and Baht 6.34 million respectively, issued by banks on behalf of the Company in respect of certain performance bonds as required in the normal course of business.
- 31.4 As at December 31, 2012 and 2011, there were outstanding bank guarantees of approximately Baht 22.10 million and Baht 34.50 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.
- 31.5 As at December 31, 2012 and 2011, the Company has obligations totaling Baht 662 million and Baht 587 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 407 million and Baht 419 million respectively.
- 31.6 As at December 31, 2012 and 2011, 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.
- 31.7 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. 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 estimates the provisions from prosecution at the amount ordered by the Court.
- 31.8 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 173.34 million. At present, the case is under the appointment to take evidence of the plaintiff by the Court. The Company has recorded as provisions from guarantee subsidiary company at the contingency amount.
- 31.9 The Company was sued for making goods payment in the amount of Baht 7.22 million. At present, the case is still pending the mediation

32. 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, 2012			
	Floating rate	Fixed rate	Non - interest	Total
Financial assets				
Cash and cash equivalents	8,006,470	-	10,174,121	18,180,591
Short-term loans from associated company	-	2,932,699	-	2,932,699
Short-term loans to related parties	-	6,100,000	-	6,100,000
Short-term loans to other parties	-	572,969	-	572,969
Long-term loans to related company	-	12,800,000	-	12,800,000
Financial liabilities				
Bank overdrafts and short-term loans from financial institutions	107,826,817	527,603,614	-	635,430,431
Short-term loans from associated company	-	4,000,000	-	4,000,000
Short-term loans from related company	-	2,264,907	-	2,264,907
Loans from related person	-	110,000,000	-	110,000,000
Long-term loans	153,710,573	290,914,107	-	444,324,680

(Unit : Baht)

Transactions	Separate financial statements			
	December 31, 2012			
	Floating rate	Fixed rate	Non - interest	Total
Financial assets				
Cash and cash equivalents	1,080,858	-	68,287	1,149,145
Long-term loans to subsidiary company and related parties	-	51,300,000	-	51,300,000
Financial liabilities				
Bank overdrafts and short-term loans from financial institutions	33,780,045	394,211,739	-	427,991,784
Short-term loans from subsidiary company	-	68,950,000	-	68,950,000
Short-term loans from associated company	-	4,000,000	-	4,000,000
Loans from related person	-	110,000,000	-	110,000,000
Long-term loans	-	290,914,107	--	290,914,107

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
<u>Financial assets</u>					
Short-term loans to associated company					
related company and other company	9,605,668	-	-	9,605,668	7.50
Long-term loans to associated company	12,800,000	-	-	12,800,000	7.50
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans					
from financial institutions	-	527,630,614	-	527,630,614	3.47 – 18.00
Short-term loans from associated company	4,000,000	-	-	4,000,000	7.50
Short-term loans from other parties	-	2,264,907	-	2,264,907	3.00 – 12.00
Short-term loans from related person	110,000,000	-	-	110,000,000	-
Long-term loans	-	175,464,107	115,450,000	290,914,107	4.80 – 7.50
(Unit : Baht)					
Transactions	Separate financial statements				Average
	At call	Within 1 year	Over 1 year	Total	interest rate
					Percent per annum
<u>Financial assets</u>					
Long-term loans to subsidiary company					
and related company	51,300,000	-	-	51,300,000	6.00 - 7.50
<u>Financial liabilities</u>					
Bank overdrafts and short-term loans					
from financial institutions	-	394,211,739	-	394,211,739	3.47 – 7.50
Short-term loans from subsidiary company	68,950,000	-	-	68,950,000	5.85-7.50
Short-term loans from associated company	4,000,000	-	-	4,000,000	7.50
Short-term loans from related person	110,000,000	-	-	110,000,000	-
Long-term loans	-	175,464,107	115,450,000	290,914,107	4.80–7.50

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, 2012, 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	4,686,680	1,187,547	4,616,891	840,773
Euro	4,062	-	-	-

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 periods December 31, 2012.

As at September 30, 2012, the aggregate carrying values of financial instruments do not materially differ from their aggregate fair value.

33. RECLASSIFICATION IN THE FINANCIAL STATEMENTS

In of 2012, the Company and subsidiary companies have reclassified certain accounts in the previous consolidated financial statements for corresponding with the current reclassification by transferring discount on share capital from disposal of share capital of the Company held by subsidiary company, then, the consolidated financial statements as at December 31, 2011 and January 1, 2011 have been presented for comparison purpose. Such reclassification has no impacts on net assets as at December 31, 2011 and January 1, 2011 and net profit for the year ended December 31, 2011 as detailed as follows:

(Unit : Baht)

	Consolidated financial statements			
	December 31, 2011		January 1, 2011	
	As reclassified	As previously reported	As reclassified	As previously reported
Discount on disposal o share capitalof the Company held by subsidiary company	-	(1,035,797,801)	-	(151,328,565)
Unappropriated retained earnings (deficit)	(1,968,949,255)	(1,247,449,710)	(1,105,433,217)	(990,020,954)
Non-controlling interests	(220,737,275)	93,560,981	49,144,420	85,060,722

34. EVENTS AFTER THE REPORTING PERIOD

In the first quarter of 2013, the Company and subsidiary companies had sold part of fixed assets and investment out to related company in the price of Baht 744.00 million which equal to the appraisal value of the independent appraiser. Such assets have net carrying value less selling expenses amount of Baht 345.49 million (Separate: Baht 470.93 million), resulted gain on sale of assets amount of Baht 398.51 million (Separate: Baht 273.07 million) in order to make debt settlement and implement the liquidity of the group of the Company.

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, 2012 and 2011, the Company and subsidiary companies have debt to equity ratio as summarized below :

	Consolidated financial statements		Separate financial statements	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Debt to equity ratio	(7.71) : 1	3.50 : 1	10.47 : 1	1.37 : 1

36. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved and authorized for issue by the Company's Board of Directors on March30, 2013.