

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month period ended 31 March 2015

1. General information

1.1 Corporate information

Pranda Jewelry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the manufacture and distribution of jewelry and its registered address is 28 Soi Bangna-Trad 28, Bangna Subdistrict, Bangna District, Bangkok. The Company has factories located in Bangkok and Nakhonratchasima.

1.2 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 34 (revised 2014) *Interim Financial Reporting*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

The interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official statutory financial statements of the Company. The interim financial statements in English language have been translated from the Thai language interim financial statements.

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of the Company and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2014. There were no changes in the composition of the group during the current period.

1.4 New financial reporting standards

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

TAS 19 (revised 2014) Employee Benefits

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

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

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

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

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

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

TFRS 12 Disclosure of Interests in Other Entities

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

TFRS 13 Fair Value Measurement

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

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

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2014, except for the changes in accounting policies as a result of the adoption of new and revised standards, as discussed in note 1.4 to the financial statements.

(Unaudited but reviewed)

3. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March		31 March		
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	327	342	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	77	79	With reference to market price
Loan interest income	-	-	4	5	Per loan agreements
Guarantee fee income	-	-	1	1	1 percent per annum
Service income	-	-	8	9	Agreed between the parties
Management income	-	-	3	3	Agreed between the parties
Service expenses	-	-	-	1	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	39	62	39	62	With reference to market price
<u>Transactions with related companies</u>					
Sales of goods	1	2	1	1	Normal business price close to those charged to other customers
Purchases of goods	10	28	-	-	With reference to market price
Service expenses	2	3	-	2	Agreed between the parties

(Unaudited but reviewed)

As at 31 March 2015 and 31 December 2014, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 4)</u>				
Subsidiaries	-	-	912	929
Related companies (related by common directors)	32	31	28	27
Total	32	31	940	956
Less: Allowance for doubtful accounts	(2)	(2)	(238)	(241)
Total trade accounts receivable - related parties, net	30	29	702	715
<u>Other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	234	231
Related companies (related by common directors)	-	2	1	1
Subsidiary and related company's directors	25	26	15	15
Total	25	28	250	247
Less: Allowance for doubtful accounts	-	-	(158)	(159)
Total other receivables - related parties, net	25	28	92	88
<u>Advances for investment</u>				
Subsidiary	-	-	5	5
<u>Amounts due from related party</u>				
Subsidiary	-	-	51	51
Less: Allowance for doubtful accounts	-	-	(12)	(12)
Total amounts due from related party, net	-	-	39	39
<u>Trade and other payables - related parties (Note 14)</u>				
Subsidiaries	-	-	29	29
Related companies (related by common directors)	16	44	-	-
Total trade and other payables - related parties	16	44	29	29

(Unaudited but reviewed)

Loans to related parties

As at 31 March 2015 and 31 December 2014, the balances of loans between the Company and those related parties and the movement are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Subsidiary	-	-	2	-
Related companies (related by common directors)	19	23	-	-
Total short-term loans to related parties	19	23	2	-

Long-term loans to related parties

Subsidiaries

Long-term loans	-	-	203	218
Less: Current portion	-	-	(13)	(9)
Long-term loans, net of current portion	-	-	190	209

(Unit: Million Baht)

		Consolidated financial statements			
		Balance	During the period		Balance
		as at			as at
Loans to related parties	Related by	31 December	Increase	Decrease	31 March
		2014			2015
A-List Corporate Co., Ltd.	The Director related to the Company's director	20	-	(4)	16
Supree Holding Co., Ltd.	Shareholders related to the Company's director	3	-	-	3

(Unit: Million Baht)

		Separate financial statements				
		Balance	During the period			Balance
		as at				as at
Loans to related parties	Related by	31 December	Increase	Decrease	Unrealised loss on exchange	31 March
		2014				2015
Pranda & Kroll GmbH & Co. KG	Subsidiary	24	2	-	(3)	23
Pranda UK Ltd.	Subsidiary	194	-	-	(12)	182

(Unaudited but reviewed)

During the current period, the Company granted an additional short-term loan of EUR 50,000 or approximately Baht 2 million, to its subsidiary, Pranda & Kroll GmbH & Co. KG. The loan is subjected to interest at the rate of 7.5 percent per annum, and unsecured. Interest and principal are repayable within July 2015.

Subsequently, in April 2015, the Company granted an additional long-term loan to its subsidiary, Pranda & Kroll GmbH & Co.KG, of EUR 0.1 million, or approximately Baht 4 million. The loan is subjected to interest at the rate of 7.5 percent per annum and unsecured. Principal and interest are repayable quarterly within 3 years, from September 2015 to April 2018.

Loan from related party

As at 31 March 2015 and 31 December 2014, the balance of short-term loan from related party and the movement are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Audited)		(Audited)
<u>Short-term loan from related party</u>				
Subsidiary's director	-	1	-	-

	(Unit: Million Baht)			
	Consolidated financial statements			
	Balance as at 31 December 2014	During the period		Balance as at 31 March 2015
		Increase	Decrease	
Short-term loan from related party	1	-	(1)	-
Subsidiary's director	1	-	(1)	-

Directors and management's benefits

During the three-month period ended 31 March 2015 and 2014, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	18.9	21.0	9.7	9.7
Post-employment benefits	0.7	0.3	0.4	0.2
Other long-term employee benefits	-	0.2	-	0.2
Total	<u>19.6</u>	<u>21.5</u>	<u>10.1</u>	<u>10.1</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 21.3.1 to the financial statements.

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
(Note 3)				
Aged on the basis of due dates				
Not yet due	-	-	190,882	174,966
Past due				
Up to 3 months	595	2,730	92,702	93,857
3 - 6 months	2,953	1,867	32,949	33,127
6 - 12 months	3,413	4,015	78,380	111,247
Over 12 months	<u>25,323</u>	<u>22,651</u>	<u>545,465</u>	<u>542,794</u>
Total	32,284	31,263	940,378	955,991
Less: Allowance for doubtful debts	<u>(2,143)</u>	<u>(1,931)</u>	<u>(237,924)</u>	<u>(241,474)</u>
Total trade accounts receivable - related parties, net	<u>30,141</u>	<u>29,332</u>	<u>702,454</u>	<u>714,517</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	129,562	201,529	30,133	51,994
Past due				
Up to 3 months	161,796	205,712	16,495	78,601
3 - 6 months	56,820	30,623	37,338	7,114
6 - 12 months	34,274	34,706	4,826	4,306
Over 12 months	72,818	67,462	43,148	43,044
Total	455,270	540,032	131,940	185,059
Less: Allowance for doubtful debts	(51,065)	(45,111)	(18,911)	(18,087)
Total trade accounts receivable - unrelated parties, net	404,205	494,921	113,029	166,972
Total trade accounts receivable, net	434,346	524,253	815,483	881,489
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	24,759	27,922	249,651	247,252
Other receivables - unrelated parties	4,219	8,220	266	720
Accrued interest income	1,386	1,353	1,255	1,187
Accrued income	5,852	4,307	-	-
Total	36,216	41,802	251,172	249,159
Less: Allowance for doubtful debts	(2,375)	(2,409)	(157,634)	(158,768)
Total other receivables, net	33,841	39,393	93,538	90,391
Total trade and other receivables, net	468,187	563,646	909,021	971,880

In 2014, the Company entered into a settlement agreement with an overseas trade debtor to settle debts totaling USD 5.3 million by means of cash payments totaling USD 0.75 million, paid in accordance with the repayment schedule under the agreement, the issue of a promissory note for USD 1.55 million by the debtor, and the issue of a promissory note for USD 3 million by another overseas company. The total balance of promissory notes, amounting to USD 4.55 million, is presented in other receivables as non-current assets, as described in Note 8 to the financial statements.

As at 31 March 2015, the outstanding balance receivable from this overseas trade debtor, included in trade accounts receivable - unrelated parties, was USD 0.75 million or approximately Baht 24 million (31 December 2014: USD 0.75 million or approximately Baht 25 million).

(Unaudited but reviewed)

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account for the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2015	230,215	167,446
Add: Reduce cost to net realisable value of inventories	4,290	3,845
Less: Reversal of reduce cost to net realisable value of inventories	(18,498)	-
Balance as at 31 March 2015	<u>216,007</u>	<u>171,291</u>

6. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	31 March 2015	31 December 2014
		(Audited)
Pranda North America, Inc.	120,283	120,283
H.GRINGOIRE s.a.r.l.	344,423	344,423
Pranda UK Ltd.	28,973	28,973
Pranda Vietnam Co., Ltd.	48,180	48,180
Pranda Singapore Pte. Limited	53,681	53,681
Primagold International Co., Ltd.	200,000	200,000
Crystalline Co., Ltd.	96,000	96,000
Pranda Lodging Co., Ltd.	41,125	41,125
Guangzhou Pangda Zhubao Shoushi Youxian Gongs	112,523	112,523
Pranda & Kroll GmbH & Co. KG	573,303	573,303
Pranda Jewelry Private Limited	436	436
Pranda Trading (Shenzhen) Limited	17,437	17,437
Total	<u>1,636,364</u>	<u>1,636,364</u>
Less: Allowance for impairment of investments	<u>(802,100)</u>	<u>(802,100)</u>
Investments in subsidiaries, net	<u>834,264</u>	<u>834,264</u>

(Unaudited but reviewed)

During the three-month period ended 31 March 2015 and 2014, no dividend income was received from its investments in subsidiaries.

Subsidiary - PT Pranda Marketing Indonesia (controlled by Primagold International Co., Ltd.)

During the current period, the Annual General Shareholder's Meeting of PT Pranda Marketing Indonesia passed the following resolutions:

- 1) To approve an increase in its registered share capital from 4 thousand million Indonesian Rupiah (4,000 ordinary shares of 1 million Indonesian Rupiah each) or approximately of Baht 12 million to 20 thousand million Indonesian Rupiah (20,000 ordinary shares of 1 million Indonesian Rupiah each) or approximately of Baht 50 million.
- 2) To approve an increase in its paid-up capital from 1 thousand million Indonesian Rupiah, or approximately of Baht 3 million to 10 thousand million Indonesian Rupiah, or approximately Baht 25 million.

The increase in paid-in capital was made by means of cash payment of 4.5 thousand million Indonesian Rupiah, or approximately of Baht 11 million, and the conversion to equity of trade accounts payable of 4.5 thousand million Indonesian Rupiah, or approximately of Baht 11 million.

After the increase in share capital, the Group still has control over the subsidiary and has an equity interest of 55 percent.

7. Investment in associated company

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Investment value - equity method	
	31 March	31 December
	2015	2014
		(Audited)
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share loss	(1,961)	(3,368)
Total carrying amounts based on equity method	1,639	232

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
		(Audited)		(Audited)		(Audited)
KZ-Pranda Co., Ltd.	3,600	3,600	(3,600)	(3,600)	-	-

The share of profit from investment in associated company included in the consolidated income statements have been calculated from the financial statement prepared by management of this company but is not reviewed by its auditor. However, the Company's management believes that there would be no material difference if this financial statement had been reviewed by its auditor.

During the three-month period ended 31 March 2015 and 2014, the Company received no dividend income from its investment in associated company.

8. Other receivables

In 2014, the Company received the settlement from an overseas trade debtor in the form of promissory notes totaling USD 4.55 million, that were issued by two overseas companies, in accordance with the settlement agreement described in Note 4 to the financial statements. These promissory notes are repayable in five years (maturity in April 2019), with no interest. The outstanding balances as at 31 March 2015 and 31 December 2014 are presented below.

(Unit: Million Baht)

	Consolidated / Separate financial statements	
	31 March 2015	31 December 2014
Promissory notes	148	149
Less: Allowance for devaluation	(38)	(38)
Net	110	111

Subsequently, in April 2015, the Company agreed to convert a promissory note of USD 3 million issued by an overseas company into investment in that company amounting to USD 3 million or approximately Baht 97 million, in the form of 333,334 ordinary shares with a value of USD 9 each, which is 2 percent of the total number of ordinary shares issued by that company.

(Unaudited but reviewed)

9. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2015	689,262	676,992
Less: Depreciation for the period	(705)	(154)
Net book value as at 31 March 2015	<u>688,557</u>	<u>676,838</u>

The Company and its subsidiaries have mortgaged their investment properties with a total net book value as at 31 March 2015 of approximately Baht 673 million (31 December 2014: Baht 673 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 676 million (31 December 2014: Baht 676 million)).

10. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 1 January 2015	760,147	618,317
Acquisitions during the period - at cost	27,965	25,161
Disposals during the period - net book value as at disposal date	(187)	(139)
Depreciation for the period	(20,028)	(13,219)
Translation adjustment during the period	(232)	-
Net book value as at 31 March 2015	<u>767,665</u>	<u>630,120</u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 31 March 2015 of approximately Baht 407 million (31 December 2014: Baht 399 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 334 million (31 December 2014: Baht 325 million)).

11. Leasehold rights

A local subsidiary company has mortgaged leasehold rights with a total net book value as at 31 March 2015 of approximately Baht 13 million (31 December 2014: Baht 14 million) as collateral for credit facilities granted by commercial banks.

12. Income tax

Part of the Company's operations has been granted promotional privileges from the Board of Investment, including exemption from corporate income tax on profits for a period of eight years, commencing as from the date of first earnings operating income. The Company has started to receive privileges of certificate No. 1616(2)/2553 on 4 January 2011.

Interim corporate income tax of the Company was calculated on profit (loss) before income tax from operations without BOI promotional privileges for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

Interim corporate income tax of the local subsidiaries were calculated on profit (loss) before income tax for the periods, after adding back expenses and deducting income which are disallowable for tax computation purposes, using the estimated effective tax rate for the year.

Interim corporate income tax of the overseas subsidiaries were calculated in accordance with the accounting standards and/or tax law of that company's country of domicile.

Tax expenses (income) for the three-month periods ended 31 March 2015 and 2014 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	(2,800)	5,875	-	-
Adjustment in respect of current income tax of previous year	(102)	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	5,512	(4,502)	(619)	(1,191)
Tax expenses (income) reported in the statements of income	<u>2,610</u>	<u>1,373</u>	<u>(619)</u>	<u>(1,191)</u>

(Unaudited but reviewed)

The amount of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to actuarial loss	(6)	-	-	-

13. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		31 March 2015	31 December 2014	31 March 2015	31 December 2014
			(Audited)		(Audited)
Bank overdrafts	4.65,7.70	14,625	14,211	-	-
Short-term loans from financial institutions	1.37 - 4.40,12.75	696,680	674,820	498,485	513,440
Total		711,305	689,031	498,485	513,440

Bank overdrafts and short-term loans from financial institutions of the Company are secured by the mortgage of the Company's land with structures thereon, and investment properties.

Bank overdrafts and short-term loans from financial institutions of a local subsidiary company are guaranteed by the Company.

Bank overdrafts of a local subsidiary company are secured by fixed deposits pledged with the bank.

Bank overdrafts and short-term loans from financial institutions of an overseas subsidiary are guaranteed by the standby-letters of credit issued by a commercial bank in Thailand and guaranteed by the Company and the subsidiary's director.

Short-term loan from financial institution of an overseas subsidiary is guaranteed by the assets of the subsidiary's director.

(Unaudited but reviewed)

14. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
Trade and other payables - related parties (Note 3)	15,975	43,509	28,724	28,879
Trade payables - unrelated parties	444,902	397,205	343,392	229,225
Other payables - unrelated parties	39,447	38,457	23,968	19,305
Accrued expenses	60,573	73,973	28,060	27,624
Total trade and other payables	<u>560,897</u>	<u>553,144</u>	<u>424,144</u>	<u>305,033</u>

15. Short-term loans from unrelated individuals

As at 31 March 2015, short-term loans from unrelated individuals of the Company totaling Baht 30 million (31 December 2014: Baht 30 million) in the form of bills of exchange. The loans are carrying the interest rate at 3.9 percent per annum, unsecured and repayable within September 2015.

16. Long-term loans

The outstanding balances of long-term loans as at 31 March 2015 and 31 December 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
Long-term loans	360,837	382,668	334,900	354,950
Less: Current portion	(88,605)	(88,701)	(80,200)	(80,200)
Long-term loans - net of current portion	<u>272,232</u>	<u>293,967</u>	<u>254,700</u>	<u>274,750</u>

(Unaudited but reviewed)

Movements in the long-term loans account during the three-month period ended 31 March 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2015	382,668	354,950
Less: Repayment	(21,831)	(20,050)
Balance as at 31 March 2015	360,837	334,900

The long-term loans of the Company are secured by the mortgage of land with structures thereon, and investment properties, and by the guarantee of the Company's directors. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity according to the agreements.

Long-term loans of a local subsidiary company were granted by local commercial banks. Such loans are secured by the mortgage of its office condominium units, investment properties and some of its leasehold rights, and by the guarantees of the Company and directors of the subsidiary. The loan agreements contain covenants as specified in the agreements that, among other things, require the subsidiary to maintain certain debt to equity according to the agreements.

Long-term loan of an overseas subsidiary company (Pranda Jewelry Private Limited) was granted by an Indian financial institution. Such loan is secured by a building of this subsidiary.

17. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 March 2015 was as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Post-employment	Other long-term	
	benefits from	employee	
	employee's retirement	benefits plan	Total
Balances as at 1 January 2015	144,914	7,406	152,320
Current service cost	1,641	234	1,875
Interest cost	1,312	57	1,369
Actuarial loss during the period	25	-	25
Benefits paid during the period	-	(40)	(40)
Balances as at 31 March 2015	147,892	7,657	155,549

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	Post-employment	Other long-term	Total
	benefits from employee's retirement	employee benefits plan	
Balances as at 1 January 2015	120,433	6,147	126,580
Current service cost	1,756	170	1,926
Interest cost	1,123	48	1,171
Balances as at 31 March 2015	123,312	6,365	129,677

The cumulative amount of actuarial gains recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 March 2015 amounted to Baht 48 million (The Company only: Baht 38 million).

18. Earnings per share

	Consolidated financial statements					
	For the three-month periods ended 31 March					
	Profit (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit (loss) attributable to equity holders of the Company	(105,272)	9,745	409,529	409,281	(0.2571)	0.0238
Effect of dilutive potential ordinary shares						
Warrants	-	-	-	141		
Diluted earnings per share						
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares	<u>(105,272)</u>	<u>9,745</u>	<u>409,529</u>	<u>409,422</u>	<u>(0.2571)</u>	<u>0.0238</u>

(Unaudited but reviewed)

Separate financial statements							
For the three-month periods ended 31 March							
		Profit (loss)		Weighted average number of ordinary shares		Earnings per share	
		<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
		(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share							
Profit (loss) attributable to equity holders of the Company							
		(60,671)	53,043	409,529	409,281	(0.1481)	0.1296
Effect of dilutive potential ordinary shares							
Warrants							
		-	-	-	141		
Diluted earnings per share							
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares							
		<u>(60,671)</u>	<u>53,043</u>	<u>409,529</u>	<u>409,422</u>	<u>(0.1481)</u>	<u>0.1296</u>

The warrants to purchase the Company's ordinary shares under Employee Stock Option Plan (ESOP) were due for the last exercise date on 27 February 2014. As a result, there was no effect of dilutive potential ordinary shares during the current period.

19. Financial instruments

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

(Unit: Million)								
Foreign currencies	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014	31 March 2015	31 December 2014
US dollar	10	12	10	9	26	28	8	6
Euro	-	-	-	-	9	9	-	-
Singapore Dollar	-	-	-	-	-	-	1	1
Pound Sterling	-	-	-	-	8	8	-	-
Indian Rupee	-	-	-	-	69	69	-	-
Vietnam Dong	6,280	7,931	440	512	-	-	-	-

(Unaudited but reviewed)

Foreign currencies	Average exchange rate as at	
	31 March 2015	31 December 2014
	(Baht per 1 foreign currency unit)	
US dollar	32.51	32.92
Euro	35.17	40.00
Singapore Dollar	23.62	24.86
Pound sterling	48.09	51.07
Indian Rupee	0.51	0.50
Vietnam Dong	0.0015	0.0016

The outstanding of forward exchange contracts to hedge foreign exchange risk are summarised below.

Consolidated financial statements as at 31 March 2015

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	5,609,349	32.69 - 33.29	July - September 2015
Pound Sterling	12,525	50.29	August 2015
Euro	322,742	35.17 - 35.78	September 2015

Consolidated financial statements as at 31 December 2014

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	4,370,630	32.39 - 33.23 baht per US dollar	March - July 2015

Separate financial statements as at 31 March 2015

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	5,609,349	32.69 - 33.29	July - September 2015
Pound Sterling	12,525	50.29	August 2015
Euro	322,742	35.17 - 35.78	September 2015

Separate financial statements as at 31 December 2014

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	4,309,993	32.79 - 33.23 Baht per US dollar	May - July 2015

20. Segment information

The Company and its subsidiaries are organised into business units based on its business activities. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments, except for its subsidiary, Pranda & Kroll GmbH & Co. KG has discontinued its production segment since January 2015. However, the subsidiary's production segment is not a significant segment of the group. Therefore, there is no significant impact on the consolidated financial statements.

Other segments are dormitory rental in Thailand, investment and dormant company.

(Unaudited but reviewed)

The following tables present revenues and profit (loss) information regarding the Company's and its subsidiaries' operating segments for the three-month periods ended 31 March 2015 and 2014

(Unit: Million Baht)

For the three-month periods ended 31 March

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Revenues														
Revenues from external customers	201	343	261	305	222	218	-	-	684	866	-	-	684	866
Revenues from intersegment	337	336	2	2	73	76	-	-	412	414	(412)	(414)	-	-
Total revenues	<u>538</u>	<u>679</u>	<u>263</u>	<u>307</u>	<u>295</u>	<u>294</u>	<u>-</u>	<u>-</u>	<u>1,096</u>	<u>1,280</u>	<u>(412)</u>	<u>(414)</u>	<u>684</u>	<u>866</u>
Results														
Segment profit (loss)	(2)	45	(48)	(46)	23	12	(3)	(24)	(30)	(13)	(7)	17	(37)	4
Unallocated revenues and expenses														
Interest income													1	-
Other income													8	12
Loss on exchange													(66)	(3)
Share of profit from investment in associated company													1	-
Finance cost													(16)	(12)
Profit (loss) before income tax expenses													(109)	1
Income tax expenses													(3)	(2)
Loss for the period													<u>(112)</u>	<u>(1)</u>

21. Commitments and contingent liabilities

21.1 Capital commitments

As at 31 March 2015, the Company had capital commitments totaling of approximately Baht 39 million (31 December 2014: Baht 21 million), relating to acquisition of computer software, building construction and building improvements.

21.2 Operating lease commitments

The subsidiaries have entered into several operating lease and service agreements in respect of the lease of office building space, factories, department store space, motor vehicles, and equipment. The terms of the agreements are generally between 1 and 30 years.

Future minimum lease payments required under these operating lease contracts were as follows:

	(Unit: Million Baht)	
	Consolidated	
	financial statements	
	As at	
	31 March 2015	31 December 2014
Payable:		
In up to 1 year	38	37
In over 1 and up to 5 years	66	56
In over 5 years	17	18

21.3 Guarantees

21.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 March 2015, there were outstanding guarantees of Baht 591 million, EUR 0.4 million and USD 8.1 million (31 December 2014: Baht 591 million, EUR 0.3 million and USD 6.6 million), totaling of Baht 867 million (31 December 2014: Baht 822 million).

21.3.2 As at 31 March 2015, there was outstanding bank guarantee of Baht 18 million (31 December 2014: Baht 18 million) has been issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 21.5 to the financial statements.

21.3.3 As at 31 March 2015, there were outstanding bank guarantees of Baht 1.6 million, (31 December 2014: USD 1 million and Baht 1 million, totaling of Baht 34 million) issued by banks on behalf of the Company and its subsidiaries to guarantee purchase of goods, electricity use, among others. (The Company only: Baht 0.3 million (31 December 2014: USD 1 million or approximately Baht 33 million)).

21.3.4 As at 31 March 2015, the Company and its subsidiaries have outstanding standby-letters of credit of USD 7.6 million and EUR 0.4 million, or approximately Baht 259 million (31 December 2014: USD 5.6 million and EUR 0.4 million, or totaling Baht 198 million) (The Company only: USD 5 million and EUR 0.4 million, totaling of Baht 175 million (31 December 2014: USD 3 million and EUR 0.4 million, or approximately Baht 113 million)).

21.4 Long-term service commitments

An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. Under the conditions of the license agreement, the subsidiary is to pay a monthly license fee as stipulated in the agreement. The agreement period has started from January 2014 to December 2018. The fees for the current period amounting to Baht 2 million (2014: Baht 1 million) were recognised as expenses.

21.5 Tax assessment by the Revenue Department

In 2012, the Company received a corporate income tax assessment letter from the Revenue Department covering the years 2004-2006 and 2008-2010, assessing tax totaling approximately Baht 18 million (including surcharges). However, the Company submitted a letter of appeal to the Tax Appeal Committee seeking to have the assessment revoked, and provided a bank guarantee of approximately Baht 18 million issued by a bank on behalf of the Company to the Revenue Department in relation to the tax assessment. In November 2014, the Tax Appeal Committee rejected the Company's appeal to revoke this assessment by the official, and ordered the Company to pay tax and surcharges to the Revenue Department. The Company, therefore petitioned the Central Tax Court to revoke this tax assessment on 25 December 2014. This petition is currently under the consideration of the Central Tax Court.

The management of the Company believes that the Company will have no corporate income tax obligations as a result of this assessment by the Revenue Department, and no significant losses will be incurred. Moreover, since the result of the appeal is not yet known the Company has not recorded any provision for this tax assessment.

22. Events after the reporting period

On 23 February 2015, the meeting of the Company's Board of Directors passed the following significant resolutions:

- 1) To propose the payment of a dividend of Baht 0.15 per share from the net profit of year 2014, totaling approximately Baht 61 million, for approval at the Annual General Meeting of the shareholders.
- 2) To propose for approval at the Annual General Meeting of the shareholders a decrease in the Company's registered share capital from Baht 410,000,000 (410,000,000 ordinary shares of Baht 1 each) to Baht 409,529,000 (409,529,000 ordinary shares of Baht 1 each) by cancelling 471,000 registered ordinary shares with a par value of Baht 1 each that are unissued due to the non-exercise of warrants.
- 3) To propose the issue and offer of up to Baht 500 million of debentures with tenors of no more than 5 years, for approval at the Annual General Meeting of the shareholders.
- 4) To approve the issue and offer of up to Baht 300 million of short-term bills of exchange with maturities of not more than 270 days.

On 21 April 2015, the Annual General Meeting of the shareholders of the Company passed the above resolutions 1) to 3). This dividend will be paid on 8 May 2015. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 29 April 2015.

23. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 May 2015.