

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month period ended 31 March 2016

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 2015) *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 2015. 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 and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. 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.

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 2015.

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 periods ended		For the three-month periods ended		
	31 March		31 March		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	215	327	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	40	77	With reference to market price
Loan interest income	-	-	4	4	Per loan agreements
Guarantee fee income	-	-	1	1	1 percent per annum
Service income	-	-	9	8	Agreed between the parties
Management income	-	-	4	3	Agreed between the parties
Service expenses	-	-	2	-	Agreed between the parties
Purchases of machinery and equipment	-	-	2	-	Agreed between the parties

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March	31 March	31 March	31 March	
	2016	2015	2016	2015	
<u>Transactions with associated company</u>					
Purchases of raw materials	157	39	157	39	With reference to market price
<u>Transactions with related companies</u>					
Sales of goods	2	1	2	1	Normal business price close to those charged to other customers
Purchases of goods	17	10	-	-	With reference to market price
Service expenses	1	2	-	-	Agreed between the parties

As at 31 March 2016 and 31 December 2015, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 4)</u>				
Subsidiaries	-	-	982	1,003
Related companies (related by common directors)	31	34	29	33
Total	31	34	1,011	1,036
Less: Allowance for doubtful accounts	(1)	(2)	(254)	(263)
Total trade accounts receivable - related parties, net	30	32	757	773
<u>Other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	229	230
Related companies (related by common directors)	3	2	2	2
Subsidiary and related company's directors	23	23	16	16
Total	26	25	247	248
Less: Allowance for doubtful accounts	-	-	(177)	(181)
Total other receivables - related parties, net	26	25	70	67

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Accrued interest income - related parties (Note 4)</u>				
Subsidiary	-	-	51	49
<u>Amounts due from related party</u>				
Subsidiary	-	-	45	52
Less: Allowance for doubtful accounts	-	-	(10)	(13)
Total amounts due from related party, net	-	-	35	39
<u>Trade and other payables - related parties (Note 15)</u>				
Subsidiaries	-	-	11	32
Related companies (related by common directors)	22	16	-	-
Total trade and other payables - related parties	22	16	11	32

Loans to related parties

As at 31 March 2016 and 31 December 2015, 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
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Subsidiary	-	-	29	7
Related companies (related by common directors)	26	21	-	-
Total short-term loans to related parties	26	21	29	7
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Long-term loans	-	-	219	230
Less: Current portion	-	-	(45)	(35)
Long-term loans, net of current portion	-	-	174	195

(Unaudited but reviewed)

(Unit: Million Baht)

		Consolidated		Separate	
		financial statements		financial statements	
		31 March	31 December	31 March	31 December
		2016	2015	2016	2015
			(Audited)		(Audited)
					(Unit: Million Baht)
		Consolidated financial statements			
		Balance as at	During the period		Balance as at
		31 December	Increase	Decrease	31 March
Loans to related parties	Related by	2015			2016
A-List Corporate Co., Ltd.	The Director related to the Company's director	18	5	-	23
Supree Holding Co., Ltd.	Shareholders related to the Company's director	3	-	-	3

Consolidated financial statement

During the current period, Pranda Lodging Co., Ltd., a subsidiary company, granted additional short-term loan in the form of promissory notes of Baht 5 million to A-List Corporate Co., Ltd., a related company. This loan is secured by the director of this related company and subject to interest rate at 7 percent per annum and repayable on demand.

(Unit: Million Baht)

		Separate financial statements				Balance as at 31 March 2016
		Balance as at 31 December 2015	During the period		Unrealised gain on exchange	
Loans to related parties	Related by		Increase	Decrease		
Pranda & Kroll GmbH & Co. KG	Subsidiary	34	-	-	34	
Pranda UK Ltd.	Subsidiary	203	-	-	192	
H.GRINGOIRE s.a.r.l	Subsidiary	-	22	-	22	

Separate financial statements

During the current period, the Company granted a short-term loan of EUR 0.6 million or approximately Baht 22 million, to its subsidiary. Loan is subjected to interest at the rate of 7.5 percent per annum and unsecured. Principal and interest are repayable within September 2016.

(Unaudited but reviewed)

Short term loan from related party

As at 31 March 2016 and 31 December 2015, the balance of short-term loan from related party are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Short-term loan from related party</u>				
Subsidiary's director	1	1	-	-

Directors and management's benefits

During the three-month periods ended 31 March 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term employee benefits	22.8	18.9	13.7	9.7
Post-employment benefits	0.7	0.7	0.4	0.4
Other long-term employee benefits	0.1	-	-	-
Total	23.6	19.6	14.1	10.1

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 22.3.1 to the financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	52	126,328	123,467
Past due				
Up to 3 months	1,084	1,124	119,958	165,466
3 - 6 months	56	183	55,042	40,313
6 - 12 months	2,622	927	76,960	69,097
Over 12 months	27,239	32,258	699,131	637,589
Total	31,001	34,544	1,011,419	1,035,932
Less: Allowance for doubtful debts	(1,047)	(2,432)	(254,250)	(262,766)
Total trade accounts receivable - related parties, net (Note 3)	29,954	32,112	757,169	773,166
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	162,587	202,085	74,387	50,643
Past due				
Up to 3 months	114,242	167,010	38,684	41,882
3 - 6 months	14,550	18,584	4,201	1,880
6 - 12 months	22,419	48,892	2,119	22,544
Over 12 months	70,006	56,282	40,896	21,709
Total	383,804	492,853	160,287	138,658
Less: Allowance for doubtful debts	(68,204)	(50,950)	(42,884)	(25,627)
Total trade accounts receivable - unrelated parties, net	315,600	441,903	117,403	113,031
Total trade accounts receivable, net	345,554	474,015	874,572	886,197
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	25,933	24,939	247,017	247,461
Other receivables - unrelated parties	7,192	15,226	384	441
Accrued interest income - related parties (Note 3)	-	-	51,402	48,924
Accrued interest income	1,611	1,478	1,373	1,356
Accrued income	1,797	340	-	-
Total	36,533	41,983	300,176	298,182
Less: Allowance for doubtful debts	(2,464)	(2,496)	(178,562)	(181,751)
Total other receivables, net	34,069	39,487	121,614	116,431
Total trade and other receivables, net	379,623	513,502	996,186	1,002,628

(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 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2016	233,443	172,529
Add: Reduce cost to net realisable value of inventories	6,255	5,550
Less: Reversal of reduce cost to net realisable value of inventories	(1,617)	-
Balance as at 31 March 2016	<u>238,081</u>	<u>178,079</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 2016	31 December 2015
		(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	37,452	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 Gongsi	112,523	112,523
Pranda & Kroll GmbH & Co. KG	573,303	573,303
Pranda Jewelry Private Limited	44,255	44,255
Pranda Trading (Shenzhen) Limited	17,437	17,437
Total	<u>1,663,954</u>	<u>1,680,183</u>
Less: Allowance for impairment of investments	<u>(802,100)</u>	<u>(802,100)</u>
Investments in subsidiaries, net	<u>861,854</u>	<u>878,083</u>

During the three-month periods ended 31 March 2016 and 2015, no dividend income was received from its investments in subsidiaries.

Subsidiary - Pranda Singapore Pte. Limited

On 23 February 2016, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Pranda Singapore Pte. Limited, on 23 February 2016. This subsidiary is not a significant segment of the Group and there is thus no significant impact on the consolidated financial statements.

At present, the subsidiary is in the process of liquidation. In March 2016, the subsidiary returned SGD 0.9 million of its share capital, making payment in cash and by offsetting with other receivables (balances that the Company owed to this subsidiary). As a result, investment in this subsidiary decreased by Baht 16 million, and as at 31 March 2016, the Company has outstanding balance of investment in this subsidiary of Baht 37 million, and the Company has made full allowance for impairment loss on investment in this subsidiary.

The management expects that the liquidation process will be finalised in June 2016.

7. Investment in associated company

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Investment value - equity method	
	31 March 2016	31 December 2015
	(Audited)	
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share of profit	6,870	5,900
Total carrying amounts based on equity method	<u>10,470</u>	<u>9,500</u>

Company's name	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	31 March 2016	31 December 2015	31 March 2016	31 December 2015	31 March 2016	31 December 2015
	(Audited)		(Audited)		(Audited)	
KZ-Pranda Co., Ltd.	<u>3,600</u>	<u>3,600</u>	<u>(3,600)</u>	<u>(3,600)</u>	<u>-</u>	<u>-</u>

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 periods ended 31 March 2016 and 2015, the Company received no dividend income from its investment in associated company.

(Unaudited but reviewed)

8. Other receivables

The outstanding balances as at 31 March 2016 and 31 December 2015 are presented below.

(Unit: Thousand Baht)

Consolidated / Separate
financial statements

	31 March 2016	31 December 2015
		(Audited)
Promissory notes	54,531	55,862
Less: Allowance for devaluation	(23,282)	(23,850)
Other receivables - net	31,249	32,012

9. Other long-term investments

Other long-term investments as at 31 March 2016 and 31 December 2015 are summarised below:

(Unit: Thousand Baht)

Consolidated financial statements

	31 March 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
			(Audited)	
Available-for-sale securities				
Overseas marketable equity securities	97,979	67,619	97,979	89,574
Less: Deficit on changes in value of investments in securities available for sales	(30,360)		(8,405)	
	67,619		89,574	
Held-to-maturity debt securities				
Government bonds	9,926		9,926	
Other investments				
Overseas non-marketable equity securities	14,490		14,490	
Total other long-term investments	92,035		113,990	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	31 March 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
			(Audited)	
Available-for-sale securities				
Overseas marketable equity securities	97,979	67,619	97,979	89,574
Less: Deficit on changes in value of investments in securities available for sales	(30,360)		(8,405)	
	<u>67,619</u>		<u>89,574</u>	
Held-to-maturity debt securities				
Government bonds	<u>9,926</u>		<u>9,926</u>	
Other investments				
Overseas non-marketable equity securities	<u>13,350</u>		<u>13,350</u>	
Total other long-term investments	<u>90,895</u>		<u>112,850</u>	

10. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2016	687,337	676,365
Transfer to property, plant and equipment - net book value as at transfer date	(5,546)	(8,298)
Depreciation for the period	<u>(250)</u>	<u>(37)</u>
Net book value as at 31 March 2016	<u>681,541</u>	<u>668,030</u>

The Company and its subsidiaries have mortgaged their investment properties with a total net book value as at 31 March 2016 of approximately Baht 667 million (31 December 2015: Baht 673 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 667 million (31 December 2015: Baht 676 million)).

11. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2016	780,945	644,193
Acquisitions during the period - at cost	5,510	4,774
Transfer from investment properties - net book value as at transfer date	5,546	8,298
Disposals during the period - net book value as at disposal date	(14)	(10)
Depreciation for the period	(21,415)	(14,535)
Translation adjustment during the period	(1,375)	-
Net book value as at 31 March 2016	<u>769,197</u>	<u>642,720</u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 31 March 2016 of approximately Baht 463 million (31 December 2015: Baht 463 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 394 million (31 December 2015: Baht 391 million)).

12. Leasehold rights

A local subsidiary company has mortgaged leasehold rights with a total net book value as at 31 March 2016 of approximately Baht 8 million (31 December 2015: Baht 9 million) as collateral for credit facilities granted by commercial banks.

13. 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.

(Unaudited but reviewed)

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 2016 and 2015 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	1,164	(2,800)	-	-
Adjustment in respect of current income tax of previous year	3	(102)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,259)	5,512	(2,674)	(619)
Tax expenses (income) reported in the statements of income	<u>(2,092)</u>	<u>2,610</u>	<u>(2,674)</u>	<u>(619)</u>

The amount of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2016 and 2015 are 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial loss	<u>(2)</u>	<u>(6)</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

14. 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	31 December	31 March	31 December
		2016	2015	2016	2015
			(Audited)		(Audited)
Bank overdrafts	4.65, 7.70	3,263	1,650	-	-
Bills of exchange	3.85, 3.90	180,000	180,000	180,000	180,000
Short-term loans from					
financial institutions	2.90 - 3.60, 12.75	404,238	422,279	235,000	181,795
Total		587,501	603,929	415,000	361,795

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.

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

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	31 March	31 December	31 March	31 December	
	2016	2015	2016	2015	
			(Audited)		(Audited)
Trade and other payables - related parties (Note 3)		21,729	15,764	10,987	32,497
Trade payables - unrelated parties		424,263	424,877	254,716	257,837
Other payables - unrelated parties		31,879	65,261	14,205	21,421
Accrued expenses		51,143	39,186	24,542	21,687
Total trade and other payables		529,014	545,088	304,450	333,442

(Unaudited but reviewed)

16. Long-term loans

The outstanding balances of long-term loans as at 31 March 2016 and 31 December 2015 are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Long-term loans	671,738	693,864	653,929	673,979
Less: Current portion	(656,946)	(678,442)	(653,929)	(673,979)
Long-term loans - net of current portion	<u>14,792</u>	<u>15,422</u>	<u>-</u>	<u>-</u>

Movements in the long-term loans account during the three-month period ended 31 March 2016 are summarised below.

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2016	693,864		673,979	
Less: Repayment	(22,126)		(20,050)	
Balance as at 31 March 2016	<u>671,738</u>		<u>653,929</u>	

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 and debt service coverage ratio (DSCR) prescribed in the agreements.

However, since 31 December 2015, the Company was unable to maintain a debt service coverage ratio in accordance with the agreements. As a result, the lender has the right to call the loans on demand and the Company has classified the full balance as current portion of long-term loans. Currently, the Company is in the process of obtaining a letter granting a waiver for some conditions from the lender.

(Unaudited but reviewed)

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 2016 was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Post-employment benefits from employee's retirement	Other long-term employee benefits plan	Total
Balances as at 1 January 2016	177,309	6,592	183,901
Current service cost	2,373	260	2,633
Interest cost	1,372	58	1,430
Actuarial gains during the period	7	-	7
Benefits paid during the period	(2,318)	(16)	(2,334)
Balances as at 31 March 2016	178,743	6,894	185,637

(Unit: Thousand Baht)

	Separate financial statements		
	Post-employment benefits from employee's retirement	Other long-term employee benefits plan	Total
Balances as at 1 January 2016	148,032	5,223	153,255
Current service cost	2,037	195	2,232
Interest cost	1,293	49	1,342
Transferred employee from its subsidiary	11,678	437	12,115
Benefits paid during the period	(2,318)	-	(2,318)
Balances as at 31 March 2016	160,722	5,904	116,626

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 2016 amounted to Baht 25 million (The Company only: Baht 19 million).

18. Treasury shares/appropriated retained earnings for treasury shares reserve

On 14 October 2015, the Board of Directors of the Company approved a program with a budget of up to Baht 50 million, to repurchase no more than 10,600,000 shares (par value of Baht 1 each), which accounts for not more than 2.59 percent of the total number of shares in issue, for financial management purposes. The shares are to be repurchased on the Stock Exchange of Thailand from 28 October 2015 to 27 April 2016. The share resale period is determined after 6 months from the completion date of share repurchase but no later than 3 years. The Company has purchased of treasury shares since 28 October 2015.

During the current period, the Company has purchased back 5,896,600 ordinary shares, a total of Baht 27 million. Until 31 March 2016, treasury shares have been purchased back by the Company was 9,988,000 ordinary shares (par value of Baht 1 each), or 2.44 percent of total number of shares in issue, a total of Baht 47 million. (31 December 2015: Baht 20 million) and the Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 47 million.

Until 27 April 2016, the end of the share repurchase period, the Company has purchased back a total of 10,581,800 ordinary shares (par value of Baht 1 each), or 2.58 percent of total number of shares in issue, a total of Baht 49 million.

19. Earnings per share

		Consolidated financial statements					
		For the three-month periods ended 31 March					
		Loss		Weighted average number of ordinary shares		Loss per share	
		2016	2015	2016	2015	2016	2015
		(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share							
Loss attributable to equity holders of the Company		<u>(143,701)</u>	<u>(105,272)</u>	<u>402,693</u>	<u>409,529</u>	<u>(0.36)</u>	<u>(0.26)</u>
		Separate financial statements					
		For the three-month periods ended 31 March					
		Loss		Weighted average number of ordinary shares		Loss per share	
		2016	2015	2016	2015	2016	2015
		(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share							
Loss attributable to equity holders of the Company		<u>(66,154)</u>	<u>(60,671)</u>	<u>402,693</u>	<u>409,529</u>	<u>(0.16)</u>	<u>(0.15)</u>

(Unaudited but reviewed)

20. Financial instruments

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

(Unit: Million)

Foreign currencies	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2016	2015	2016	2015	2016	2015	2016	2015
US dollar	10	11	9	12	29	29	6	6
Euro	-	-	-	-	9	9	-	-
Pound Sterling	-	-	-	-	8	8	-	-
Singapore Dollar	-	-	-	-	-	-	-	1
Vietnam Dong	-	-	-	-	-	-	-	1

Foreign currencies	Average exchange rate as at	
	31 March 2016	31 December 2015
	(Baht per 1 foreign currency unit)	
US dollar	35.19	36.04
Euro	39.84	39.39
Singapore Dollar	26.04	25.48
Pound Sterling	50.50	53.48
Vietnam Dong	0.0016	0.0016

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

Consolidated financial statements as at 31 March 2016

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	4,340,765	34.93 - 36.51 Baht per US dollar	July 2016 - September 2016
Euro	131,004	39.50 - 40.06 Baht per Euro	August 2016 - October 2016
<u>Forward contracts to "Buy"</u>			
US dollar	760,257	35.39 - 35.79 Baht per US dollar	August 2016 - September 2016
US dollar	167,395	1.06 US dollar per Euro	January 2017

(Unaudited but reviewed)

Consolidated financial statements as at 31 December 2015

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	3,660,319	35.98 - 36.81 Baht per US dollar	March - June 2016
Euro	18,915	39.85 Baht per Euro	June 2016
<u>Forward contracts to "Buy"</u>			
US dollar	243,384	0.94 - 0.96 Euro per US dollar	January - April 2016

Separate financial statements as at 31 March 2016

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	4,340,765	34.93 - 36.51 Baht per US dollar	July 2016 - September 2016
Euro	131,004	39.50 - 40.06 Baht per Euro	August 2016 - October 2016
<u>Forward contracts to "Buy"</u>			
US dollar	760,257	35.39 - 35.79 Baht per US dollar	August 2016 - September 2016

Separate financial statements as at 31 December 2015

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	3,660,319	35.98 - 36.81 Baht per US dollar	March - June 2016
Euro	18,915	39.85 Baht per Euro	June 2016

21. 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, Crystalline has discontinued its production segment and transferred the production segment to the Company. 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 2016 and 2015.

(Unit: Million Baht)

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
For the three-month period ended 31 March														
Revenues														
Revenues from external customers	245	201	122	261	236	222	-	-	603	684	-	-	603	684
Revenues from intersegment	212	337	1	2	33	73	-	-	246	412	(246)	(412)	-	-
Total revenues	<u>457</u>	<u>538</u>	<u>123</u>	<u>263</u>	<u>269</u>	<u>295</u>	<u>-</u>	<u>-</u>	<u>849</u>	<u>1,096</u>	<u>(246)</u>	<u>(412)</u>	<u>603</u>	<u>684</u>
Results														
Segment profit (loss)	(45)	(2)	(56)	(48)	(8)	23	(1)	(3)	(110)	(30)	(9)	(7)	(119)	(37)
Unallocated revenues and expenses														
Interest income													1	1
Other income													8	8
Loss on exchange rate													(26)	(66)
Share of profit from investment in associated company													1	1
Finance cost													(17)	(16)
Loss before income tax expenses													(152)	(109)
Tax income (expenses)													2	(3)
Loss for the year													<u>150</u>	<u>(112)</u>

22. Commitments and contingent liabilities

22.1 Capital commitments

As at 31 March 2016, the Company had capital commitments totaling of approximately Baht 6 million (31 December 2015: Baht 10 million), relating to acquisition of computer software, building construction and building improvements.

22.2 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		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	39	38	-	-
In over 1 and up to 5 years	51	56	-	-
In over 5 years	13	13	-	-

22.3 Guarantees

22.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 March 2016, there were outstanding guarantees of Baht 575 million and USD 11 million (31 December 2015: Baht 575 million, USD 11 million), totaling of Baht 966 million (31 December 2015: Baht 975 million).

22.3.2 As at 31 March 2016, there was outstanding bank guarantee of Baht 21 million (31 December 2015: Baht 21 million) has been issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 22.5.1 to the financial statements.

22.3.3 As at 31 March 2016, there were outstanding bank guarantees of Baht 2 million, (31 December 2015: Baht 2 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 0.5 million (31 December 2015: Baht 0.4 million)).

22.3.4 As at 31 March 2016, the Company and its subsidiaries have outstanding standby-letters of credit of USD 12 million, or approximately Baht 428 million (31 December 2015: USD 12 million or totaling Baht 432 million) (The Company only: USD 7.5 million, totaling of Baht 264 million (31 December 2015: USD 7.5 million, or approximately Baht 270 million)).

22.4 Long-term service commitments

An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. During the current period, the subsidiary made an amendment agreement under the conditions of the license agreement, the subsidiary is to pay a yearly license fee as stipulated in the agreement. The agreement period has started from January 2014 to December 2017. The fees for the current period amounting to Baht 0.2 million (2015: Baht 2 million) were recognised as expenses.

22.5 Litigation

22.5.1 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. 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 the tax and surcharges to the Revenue Department. The Company, therefore petitioned the Central Tax Court to revoke this tax assessment on 25 December 2014 and provided a bank guarantee of approximately Baht 21 million issued by a bank on behalf of the Company to the Revenue Department in relation to the tax assessment.

Later, on 9 December 2015, the Central Tax Court issued a judgement in the Company's favour, revoking the assessment made by the Revenue Department and the Tax Appeal Committee's decision. On 7 March 2016, the Revenue Department submitted an appeal to the Supreme Court, Department of Taxation, and on 8 April 2016, the Company submitted a response to the appeal to the Supreme Court. The appeal is currently under the consideration of the Supreme 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. Therefore, the Company has not recorded any provision for this tax assessment.

22.5.2 Litigation of an overseas subsidiary

In December 2015, an overseas subsidiary company in France was jointly sued for infringement of models and unfair competition by two companies incorporated in Switzerland, claiming compensation of EUR 1.02 million, or approximately Baht 40 million. At present, the lawsuit is under consideration by the Court in France. The management and lawyer of the subsidiary company believe that no significant losses will be incurred. Moreover, since the result of the lawsuit is not yet known, the subsidiary has not recorded any provision for the contingent liabilities arising from this case in its accounts.

23. Fair value of financial instruments

The Company use the market approach to measure its assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

As of 31 March 2016, the Company had the assets that were measured at fair value using different levels of inputs as follows:

	(Unit: Thousand Baht)
	Consolidated / Separate Financial Statements
	<u>Level 1</u>
Financial assets measured at fair value	
Available-for-sale investments	
Overseas marketable equity securities	<u>68</u>

During the current period, there was no transfer within the fair value hierarchy.

24. Events after the reporting period

On 20 April 2016, the Annual General Meeting of the Company's shareholders passed a resolution to pay dividends to the shareholders in respect of the 2015 net profit of Baht 0.05 per share, totaling Baht 20 million.

The dividend will be paid on 9 May 2016 and will be recorded in the second quarter of 2016.

25. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 May 2016.