

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month and nine-month periods ended 30 September 2017

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.

At present, the Company has substantial amounts of loans and bills of exchange due within 12 months and the Company is in the process of negotiating with financial institutions to refinance its financial credit facilities. However, the management has plans to resolve these issues and the Company’s directors have provided a comfort letter confirming the provision of continuous financial support to the Company. Therefore, the financial statements have been prepared under the going concern basis, with assets and liabilities recorded on a basis whereby it is assumed that the Company will be able to realise assets and settle obligations in the ordinary course of business.

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 2016) 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 interim consolidated 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 2016. 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 and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. 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 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 2016.

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 30 September		periods ended 30 September		
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	233	213	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	82	76	With reference to market price
Loan interest income	-	-	1	11	Per loan agreement
Guarantee fee income	-	-	1	-	At 1 percent per annum
Service income	-	-	4	9	Agreed between the parties
Management fee income	-	-	7	3	Agreed between the parties
Service expenses	-	-	2	2	Agreed between the parties
Purchases of machinery and equipment	-	-	-	1	Agreed between the parties
Dividend income	-	-	-	50	Announce rate
<u>Transactions with associated company</u>					
Purchases of raw materials	18	83	18	83	With reference to market price
Service income	1	-	1	-	Agreed between the parties

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		
	2017	2016	2017	2016	
<u>Transactions with related companies</u>					
Sales of goods	7	2	3	2	Normal business price close to those charged to other customers
Purchases of goods	10	20	-	-	With reference to market price
Service income	-	-	-	1	Agreed between the parties
Loan interest income	1	-	-	-	Per loan agreement
Purchase of machinery and equipment	1	-	-	-	Agreed between the parties

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September		
	2017	2016	2017	2016	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	741	649	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	225	139	With reference to market price
Loan interest income	-	-	3	21	Per loan agreement
Guarantee fee income	-	-	3	2	At 1 percent per annum
Service income	-	-	7	23	Agreed between the parties
Management fee income	-	-	21	10	Agreed between the parties
Service expenses	-	-	5	7	Agreed between the parties
Purchases of machinery and equipment	-	-	2	3	Agreed between the parties
Dividend income	-	-	-	50	Announce rate
<u>Transactions with associated company</u>					
Purchases of raw materials	139	174	139	174	With reference to market price
Dividend income	-	-	-	4	Announce rate
Service income	1	-	1	-	Agreed between the parties
<u>Transactions with related companies</u>					
Sales of goods	9	5	5	5	Normal business price close to those charged to other customers
Purchases of goods	39	52	-	1	With reference to market price
Loan interest income	1	1	-	-	Per loan agreement
Service income	1	1	1	1	Agreed between the parties
Service expenses	1	1	-	-	Agreed between the parties
Purchase of machinery and equipment	1	-	-	-	Agreed between the parties

(Unaudited but reviewed)

As at 30 September 2017 and 31 December 2016, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 4)</u>				
Subsidiaries	-	-	701	720
Related companies (related by common directors)	36	35	34	34
Total	36	35	735	754
Less: Allowance for doubtful accounts	(28)	(28)	(84)	(76)
Total trade accounts receivable - related parties, net	8	7	651	678
<u>Other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	214	227
Related companies (related by common directors)	2	3	1	2
Subsidiary and related company's directors	11	9	5	4
Total	13	12	220	233
Less: Allowance for doubtful accounts	-	-	(164)	(173)
Total other receivables - related parties, net	13	12	56	60
<u>Accrued interest income - related parties (Note 4)</u>				
Subsidiaries	-	-	27	23
Less: Allowance for doubtful accounts	-	-	(21)	(21)
Total accrued interest income - related parties, net	-	-	6	2
<u>Amounts due from related parties</u>				
Subsidiary	-	-	-	15
Subsidiary and related company's directors	8	11	8	11
Total	8	11	8	26
Less: Allowance for doubtful accounts	-	-	-	(4)
Total amounts due from related parties, net	8	11	8	22
<u>Trade and other payables - related parties (Note 16)</u>				
Subsidiaries	-	-	58	45
Related companies (related by common directors)	35	33	-	-
Total trade and other payables - related parties	35	33	58	45

(Unaudited but reviewed)

Loans to related parties

As at 30 September 2017 and 31 December 2016, 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	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	49	47
Related companies (related by common directors)	26	26	-	-
Total short-term loans to related parties	<u>26</u>	<u>26</u>	<u>49</u>	<u>47</u>

Long-term loans to related parties

Subsidiaries

Long-term loans	-	-	568	554
Less: Current portion	-	-	(98)	(69)
Long-term loans, net of current portion	-	-	470	485
Less: Allowance for doubtful accounts	-	-	(193)	(190)
Total long-term loans to related parties, net	<u>-</u>	<u>-</u>	<u>277</u>	<u>295</u>

(Unit: Million Baht)

		Consolidated financial statements			
Short-term loans	Related by	Balance as at	During the period		Balance as at
		31 December	Increase	Decrease	30 September
		2016			2017
A-List Corporate Co., Ltd.	The Director related to the Company's director	23	-	-	23
Supree Holding Co., Ltd.	Shareholders related to the Company's director	3	-	-	3
Total short-term loans		<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>

(Unaudited but reviewed)

(Unit: Million Baht)

		Separate financial statements				
		During the period				
		Balance as at			Unrealised	Balance as at
		31 December			gain on	30 September
Short-term loans	Related by	2016	Increase	Decrease	exchange	2017
Pranda & Kroll GmbH & Co. KG	Subsidiary	19	-	-	1	20
H.GRINGOIRE s.a.r.l	Subsidiary	28	-	-	1	29
Total short-term loans		47	-	-	2	49

(Unit: Million Baht)

		Separate financial statements				
		During the period				
		Balance as at			Unrealised	Balance as at
		31 December			gain on	30 September
Long-term loans	Related by	2016	Increase	Decrease	exchange	2017
Pranda & Kroll GmbH & Co. KG	Subsidiary	26	-	-	1	27
Pranda UK Ltd.	Subsidiary	338	-	-	6	344
H.GRINGOIRE s.a.r.l	Subsidiary	190	-	-	7	197
Total long-term loans		554	-	-	14	568

Long-term loans to its three subsidiaries were subjected to interest rate of 7.5 percent per annum. During the year 2016, the Company ceased to calculate the said interest income of long-term loans because of the uncertainty in receiving repayments. The Company considered recording the allowance to be at the anticipated repayment amount of long-term loans and accrued interest income. (A total of Baht 61 million of interest income under the long-term loan agreements were not recognised as income. Interest income for the nine-month periods ended 30 September 2017 and 2016 amounting to Baht 31 million and Baht 19 million, respectively).

Short-term loans from related parties

As at 30 September 2017 and 31 December 2016, the balances and movements of short-term loans from related company are as follows:

(Unit: Million Baht)

	Consolidated financial statements			
	Balance as at	Increase	Decrease	Balance as at
	31 December 2016	during the period	during the period	30 September 2017
Company's directors	-	20	-	20
Subsidiaries' directors	1	2	(2)	1
Related company	-	2	-	2
Total short-term loans	1	24	(2)	23

(Unaudited but reviewed)

During the current period, the Company had short-term loans from the Company's directors amounting to Baht 20 million. These loans are unsecured, and subject to interest at rate of 7.5 percent per annum.

During the current period, Pranda & Kroll GmbH & Co. KG, its subsidiary, had short-term loan from its director amounting to Euro 20,720 or approximately to Baht 0.8 million. This loan is unsecured and has no interest charge. In addition, the subsidiary had short-term loan from its related company amounting to Euro 48,500 or approximately to Baht 1.9 million. This loan is unsecured and has interest at a rate of 4 percent per annum.

During the current period, Pranda Jewelry Private Limited, its subsidiary, had short-term loan from its director amounting to Indian Rupee 1 million or approximately to Baht 0.7 million. This loan is unsecured and has no interest charge.

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2017 and 2016, 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 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	16.7	18.4	7.2	9.1
Post-employment benefits	0.2	0.2	0.1	0.1
Total	<u>16.9</u>	<u>18.6</u>	<u>7.3</u>	<u>9.2</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	48.6	60.2	21.6	31.9
Post-employment benefits	0.3	0.7	0.4	0.3
Total	<u>48.9</u>	<u>60.9</u>	<u>22.0</u>	<u>32.2</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 24.3.1 to the financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,549	-	63,999	80,419
Past due				
Up to 3 months	2,135	1,943	137,993	87,804
3 - 6 months	1,118	1,934	70,089	132,304
6 - 12 months	1,941	1,870	81,860	98,534
Over 12 months	29,275	29,577	381,205	354,815
Total	36,018	35,324	735,146	753,876
Less: Allowance for doubtful debts	(27,679)	(27,718)	(84,411)	(76,268)
Total trade accounts receivable - related parties, net (Note 3)	8,339	7,606	650,735	677,608
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	177,801	276,869	94,250	151,687
Past due				
Up to 3 months	92,376	117,902	33,878	41,822
3 - 6 months	7,862	12,752	1,056	3,083
6 - 12 months	14,153	21,753	3,471	2,520
Over 12 months	47,084	51,716	29,564	34,975
Total	339,276	480,992	162,219	234,087
Less: Allowance for doubtful debts	(46,027)	(51,452)	(29,564)	(34,975)
Total trade accounts receivable - unrelated parties, net	293,249	429,540	132,655	199,112
Total trade accounts receivable, net	301,588	437,146	783,390	876,720
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	13,128	11,863	220,478	233,237
Other receivables - unrelated parties	12,240	14,906	664	811
Accrued interest income - related parties (Note 3)	131	-	27,423	23,381
Accrued interest income	2,294	1,863	2,180	1,797
Accrued income	1,880	1,906	-	-
Total	29,673	30,538	250,745	259,226
Less: Allowance for doubtful debts	(4,446)	(4,005)	(187,741)	(195,699)
Total other receivables, net	25,227	26,533	63,004	63,527
Total trade and other receivables, net	326,815	463,679	846,394	940,247

(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 nine-month periods ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	202,119	162,242
Add: Reduce cost to net realisable value of inventories	1,466	-
Less: Reversal of reduce cost to net realisable value of inventories	(2,260)	(1,347)
Balance as at 30 September 2017	<u>201,325</u>	<u>160,895</u>

As at 30 September 2017, an overseas subsidiary company has pledged inventories of IDR 3,000 million or approximately Baht 7.5 million to secure credit facilities from an overseas commercial bank as described in Note 14 and Note 18 to the financial statements.

6. Restricted bank deposits

The outstanding balances represented the Company's deposits with bank pledged to secure the credit facilities, and the subsidiaries' deposits with banks, pledged to secure the credit facilities for forward exchange contracts and bank overdraft, and the letters of guarantee issued by banks on behalf of subsidiaries for electricity use. During the current period, the subsidiary redeemed deposit with bank pledged to secure forward exchange contracts and the letters of guarantee issued by banks for electricity use.

7. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	30 September 2017	31 December 2016
		(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
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

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Cost	
	30 September 2017	31 December 2016
Pranda Trading (Shenzhen) Limited	17,437	17,437
Total	1,626,502	1,626,502
Less: Allowance for impairment of investments	(784,419)	(784,419)
Investments in subsidiaries, net	842,083	842,083

During the three-month and nine-month periods ended 30 September 2017, no dividend income was received from its investments in subsidiaries.

During the three-month and nine-month periods ended 30 September 2016, the Company received dividend income amounting to Baht 50 million from its investment in the subsidiary, Primagold International Co., Ltd.

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.

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. Subsequently in June 2016, the subsidiary was liquidated. The Company recorded loss from the liquidation of this subsidiary amounting to Baht 30 million and reversal of impairment loss on investments in subsidiaries of Baht 37 million in the separate income statement, and recorded gain on liquidation of subsidiary company of Baht 12 million in the consolidated income statement.

8. Investment in associated company

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Investment value - equity method	
	30 September	31 December
	2017	2016
KZ-Pranda Co., Ltd.		(Audited)
- Cost	3,600	3,600
- Accumulated share of profit	5,618	3,904
Total carrying amounts based on equity method	9,218	7,504

(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	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
	(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 and nine-month periods ended 30 September 2017, no dividend income was received from its investment in associated company.

During the nine-month periods ended 30 September 2016, the Company received dividend income amounting to Baht 4 million from its investment in associated company.

9. Other long-term investments

Other long-term investments as at 30 September 2017 and 31 December 2016 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2017		31 December 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
	(Audited)			
Available-for-sale securities				
Overseas marketable equity securities	97,979	40,853	97,979	52,163
Less: Deficit on changes in value of investments in securities available for sales	(57,126)		(45,816)	
	40,853		52,163	
Held-to-maturity debt securities				
Government bonds	9,981		9,963	
Other investments				
Overseas non-marketable equity securities	14,490		14,490	
Total other long-term investments	65,324		76,616	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	30 September 2017		31 December 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
				(Audited)
Available-for-sale securities				
Overseas marketable equity securities	97,979	40,853	97,979	52,163
Less: Deficit on changes in value of investments in securities available for sales	(57,126)		(45,816)	
	<u>40,853</u>		<u>52,163</u>	
Held-to-maturity debt securities				
Government bonds	<u>9,981</u>		<u>9,963</u>	
Other investments				
Overseas non-marketable equity securities	<u>13,350</u>		<u>13,350</u>	
Total other long-term investments	<u><u>64,184</u></u>		<u><u>75,476</u></u>	

10. Other receivables

The outstanding balances as at 30 September 2017 and 31 December 2016 are presented below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	30 September 2017	31 December 2016
		(Audited)
Promissory notes	51,643	55,451
Less: Allowance for devaluation	<u>(22,049)</u>	<u>(23,675)</u>
Other receivables - net	<u><u>29,594</u></u>	<u><u>31,776</u></u>

11. Investment properties

Movements of the investment properties account during the nine-month periods ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2017	680,851	667,981
Less: Depreciation for the period	(634)	-
Net book value as at 30 September 2017	<u>680,217</u>	<u>667,981</u>

The Company has mortgaged investment properties of the Company and a local subsidiary with a total net book value as at 30 September 2017 of approximately Baht 678 million (31 December 2016: Baht 667 million) as collateral against credit facilities which the Company received from commercial banks (The Company only: Baht 667 million (31 December 2016: Baht 667 million)).

12. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month periods ended 30 September 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2017	747,323	611,921
Acquisitions during the period - at cost	32,348	18,198
Disposals during the period - net book value		
as at disposal date	(3,083)	(2,194)
Depreciation for the period	(59,726)	(39,653)
Translation adjustment during the period	(1,988)	-
Net book value as at 30 September 2017	<u>714,874</u>	<u>588,272</u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 30 September 2017 of approximately Baht 460 million (31 December 2016: Baht 444 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 396 million (31 December 2016: Baht 377 million)).

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.

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 and nine-month periods ended 30 September 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	991	(21)	-	-
Deferred tax:				
Relating to origination of temporary differences	(114)	(23)	(362)	(333)
Tax expenses (income) reported in the statements of income	<u>877</u>	<u>(44)</u>	<u>(362)</u>	<u>(333)</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	1,585	1,395	-	-
Adjustment in respect of current income tax of previous year	-	2	-	-
Deferred tax:				
Relating to origination of temporary differences	(2,851)	(1,064)	(2,477)	(5,239)
Tax expenses (income) reported in the statements of income	<u>(1,266)</u>	<u>333</u>	<u>(2,477)</u>	<u>(5,239)</u>

The amount of income tax relating to each component of other comprehensive income for the three-month and nine-month periods ended 30 September 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial gains	-	1	-	-

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial gains	-	1,530	-	1,529

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
		(Audited)		(Audited)		(Audited)
Bank overdrafts	3.50, 7.12	3.70, 9.50	17,900	2,317	17,147	-
Short-term loans from financial institutions	2.80 - 3.45, 7.12, 11.50	2.90 - 3.85	256,709	437,000	158,192	340,000
Total			274,609	439,317	175,339	340,000

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 and guaranteed by the Company's directors.

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 secured by pledges of some inventories of the subsidiary company, some assets of the subsidiary's director and a building of the non-controlling interest of the subsidiary company.

15. Bills of exchange

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	356,442	307,286
Add: Issuance of bills of exchange	160,000	110,000
Add: Amortisation of prepaid interest expenses	11,296	9,606
Less: Repayment	(365,000)	(315,000)
Less: Prepaid interest expenses	(5,306)	(3,783)
Balance as at 30 September 2017	157,432	108,109

As at 30 September 2017, bills of exchange of the Company are subject to interest at rate of 6.75 percent to 7.75 percent per annum (31 December 2016: 4.60 percent to 6.75 percent per annum) and mature in December 2017 to April 2018. Bills of exchange are secured by the pledging treasury shares of the Company for 8,818,166 shares, and the mortgage of the Company's land and a local subsidiary's investment properties, and the guarantee of the Company's director.

(Unaudited but reviewed)

Bills of exchange of a local subsidiary company are subject to interest rate at 4.30 percent per annum (31 December 2016: 4.30 per annum) and mature in February 2018. There are no collateral on the bills of exchange.

During October 2017, the Company issued bills of exchange with a total value of Baht 60 million, which are no required additional collateral.

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Trade and other payables - related parties (Note 3)	35,300	33,348	57,758	45,376
Trade payables - unrelated parties	552,346	587,595	380,685	435,103
Other payables - unrelated parties	20,402	28,939	10,340	13,920
Accrued expenses	72,547	58,348	31,193	24,369
Total trade and other payables	<u>680,595</u>	<u>708,230</u>	<u>479,976</u>	<u>518,768</u>

17. Short-term loans from unrelated individuals

During the current period, short-term loans from unrelated individuals of the Company comprise short-term loans from individuals totaling Baht 50 million. These loans are subject to interest at rate of 7 percent per annum. The loans are secured by the guarantee of the Company's director and repayable within December 2017.

(Unit: Thousand Baht)

	Consolidated / Separate
	financial statements
Balance as at 1 January 2017	-
Add: Receipt short-term loans	50,000
Add: Amortisation of prepaid interest expenses	165
Less: Prepaid interest expenses	(875)
Balance as at 30 September 2017	<u>49,290</u>

(Unaudited but reviewed)

18. Long-term loans

The outstanding balances of long-term loans as at 30 September 2017 and 31 December 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Long-term loans - net of deferred				
financial service fee	679,078	776,609	504,943	580,693
Less: Current portion - net	(138,610)	(614,342)	(103,800)	(580,693)
Long-term loans - net of current portion - net	540,468	162,267	401,143	-

Movements in the long-term loans account during the nine-month periods ended 30 September 2017 are summarised below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
Balance as at 1 January 2017	776,609		580,693	
Add: Additional loans	3,900		-	
Less: Financial service fee	(39)		-	
Less: Repayment	(101,613)		(75,750)	
Add: Amortisation of deferred financial service fee	221		-	
Balance as at 30 September 2017	679,078		504,943	

The long-term loans of the Company are secured by the mortgage of land with structures thereon, and investment properties, and by fixed deposits pledged with the bank and 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 2016, the Company was unable to maintain a debt service coverage ratio (DSCR) 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.

(Unaudited but reviewed)

Subsequently in May 2017, the Company obtained a letter granting a waiver for some conditions from the lender. Therefore, the Company classified such loans in accordance with repayment schedule specified in the agreement on 30 September 2017.

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. 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.

During the current period, an overseas subsidiary company entered into a long-term loan agreement with an overseas commercial bank for credit facilities of IDR 3,000 million, or approximately Baht 7.5 million, with a term of 3 years. This loan is subject to interest at a rate of 11.50 percent per annum and principal and interest are payable monthly. The credit facilities are secured by pledges of some inventories of the subsidiary company, some assets of the director of the subsidiary company, and a building of non-controlling interest of the subsidiary company. As at 30 September 2017, the long-term credit facilities of the subsidiary company which have not yet been drawn down amounted to IDR 1,500 million, or approximately Baht 3.6 million.

19. Provision for long-term employee benefits

Provision for long-term employee benefits as at 30 September 2017 are 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 2017	177,694	13,154	190,848
Current service cost	7,938	931	8,869
Interest cost	3,101	215	3,316
Benefits paid during the period	-	(1,812)	(1,812)
Balances as at 30 September 2017	188,733	12,488	201,221

(Unaudited but reviewed)

(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 2017	161,013	12,125	173,138
Current service cost	7,233	768	8,001
Interest cost	2,924	204	3,128
Transferred employee from its subsidiary	4,206	142	4,348
Benefits paid during the period	-	(1,769)	(1,769)
Balances as at 30 September 2017	175,376	11,470	186,846

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 30 September 2017 amounted to Baht 36 million (The Company only: Baht 26 million) (31 December 2016: Baht 36 million, the Company only Baht 26 million).

20. Earnings per share

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(35,423)	(71,405)	(11,470)	43,633
Weighted average number of ordinary shares (Thousand shares)	398,947	398,947	398,947	398,947
Earnings (loss) per share (Baht per share)	(0.0888)	(0.1790)	(0.0288)	0.1094
For the nine-month periods ended 30 September				
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Basic earnings per share				
Loss attributable to equity holders of the Company (Thousand Baht)	(127,723)	(285,889)	(21,899)	(22,736)
Weighted average number of ordinary shares (Thousand shares)	398,947	400,230	398,947	400,230
Loss per share (Baht per share)	(0.3202)	(0.7143)	(0.0549)	(0.0568)

(Unaudited but reviewed)

21. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for 2015	Annual General Meeting of the shareholders on 20 April 2016	20,060	0.05

22. 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	
	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016	30 September 2017	31 December 2016
US Dollar	7	9	14	13	31	32	10	10
Euro	-	-	-	-	10	10	-	-
Pound Sterling	-	-	-	-	9	9	-	-

Foreign currencies	Average exchange rate as at	
	30 September 2017	31 December 2016
	(Baht per 1 foreign currency unit)	
US Dollar	33.33	35.78
Euro	39.26	37.71
Pound Sterling	44.73	43.96

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

Consolidated financial statements as at 30 September 2017			
Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	3,246,392	33.03 - 34.04 Baht per US dollar	January - April 2018
<u>Forward contracts to "Buy"</u>			
US Dollar	160,885	0.94 Euro per US dollar	March 2018

(Unaudited but reviewed)

Consolidated financial statements as at 31 December 2016

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	6,433,547	34.84 - 36.00 Baht per US dollar	January - June 2017
Euro	40,515	39.28 Baht per Euro	May 2017
<u>Forward contracts to "Buy"</u>			
US dollar	67,209	35.06 Baht per US dollar	May 2017
US dollar	200,000	0.93 Euro per US dollar	January 2017

Separate financial statements as at 30 September 2017

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	3,246,392	33.03 - 34.04 Baht per US dollar	January - April 2018

Separate financial statements as at 31 December 2016

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	6,433,547	34.84 - 36.00 Baht per US dollar	January - June 2017
Euro	40,515	39.28 Baht per Euro	May 2017
<u>Forward contracts to "Buy"</u>			
US dollar	67,209	35.06 Baht per US dollar	May 2017

(Unaudited but reviewed)

23. 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.

The following table presents revenues and profit (loss) information regarding the Company's and its subsidiaries' operating segments for the three-month and nine-month periods ended 30 September 2017 and 2016.

(Unit: Million Baht)

For the three-month periods ended 30 September

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues														
Revenues from external customers	258	311	136	118	233	210	-	-	627	639	-	-	627	639
Revenues from intersegment	236	205	-	-	80	46	-	-	316	251	(316)	(251)	-	-
Total revenues	<u>494</u>	<u>516</u>	<u>136</u>	<u>118</u>	<u>313</u>	<u>256</u>	<u>-</u>	<u>-</u>	<u>943</u>	<u>890</u>	<u>(316)</u>	<u>(251)</u>	<u>627</u>	<u>639</u>
Results														
Segment profit (loss)	(27)	(25)	(43)	(42)	8	(3)	(1)	-	(63)	(70)	25	13	(38)	(57)
Unallocated revenues and expenses														
Interest income													1	1
Other income													10	19
Gain (loss) on exchange													4	(23)
Share of profit from investment in associated company													-	1
Finance cost													(19)	(19)
Loss before income tax expenses													(42)	(78)
Tax expenses													(1)	-
Loss for the period													<u>(43)</u>	<u>(78)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenues														
Revenues from external customers	1,009	871	493	442	697	640	-	-	2,199	1,953	-	-	2,199	1,953
Revenues from intersegment	743	635	1	1	216	112	5	-	965	748	(965)	(748)	-	-
Total revenues	<u>1,752</u>	<u>1,506</u>	<u>494</u>	<u>443</u>	<u>913</u>	<u>752</u>	<u>5</u>	<u>-</u>	<u>3,164</u>	<u>2,701</u>	<u>(965)</u>	<u>(748)</u>	<u>2,199</u>	<u>1,953</u>
Results														
Segment profit (loss)	(34)	(41)	(111)	(153)	20	(17)	(11)	(5)	(136)	(216)	28	(8)	(108)	(224)
Unallocated revenues and expenses														
Interest income													3	3
Other income													24	32
Gain on liquidation of subsidiary company													-	12
Loss on exchange													(2)	(78)
Share of profit from investment in associated company													2	3
Finance cost													(64)	(55)
Loss before income tax expenses													(145)	(307)
Tax income													1	-
Loss for the period													<u>(144)</u>	<u>(307)</u>

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 30 September 2017, the Company and its subsidiary had capital commitments totaling of approximately Baht 1 million, relating to acquisition of computer software and building improvements (31 December 2016: Baht 3 million, relating to acquisition of computer software, building construction and building improvements).

24.2 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		Separate financial statements	
	As at			
	30 September 2017	31 December 2016	30 September 2017	31 December 2016
Payable:				
In up to 1 year	43	50	-	-
In over 1 and up to 5 years	24	42	-	-
In over 5 years	8	11	-	-

24.3 Guarantees

24.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 30 September 2017, there were outstanding guarantees of Baht 381 million and USD 6 million (31 December 2016: Baht 564 million, USD 11 million), totaling of Baht 581 million (31 December 2016: Baht 961 million).

24.3.2 As at 30 September 2017, there was outstanding bank guarantee of Baht 21 million (31 December 2016: Baht 21 million) issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 24.5.1 to the financial statements.

24.3.3 As at 30 September 2017, there were outstanding bank guarantees of Baht 8 million, (31 December 2016: Baht 0.9 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 7.7 million (31 December 2016: Baht 0.7 million)).

24.3.4 As at 30 September 2017, the Company and its subsidiaries have outstanding standby-letters of credit of USD 16 million, or approximately Baht 520 million (31 December 2016: USD 16 million or totaling Baht 561 million) (The Company only: USD 10 million, totaling of Baht 320 million (31 December 2016: USD 11 million, or approximately Baht 400 million)).

24.4 Long-term service commitments

24.4.1 An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. The subsidiary is to pay a yearly license fee as stipulated in the agreement. The agreement period has started from December 2016 to November 2017. The fees for the current period amounting to Baht 0.7 million (2016: Baht 0.7 million) were recognised as expenses.

24.4.2 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 yearly license fee as stipulated in the agreement. The agreement period has started from March 2017 to September 2020.

24.5 Litigation

24.5.1 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 subsequently 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.

24.5.2 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.

24.5.3 Tax assessments of an overseas subsidiary

During the current period, the Indian tax authorities assessed sale tax of approximately INR 31 million or approximately Baht 16 million (including interest), covering the years 2010 - 2011, against the subsidiary company in India. At present, the subsidiary is in the process of appealing to withdraw the assessments based on the legal advisory's opinion to explain the tax assessments. The management of the subsidiary believes that no significant losses will be incurred. The subsidiary has therefore not recorded any provision for these tax assessments.

(Unaudited but reviewed)

25. Fair value hierarchy

As at 30 September 2017 and 31 December 2016, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements			
As at 30 September 2017			
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	41	-	41
Assets for which fair value are disclosed			
Investment properties	-	878	878

(Unit: Million Baht)

Consolidated Financial Statements			
As at 31 December 2016			
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	52	-	52
Assets for which fair value are disclosed			
Investment properties	-	878	878

(Unit: Million Baht)

Separate Financial Statements			
As at 30 September 2017			
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	41	-	41
Assets for which fair value are disclosed			
Investment properties	-	830	830

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 December 2016		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	52	-	52
Assets for which fair value are disclosed			
Investment properties	-	830	830

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

26. Event after the reporting period

On 7 November 2017, the Company's Board of Directors passed a resolution for the Company to enter into a sale and purchase agreement for certain land held for development with an unrelated party totaling of Baht 451 million. The Company received deposits on the same date. The Company's management expects to transfer the ownership of the land held for development within 6 months from the agreement date.

As at 30 September 2017, such land is classified under the caption of "Investment properties" in the statements of financial position. In the fourth quarter of 2017, the Company will present such land under the caption of "Assets held for sale" in the statements of financial position.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 13 November 2017.