

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and six-month periods ended 30 June 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 former standard allowed 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. In addition, the Company adopts the following accounting policy during the current period.

Investments

Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.

The fair value of marketable securities is based on the latest bid price of the last working day of the period.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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 financial statements		Separate financial statements		Transfer pricing policy
	For the three-month periods ended 30 June		For the three-month periods ended 30 June		
	<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	-	-	326	318	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	48	31	With reference to market price
Loan interest income	-	-	5	5	Per loan agreement
Interest income on overdue payment	-	-	1	-	Interest rate at 7.5 percent per annum
Service income	-	-	10	8	Agreed between the parties
Management fee income	-	-	3	3	Agreed between the parties
Service expenses	-	-	1	2	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	37	67	37	67	With reference to market price
<u>Transactions with related companies</u>					
Sales of goods	2	2	2	1	Normal business price close to those charged to other customers
Purchase of goods	17	12	2	-	With reference to market price
Loan interest income	1	1	-	-	Per loan agreement
Service expenses	-	2	-	1	Agreed between the parties

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the six-month periods ended 30 June		For the six-month periods ended 30 June		
	<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	-	-	653	660	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	125	110	With reference to market price
Loan interest income	-	-	9	10	Per loan agreement
Guarantee fee income	-	-	1	1	At 1 percent per annum
Interest income on overdue payment	-	-	1	1	Interest rate at 7.5 percent per annum
Service income	-	-	17	17	Agreed between the parties
Management fee income	-	-	6	6	Agreed between the parties
Service expenses	-	-	2	3	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	76	129	76	129	With reference to market price
<u>Transactions with related companies</u>					
Sales of goods	3	4	3	2	Normal business price close to those charged to other customers
Purchase of goods	27	40	2	-	With reference to market price
Loan interest income	1	1	-	-	Per loan agreement
Service expenses	2	5	-	3	Agreed between the parties

(Unaudited but reviewed)

As at 30 June 2015 and 31 December 2014, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements	financial statements	financial statements	financial statements
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 4)</u>				
Subsidiaries	-	-	997	929
Related companies (related by common directors)	33	31	30	27
Total	33	31	1,027	956
Less: Allowance for doubtful accounts	(2)	(2)	(270)	(241)
Total trade accounts receivable - related parties, net	31	29	757	715
<u>Other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	244	231
Related companies (related by common directors)	1	2	1	1
Subsidiary and related company's directors	25	26	15	15
Total	26	28	260	247
Less: Allowance for doubtful accounts	-	-	(165)	(159)
Total other receivables - related parties, net	26	28	95	88
<u>Advances for investment</u>				
Subsidiary	-	-	-	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 15)</u>				
Subsidiaries	-	-	30	29
Associated company	2	-	1	-
Related companies (related by common directors)	19	44	2	-
Total trade and other payables - related parties	21	44	33	29

(Unaudited but reviewed)

Loans to related parties

As at 30 June 2015 and 31 December 2014, the balances of loans between the Company and those related parties and the movement are as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Subsidiary	-	-	2	-
Related companies (related by common directors)	17	23	-	-
Total short-term loans to related parties	17	23	2	-
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Long-term loans	-	-	227	218
Less: Current portion	-	-	(21)	(9)
Long-term loans, net of current portion	-	-	206	209

		(Unit: Million Baht)			
		Consolidated financial statements			
Loans to related parties	Related by	Balance	During the period		Balance
		as at	Increase	Decrease	as at
		31 December			30 June
		2014			2015
A-List Corporate Co., Ltd.	The Director related to the Company's director	20	-	(6)	14
Supree Holding Co., Ltd.	Shareholders related to the Company's director	3	-	-	3

(Unaudited but reviewed)

(Unit: Million Baht)

		Separate financial statements				
		During the period				
		Balance			Balance	
		as at			Unrealised	as at
		31 December			gain (loss) on	30 June
Loans to related parties	Related by	2014	Increase	Decrease	exchange	2015
Pranda & Kroll GmbH & Co. KG	Subsidiary	24	6	-	(2)	28
Pranda UK Ltd.	Subsidiary	194	-	-	7	201

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. In addition, 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 30 June 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	
		30 June	31 December	30 June	31 December
		2015	2014	2015	2014
		(Audited)		(Audited)	
Subsidiary's director		-	1	-	-

Short-term loan from related party

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

(Unaudited but reviewed)

Directors and management's benefits

During the three-month and six-month periods ended 30 June 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 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	22.5	20.9	9.7	9.9
Post-employment benefits	0.5	0.7	0.4	0.6
Other long-term employee benefits	-	(0.2)	-	(0.2)
Total	<u>23.0</u>	<u>21.4</u>	<u>10.1</u>	<u>10.3</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Short-term employee benefits	41.4	41.9	19.4	19.6
Post-employment benefits	1.2	1.0	0.8	0.8
Total	<u>42.6</u>	<u>42.9</u>	<u>20.2</u>	<u>20.4</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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 3)</u>				
Aged on the basis of due dates				
Not yet due	906	-	222,859	174,966
Past due				
Up to 3 months	18	2,730	136,336	93,857
3 - 6 months	1,280	1,867	27,890	33,127
6 - 12 months	4,675	4,015	56,589	111,247
Over 12 months	25,919	22,651	582,732	542,794
Total	32,798	31,263	1,026,406	955,991
Less: Allowance for doubtful debts	(2,224)	(1,931)	(269,825)	(241,474)
Total trade accounts receivable - related parties, net	30,574	29,332	756,581	714,517
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	129,777	201,529	26,673	51,994
Past due				
Up to 3 months	129,434	205,712	30,460	78,601
3 - 6 months	10,290	30,623	3,503	7,114
6 - 12 months	61,356	34,706	29,635	4,306
Over 12 months	54,140	67,462	20,798	43,044
Total	384,997	540,032	111,069	185,059
Less: Allowance for doubtful debts	(52,895)	(45,111)	(20,798)	(18,087)
Total trade accounts receivable - unrelated parties, net	332,102	494,921	90,271	166,972
Total trade accounts receivable, net	362,676	524,253	846,852	881,489
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	26,378	27,922	259,853	247,252
Other receivables - unrelated parties	4,347	8,220	304	720
Accrued interest income	1,313	1,353	1,230	1,187
Accrued income	3,188	4,307	-	-
Total	35,226	41,802	261,387	249,159
Less: Allowance for doubtful debts	(2,420)	(2,409)	(165,262)	(158,768)
Total other receivables, net	32,806	39,393	96,125	90,391
Total trade and other receivables, net	395,482	563,646	942,977	971,880

(Unaudited but reviewed)

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.

During the current period, the Company received cash payment of USD 0.75 million or approximately Baht 25 million. As a result, as at 30 June 2015, there was no outstanding balance receivable from this overseas trade debtor, included in trade accounts receivable - unrelated parties (31 December 2014: USD 0.75 million or approximately Baht 25 million).

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account for the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2015	230,215	167,446
Add: Reduce cost to net realisable value of inventories	4,216	3,337
Less: Reversal of reduce cost to net realisable value of inventories	(18,148)	-
Balance as at 30 June 2015	<u>216,283</u>	<u>170,783</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	
	<u>30 June 2015</u>	<u>31 December 2014</u>
		(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

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Cost	
	30 June 2015	31 December 2014
		(Audited)
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	436	436
Pranda Trading (Shenzhen) Limited	17,437	17,437
Total	1,636,364	1,636,364
Less: Allowance for impairment of investments	(802,100)	(802,100)
Investments in subsidiaries, net	834,264	834,264

During the three-month and six-month periods ended 30 June 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 first-quarter of 2015, 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.

Subsidiary - Pranda Trading (Shenzhen) Limited

On 8 July 2015, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Pranda Trading (Shenzhen) Limited, on 8 July 2015, At present, the subsidiary is in the process of dissolution. This subsidiary is not a significant segment of the Group, therefore, there is no significant impact on the consolidated financial statements. As at 30 June 2015, the Company has made full allowance for impairment loss on investment in this subsidiary totaling of Baht 17 million.

7. Investment in associated company

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Investment value - equity method	
	30 June 2015	31 December 2014
	(Audited)	
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share loss	(2,890)	(3,368)
Total carrying amounts based on equity method	<u>710</u>	<u>232</u>

Company's name	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	30 June 2015	31 December 2014	30 June 2015	31 December 2014	30 June 2015	31 December 2014
	(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 (loss) 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 six-month periods ended 30 June 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.

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 98 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, as described in Note 9 to the financial statements.

The outstanding balances as at 30 June 2015 and 31 December 2014 are presented below.

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	30 June 2015	31 December 2014
Promissory notes	52,282	149,192
Less: Allowance for devaluation	(22,322)	(38,145)
Net	<u>29,960</u>	<u>111,047</u>

9. Other long-term investments

Other long-term investments as at 30 June 2015 and 31 December 2014 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	30 June 2015		31 December 2014	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
	(Audited)			
Available-for-sale securities				
Overseas marketable equity securities	97,980	83,833	-	-
Less: Deficit on changes in value of investments in securities available for sales	(14,147)		-	
	<u>83,833</u>		<u>-</u>	
Held-to-maturity debt securities				
Government bonds	9,907		9,889	
Other investments				
Overseas non-marketable equity securities	14,490		14,490	
Total other long-term investments - net	<u>108,230</u>		<u>24,379</u>	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	30 June 2015		31 December 2014	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
			(Audited)	
Available-for-sale securities				
Overseas marketable equity securities	97,980	83,833	-	-
Less: Deficit on changes in value of investments in securities available for sales	(14,147)		-	
	<u>83,833</u>		<u>-</u>	
Held-to-maturity debt securities				
Government bonds	<u>9,907</u>		<u>9,889</u>	
Other investments				
Overseas non-marketable equity securities	<u>13,350</u>		<u>13,350</u>	
Total other long-term investments - net	<u>107,090</u>		<u>23,239</u>	

10. Investment properties

Movements of the investment properties account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2015	689,262	676,992
Less: Depreciation for the period	<u>(1,395)</u>	<u>(311)</u>
Net book value as at 30 June 2015	<u>687,867</u>	<u>676,681</u>

The Company and its subsidiaries have mortgaged their investment properties with a total net book value as at 30 June 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)).

11. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2015 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2015	760,147	618,317
Acquisitions during the period - at cost	54,555	46,900
Disposals during the period - net book value as at disposal date	(436)	(147)
Depreciation for the period	(41,652)	(28,106)
Translation adjustment during the period	1,927	-
Net book value as at 30 June 2015	<u><u>774,541</u></u>	<u><u>636,964</u></u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 30 June 2015 of approximately Baht 412 million (31 December 2014: Baht 399 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 339 million (31 December 2014: Baht 325 million)).

12. Leasehold rights

A local subsidiary company has mortgaged leasehold rights with a total net book value as at 30 June 2015 of approximately Baht 13 million (31 December 2014: Baht 14 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.

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.

(Unaudited but reviewed)

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 six-month periods ended 30 June 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 30 June		ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	171	2,090	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(15,628)</u>	<u>228</u>	<u>(1,219)</u>	<u>1,834</u>
Tax expenses (income) reported in the statements of income	<u><u>(15,457)</u></u>	<u><u>2,318</u></u>	<u><u>(1,219)</u></u>	<u><u>1,834</u></u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods		For the six-month periods	
	ended 30 June		ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Current income tax:				
Interim corporate income tax charge	(2,629)	7,965	-	-
Adjustment in respect of current income tax of previous year	(102)	-	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(10,116)</u>	<u>(4,274)</u>	<u>(1,838)</u>	<u>643</u>
Tax expenses (income) reported in the statements of income	<u><u>(12,847)</u></u>	<u><u>3,691</u></u>	<u><u>(1,838)</u></u>	<u><u>643</u></u>

(Unaudited but reviewed)

The amount of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2015 and 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 June		For the three-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to actuarial gains	-	8,235	-	7,619

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the six-month periods ended 30 June		For the six-month periods ended 30 June	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Deferred tax relating to actuarial gains (loss)	(6)	8,235	-	7,619

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		30 June 2015	31 December 2014	30 June 2015	31 December 2014
		(Audited)		(Audited)	
Bank overdrafts	4.65,7.70	5,281	14,211	-	-
Short-term loans from financial institutions	1.53 - 4.00, 12.75	795,807	674,820	485,000	513,440
Total		801,088	689,031	485,000	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.

(Unaudited but reviewed)

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.

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
Trade and other payables - related parties (Note 3)	20,588	43,509	32,997	28,879
Trade payables - unrelated parties	399,428	397,205	287,375	229,225
Other payables - unrelated parties	48,200	38,457	26,722	19,305
Accrued expenses	60,990	73,973	25,932	27,624
Total trade and other payables	<u>529,206</u>	<u>553,144</u>	<u>373,026</u>	<u>305,033</u>

16. Short-term loans from unrelated individuals

As at 30 June 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.

17. Long-term loans

The outstanding balances of long-term loans as at 30 June 2015 and 31 December 2014 are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2015	2014	2015	2014
		(Audited)		(Audited)
Long-term loans	338,961	382,668	314,850	354,950
Less: Current portion	<u>(87,858)</u>	<u>(88,701)</u>	<u>(80,200)</u>	<u>(80,200)</u>
Long-term loans, net of current portion	<u>251,103</u>	<u>293,967</u>	<u>234,650</u>	<u>274,750</u>

(Unaudited but reviewed)

Movements in the long-term loans account during the six-month period ended 30 June 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	(43,707)	(40,100)
Balance as at 30 June 2015	<u>338,961</u>	<u>314,850</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 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.

18. Provision for long-term employee benefits

Provision for long-term employee benefits as at 30 June 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	4,216	468	4,684
Interest cost	2,615	113	2,728
Actuarial loss during the period	25	-	25
Benefits paid during the period	-	(124)	(124)
Balances as at 30 June 2015	<u>151,770</u>	<u>7,863</u>	<u>159,633</u>

(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	3,513	339	3,852
Interest cost	2,246	95	2,341
Balances as at 30 June 2015	126,192	6,581	132,773

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 June 2015 amounted to Baht 48 Million (The Company only: Baht 38 million).

19. Share capital

On 21 April 2015, the Annual General Meeting of the shareholders of the Company passed a resolution to approve 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. The Company registered the decrease in its registered share capital with the Ministry of Commerce on 29 April 2015.

20. Earnings per share

	Consolidated financial statements					
	For the three-month periods ended 30 June					
	Profit (loss)		Weighted average number of ordinary shares		Earnings (loss) per share	
	2015	2014	2015	2014	2015	2014
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)	
Basic earnings per share						
Profit (loss) attributable to equity holders of the Company						
54,296	(10,713)	409,529	409,529	0.1326	(0.0262)	
Effect of dilutive potential ordinary shares						
Warrants						
-	-	-	-	-	-	
Diluted earnings per share						
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares						
54,296	(10,713)	409,529	409,529	0.1326	(0.0262)	

(Unaudited but reviewed)

Consolidated financial statements					
For the six-month periods ended 30 June					
Loss		Weighted average number of ordinary shares		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					
Loss attributable to equity holders of the Company					
(50,976)	(968)	409,529	409,406	(0.1245)	(0.0024)
Effect of dilutive potential ordinary shares					
Warrants					
-	-	-	70		
Diluted earnings per share					
Loss of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>(50,976)</u>	<u>(968)</u>	<u>409,529</u>	<u>409,476</u>	<u>(0.1245)</u>	<u>(0.0024)</u>

Separate financial statements					
For the three-month periods ended 30 June					
Profit		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 attributable to equity holders of the Company					
64,448	30,093	409,529	409,529	0.1574	0.0735
Effect of dilutive potential ordinary shares					
Warrants					
-	-	-	-		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>64,448</u>	<u>30,093</u>	<u>409,529</u>	<u>409,529</u>	<u>0.1574</u>	<u>0.0735</u>

(Unaudited but reviewed)

Separate financial statements					
For the six-month periods ended 30 June					
Profit		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 attributable to equity holders of the Company					
3,777	83,136	409,529	409,406	0.0092	0.2031
Effect of dilutive potential ordinary shares					
Warrants					
-	-	-	70		
Diluted earnings per share					
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares					
<u>3,777</u>	<u>83,136</u>	<u>409,529</u>	<u>409,476</u>	<u>0.0092</u>	<u>0.2030</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.

21. Dividends

<u>Dividends</u>	<u>Approved by</u>	<u>Total dividends</u>	<u>Dividend per share</u>
		(Thousand Baht)	(Baht per share)
Dividends for 2013	Annual General Meeting of the shareholders on 21 April 2014	<u>81,905</u>	<u>0.20</u>
Dividends for 2014	Annual General Meeting of the shareholders on 21 April 2015	<u>61,429</u>	<u>0.15</u>

(Unaudited but reviewed)

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 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2015	2014	2015	2014	2015	2014	2015	2014
US dollar	9	12	9	9	26	28	7	6
Euro	-	-	-	-	9	9	-	-
Singapore Dollar	-	-	-	-	-	-	1	1
Pound Sterling	-	-	-	-	8	8	-	-
Indian Rupee	-	-	-	-	69	69	-	-
Vietnam Dong	2,632	7,931	450	512	-	-	-	-

Foreign currencies	Average exchange rate as at	
	30 June 2015	31 December 2014
	(Baht per 1 foreign currency unit)	
US dollar	33.73	32.92
Euro	37.74	40.00
Singapore Dollar	25.03	24.86
Pound Sterling	53.03	51.07
Indian Rupee	0.52	0.50
Vietnam Dong	0.0016	0.0016

(Unaudited but reviewed)

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

Consolidated financial statements as at 30 June 2015			
Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	5,572,926	32.81 - 34.07 Baht per US dollar	October - December 2015
Pound Sterling	43,623	50.23 Baht per Pound Sterling	November 2015
Euro	259,652	35.18 - 36.73 Baht per Euro	September - November 2015
<u>Forward contracts to "Buy"</u>			
US dollar	74,372	0.89 - 0.92 Euro per US dollar	July - August 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 30 June 2015			
Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	5,452,547	32.81 - 34.07 Baht per US dollar	October - December 2015
Pound Sterling	43,623	50.23 Baht per Pound Sterling	November 2015
Euro	259,652	35.18 - 36.73 Baht per Euro	September - November 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

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, 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 and six-month periods ended 30 June 2015 and 2014.

(Unit: Million Baht)

For the three-month periods ended 30 June

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues														
Revenues from external customers	211	290	197	288	154	158	-	-	562	736	-	-	562	736
Revenues from intersegment	310	316	3	1	41	26	-	-	354	343	(354)	(343)	-	-
Total revenues	<u>521</u>	<u>606</u>	<u>200</u>	<u>289</u>	<u>195</u>	<u>184</u>	<u>-</u>	<u>-</u>	<u>916</u>	<u>1,079</u>	<u>(354)</u>	<u>(343)</u>	<u>562</u>	<u>736</u>
Results														
Segment profit (loss)	(32)	(4)	(45)	(14)	(5)	-	(3)	(3)	(85)	(21)	49	11	(36)	(10)
Unallocated revenues and expenses														
Interest income													1	1
Other income													10	6
Gain (loss) on exchange													72	(8)
Share of loss from investment in associated company													(1)	-
Finance cost													(16)	(15)
Profit (loss) before income tax expenses													30	(26)
Tax income (expenses)													16	(2)
Profit (loss) for the period													<u>46</u>	<u>(28)</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the six-month periods ended 30 June

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>	<u>2015</u>	<u>2014</u>
Revenues														
Revenues from external customers	412	633	458	593	376	376	-	-	1,246	1,602	-	-	1,246	1,602
Revenues from intersegment	647	652	5	3	114	102	-	-	766	757	(766)	(757)	-	-
Total revenues	<u>1,059</u>	<u>1,285</u>	<u>463</u>	<u>596</u>	<u>490</u>	<u>478</u>	<u>-</u>	<u>-</u>	<u>2,012</u>	<u>2,359</u>	<u>(766)</u>	<u>(757)</u>	<u>1,246</u>	<u>1,602</u>
Results														
Segment profit (loss)	(34)	41	(93)	(60)	18	12	(6)	(27)	(115)	(34)	42	28	(73)	(6)
Unallocated revenues and expenses														
Interest income													2	1
Other income													18	18
Gain (loss) on exchange													6	(10)
Finance cost													(32)	(28)
Loss before income tax expenses													(79)	(25)
Tax income (expenses)													13	(4)
Loss for the period													<u>(66)</u>	<u>(29)</u>

24. Commitments and contingent liabilities

24.1 Capital commitments

As at 30 June 2015, the Company had capital commitments totaling of approximately Baht 32 million (31 December 2014: Baht 21 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	
	As at	
	30 June 2015	31 December 2014
Payable:		
In up to 1 year	45	37
In over 1 and up to 5 years	66	56
In over 5 years	16	18

24.3 Guarantees

24.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 30 June 2015, there were outstanding guarantees of Baht 575 million, EUR 0.4 million and USD 11.1 million (31 December 2014: Baht 591 million, EUR 0.3 million and USD 6.6 million), totaling of Baht 963 million (31 December 2014: Baht 822 million).

24.3.2 As at 30 June 2015, there was outstanding bank guarantee of Baht 21 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 24.5 to the financial statements.

24.3.3 As at 30 June 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)).

24.3.4 As at 30 June 2015, the Company and its subsidiaries have outstanding standby-letters of credit of USD 8.6 million and EUR 0.4 million, or approximately Baht 303 million (31 December 2014: USD 5.6 million and EUR 0.4 million, or totaling Baht 198 million) (The Company only: USD 6 million and EUR 0.4 million, totaling of Baht 216 million (31 December 2014: USD 3 million and EUR 0.4 million, or approximately Baht 113 million)).

24.4 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.

24.5 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. 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 Company provided a bank guarantee of approximately Baht 21 million (31 December 2014: Baht 18 million) issued by a bank on behalf of the Company to the Revenue Department in relation to the tax assessment.

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.

25. Other information

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

- 1) 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.
- 2) 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).

26. 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.

Fair value hierarchy

In applying the above-mentioned valuation techniques, the Company endeavor to use relevant observable inputs as much as possible. TFRS 13 *Fair Value Measurement* establishes a fair value hierarchy categorising such inputs into three levels as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

As of 30 June 2015, 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
	<hr/> Level 2 <hr/>
Financial assets measured at fair value	
Available-for-sale investments	
Overseas marketable equity securities	83,833

(Unaudited but reviewed)

During the current period, there were no transfers within in the fair value hierarchy.

27. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 August 2015.