

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to consolidated interim financial statements

For the three-month and nine-month periods ended 30 September 2016

1. General information

1.1 Corporate information

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

1.2 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 34 (revised 2015) *Interim Financial Reporting*, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These consolidated interim financial statements include the financial statements of the Company and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2015. There were no changes in the composition of the group during the current period, except as discussed in Note 7 to the financial statements, regarding Pranda Singapore Ptd. Limited was liquidated in June 2016.

1.4 New financial reporting standards

During the period, the Company has adopted the revised and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company's financial statements.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2015.

3. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	213	214	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	76	35	With reference to market price
Loan interest income	-	-	11	6	Per loan agreement
Guarantee fee income	-	-	-	2	At 1 percent per annum
Service income	-	-	9	12	Agreed between the parties
Management fee income	-	-	3	3	Agreed between the parties
Service expenses	-	-	2	-	Agreed between the parties
Purchases of machines and equipment	-	-	1	-	Agreed between the parties
Dividend income	-	-	50	-	Announce rate
<u>Transactions with associated company</u>					
Purchases of raw materials	83	40	83	40	With reference to market price

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	30 September		30 September		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with related companies</u>					
Sales of goods	2	3	2	2	Normal business price close to those charged to other customers
Purchases of goods	20	17	-	-	With reference to market price
Service income	-	-	1	-	Agreed between the parties

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the nine-month		For the nine-month		
	periods ended		periods ended		
	30 September		30 September		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u> (eliminated from the consolidated financial statements)					
Sales of goods	-	-	649	867	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	139	160	With reference to market price
Loan interest income	-	-	21	15	Per loan agreement
Interest income on overdue payment	-	-	-	1	Interest rate at 7.5 percent per annum
Guarantee fee income	-	-	2	3	At 1 percent per annum
Service income	-	-	23	29	Agreed between the parties
Management fee income	-	-	10	9	Agreed between the parties
Service expenses	-	-	7	2	Agreed between the parties
Purchases of machines and equipment	-	-	3	-	Agreed between the parties
Dividend income	-	-	50	-	Announce rate
<u>Transactions with associated company</u>					
Purchases of raw materials	174	116	174	116	With reference to market price
Dividend income	-	-	4	-	Announce rate
<u>Transactions with related companies</u>					
Sales of goods	5	6	5	5	Normal business price close to those charged to other customers
Purchases of goods	52	44	1	2	With reference to market price
Loan interest income	1	1	-	-	Per loan agreement
Service income	1	1	1	-	Agreed between the parties
Service expenses	1	2	-	-	Agreed between the parties

(Unaudited but reviewed)

As at 30 September 2016 and 31 December 2015, the balances of the accounts between the Company and those related parties are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 4)</u>				
Subsidiaries	-	-	664	1,033
Related companies (related by common directors)	33	34	31	33
Total	33	34	695	1,036
Less: Allowance for doubtful accounts	(1)	(2)	(54)	(263)
Total trade accounts receivable - related parties, net	32	32	641	773
<u>Other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	220	230
Related companies (related by common directors)	3	2	2	2
Subsidiary and related company's directors	11	23	5	16
Total	14	25	227	248
Less: Allowance for doubtful accounts	-	-	(171)	(181)
Total other receivables - related parties, net	14	25	56	67
<u>Accrued interest income - related parties (Note 4)</u>				
Subsidiary	-	-	39	49
<u>Amounts due from related parties</u>				
Subsidiary	-	-	29	52
Subsidiary and related company's directors	10	-	10	-
Less: Allowance for doubtful accounts	-	-	(7)	(13)
Total amounts due from related parties, net	10	-	32	39
<u>Trade and other payables - related parties (Note 16)</u>				
Subsidiaries	-	-	10	32
Associated company	15	-	15	-
Related companies (related by common directors)	33	16	1	-
Total trade and other payables - related parties	48	16	26	32

(Unaudited but reviewed)

Loans to related parties

As at 30 September 2016 and 31 December 2015, the balances of loans between the Company and those related parties and the movement are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	45	7
Related companies (related by common directors)	26	21	-	-
Total short-term loans to related parties	<u>26</u>	<u>21</u>	<u>45</u>	<u>7</u>
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Long-term loans	-	-	568	230
Less: Current portion	-	-	(61)	(35)
Long-term loans, net of current portion	-	-	507	195
Less: Allowance for doubtful accounts	-	-	(191)	-
Total long-term loans to related parties, net	<u>-</u>	<u>-</u>	<u>316</u>	<u>195</u>

		(Unit: Million Baht)			
		Consolidated financial statements			
Loans to related parties	Related by	Balance as at	During the period		Balance as at
		31 December 2015	Increase	Decrease	30 September 2016
A-List Corporate Co., Ltd.	The Director related to the Company's director	18	5	-	23
Supree Holding Co., Ltd.	Shareholders related to the Company's director	3	-	-	3

(Unaudited but reviewed)

Consolidated financial statement

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

(Unit: Million Baht)

Loans to related parties	Related by	Separate financial statements				
		Balance as at 31 December 2015	During the period		Unrealised loss on exchange	Balance as at 30 September 2016
			Increase	Decrease		
Pranda & Kroll GmbH & Co. KG	Subsidiary	34	14	-	(1)	47
Pranda UK Ltd.	Subsidiary	203	206	-	(64)	345
H.GRINGOIRE s.a.r.l.	Subsidiary	-	229	-	(8)	221

Separate financial statements

During the current period, the Company granted a short-term loan of EUR 0.6 million or approximately Baht 25 million, to its subsidiary, H.GRINGOIRE s.a.r.l.. This loan carries interest at 7.5 percent per annum and unsecured. Principal and interest are repayable within June 2017.

In June 2016, a meeting of the Company's Board of Directors passed a resolution to convert the Company's trade accounts receivable and other receivables related to its two overseas subsidiaries, which are Pranda UK Ltd. and H.GRINGOIRE s.a.r.l., a total of approximately Baht 410 million, to a long-term loan to Pranda UK Ltd. of GBP 3.9 million, or approximately Baht 206 million, and long-term loans to H.GRINGOIRE s.a.r.l. of EUR 4.9 million and USD 0.2 million, or a total of approximately Baht 204 million. These loans carry interest at 7.5 percent per annum, have terms of 10 years and are unsecured.

During the current period, the Company granted an additional short-term loans of EUR 0.35 million or approximately Baht 14 million, to its subsidiary, Pranda & Kroll GmbH & Co., KG. This loan carries interest at 7.5 percent per annum and unsecured. Principal and interest are repayable within February 2017.

(Unaudited but reviewed)

Short-term loan from related party

As at 30 September 2016 and 31 December 2015, the balance of short-term loan from related party are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
<u>Short-term loan from related party</u>				
Subsidiary's director	1	1	-	-

Directors and management's benefits

During the three-month and nine-month periods ended 30 September 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	18.4	19.1	9.1	9.7
Post-employment benefits	0.2	0.5	0.1	0.5
Total	18.6	19.6	9.2	10.2

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Short-term employee benefits	60.2	60.5	31.9	29.1
Post-employment benefits	0.7	1.7	0.3	1.3
Total	60.9	62.2	32.2	30.4

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 25.3.1 to the financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	167	52	79,067	123,467
Past due				
Up to 3 months	1,875	1,124	137,245	165,466
3 - 6 months	208	183	78,809	40,313
6 - 12 months	1,674	927	83,062	69,097
Over 12 months	28,621	32,258	316,583	637,589
Total	32,545	34,544	694,766	1,035,932
Less: Allowance for doubtful debts	(903)	(2,432)	(53,671)	(262,766)
Total trade accounts receivable - related parties, net (Note 3)	31,642	32,112	641,095	773,166
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	223,046	202,085	139,626	50,643
Past due				
Up to 3 months	76,599	167,010	35,868	41,882
3 - 6 months	14,838	18,584	5,531	1,880
6 - 12 months	14,542	48,892	2,124	22,544
Over 12 months	55,479	56,282	31,914	21,709
Total	384,504	492,853	215,063	138,658
Less: Allowance for doubtful debts	(48,716)	(50,950)	(25,953)	(25,627)
Total trade accounts receivable - unrelated parties, net	335,788	441,903	189,110	113,031
Total trade accounts receivable, net	367,430	474,015	830,205	886,197
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	14,034	24,939	227,322	247,461
Other receivables - unrelated parties	7,380	15,226	520	441
Accrued interest income - related parties (Note 3)	-	-	38,704	48,924
Accrued interest income	1,385	1,478	1,347	1,356
Accrued income	3,761	340	-	-
Total	26,560	41,983	267,893	298,182
Less: Allowance for doubtful debts	(2,632)	(2,496)	(172,384)	(181,751)
Total other receivables, net	23,928	39,487	95,509	116,431
Total trade and other receivables, net	391,358	513,502	925,714	1,002,628

(Unaudited but reviewed)

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account for the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	233,443	172,529
Add: Reduce cost to net realisable value of inventories	16,748	9,710
Less: Reversal of reduce cost to net realisable value of inventories	(6,095)	-
Balance as at 30 September 2016	<u>244,096</u>	<u>182,239</u>

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.

7. Investments in subsidiaries

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	30 September 2016	31 December 2015
		(Audited)
Pranda North America, Inc.	120,283	120,283
H.GRINGOIRE s.a.r.l.	344,423	344,423
Pranda UK Ltd.	28,973	28,973
Pranda Vietnam Co., Ltd.	48,180	48,180
Pranda Singapore Pte. Limited	-	53,681
Primagold International Co., Ltd.	200,000	200,000
Crystalline Co., Ltd.	96,000	96,000
Pranda Lodging Co., Ltd.	41,125	41,125
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi	112,523	112,523
Pranda & Kroll GmbH & Co. KG	573,303	573,303
Pranda Jewelry Private Limited	44,255	44,255
Pranda Trading (Shenzhen) Limited	17,436	17,437
Total	<u>1,626,501</u>	<u>1,680,183</u>
Less: Allowance for impairment of investments	(764,647)	(802,100)
Investments in subsidiaries, net	<u>861,854</u>	<u>878,083</u>

During the three-month and nine-month periods ended 30 September 2016, the Company received dividend income amounting to Baht 50 million from 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.

Subsidiary - Pranda UK Ltd.

On 14 July 2016, a meeting of the Company's Board of Directors passed a resolution to approve the subsidiaries' business restructuring, effective on 15 July 2016. Under the restructuring, Pranda UK Ltd., a 100%-held subsidiary of the Company, will receive the transfer of all of business and employees of PDU Co., Ltd., (a 100%-held subsidiary of Pranda UK Ltd.). Thereafter, PDU Co., Ltd. will be a dormant company. The transaction should not have any affect to the consolidated financial statements of the Company.

Subsidiary - KSV Brand GmbH (held by Pranda & Kroll GmbH & Co., KG)

On 20 September 2016, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, KSV Brand GmbH (a 100%-held subsidiary of Pranda & Kroll GmbH & Co., KG), with the effective date on 1 October 2016. This subsidiary has ceased its operation and is not a significant segment of the Group and there is thus no significant impact on the consolidated financial statements.

(Unaudited but reviewed)

8. Investment in associated company

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Investment value - equity method	
	30 September 2016	31 December 2015
		(Audited)
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share of profit	5,382	5,900
Total carrying amounts based on equity method	8,982	9,500

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(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 nine-month period ended 30 September 2016, the Company received dividend income amounting to Baht 4 million (2015: no dividend income) from the associated company.

9. Other long-term investments

Other long-term investments as at 30 September 2016 and 31 December 2015 are summarised below:

	(Unit: Thousand Baht)			
	Consolidated financial statements			
	30 September 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
			(Audited)	
Available-for-sale securities				
Overseas marketable equity securities	97,979	52,267	97,979	89,574
Less: Deficit on changes in value of investments in securities available for sales	(40,712)		(8,405)	
	57,267		89,574	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities				
Government bonds	9,944		9,926	
Other investments				
Overseas non-marketable equity securities	14,490		14,490	
Total other long-term investments	81,701		113,990	

(Unit: Thousand Baht)

	Separate financial statements			
	30 September 2016		31 December 2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale securities				
Overseas marketable equity securities	97,979	57,267	97,979	89,574
Less: Deficit on changes in value of investments in securities available for sales	(40,712)		(8,405)	
	57,267		89,574	
Held-to-maturity debt securities				
Government bonds	9,944		9,926	
Other investments				
Overseas non-marketable equity securities	13,350		13,350	
Total other long-term investments	80,561		112,850	

10. Other receivables

The outstanding balances as at 30 September 2016 and 31 December 2015 are presented below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	30 September 2016	31 December 2015
Promissory notes	53,678	55,862
Less: Allowance for devaluation	(22,918)	(23,850)
Other receivables - net	30,760	32,012

11. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2016	687,337	676,365
Transfer to property, plant and equipment - net book value as at transfer date	(5,443)	(8,298)
Depreciation for the period	<u>(830)</u>	<u>(86)</u>
Net book value as at 30 September 2016	<u><u>681,064</u></u>	<u><u>667,981</u></u>

The Company and its subsidiaries have mortgaged their investment properties with a total net book value as at 30 September 2016 of approximately Baht 667 million (31 December 2015: Baht 673 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 667 million (31 December 2015: Baht 676 million)).

12. Property, plant and equipment

Movements of the property, plant and equipment account during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2016	780,945	644,193
Acquisitions during the period - at cost	37,028	13,883
Transfer from investment properties - net book value as at transfer date	5,443	8,298
Disposals during the period - net book value as at disposal date	(790)	(42)
Depreciation for the period	(62,427)	(42,854)
Translation adjustment during the period	<u>(3,459)</u>	-
Net book value as at 30 September 2016	<u><u>756,740</u></u>	<u><u>623,478</u></u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 30 September 2016 of approximately Baht 443 million (31 December 2015: Baht 463 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 384 million (31 December 2015: Baht 391 million)).

13. Leasehold rights

A local subsidiary company has mortgaged leasehold rights with a total net book value as at 30 September 2016 of approximately Baht 8 million (31 December 2015: Baht 9 million) as collateral for credit facilities granted by a commercial bank. In the third-quarter of 2016, the subsidiary made early repayment of a loan granted by the commercial bank in full, and the subsidiary's management is currently redeeming the collateral.

14. 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 2016 and 2015 are made up 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	(21)	781	-	-
Adjustment in respect of current income tax of previous year	-	(2)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(23)	21,545	(333)	509
Tax expenses (income) reported in the statements of income	<u>(44)</u>	<u>22,324</u>	<u>(333)</u>	<u>509</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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current income tax:				
Interim corporate income tax charge	1,395	(1,848)	-	-
Adjustment in respect of current income tax of previous year	2	(104)	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,064)	11,429	(5,239)	(1,329)
Tax expenses (income) reported in the statements of income	<u>333</u>	<u>9,477</u>	<u>(5,239)</u>	<u>(1,329)</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 2016 and 2015 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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to gain on change in value of available-for-sale investments	-	1,089	-	1,089
Deferred tax relating to actuarial gains	1	20	-	-
Total	<u>1</u>	<u>1,109</u>	<u>-</u>	<u>1,089</u>

(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>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to gain on change in value of available-for-sale investments	-	1,089	-	1,089
Deferred tax relating to actuarial gains	1,530	14	1,529	-
Total	<u>1,530</u>	<u>1,103</u>	<u>1,529</u>	<u>1,089</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated		Separate	
		financial statements		financial statements	
		30 September 2016	31 December 2015	30 September 2016	31 December 2015
			(Audited)		(Audited)
Bank overdrafts	3.70, 13.95	2,295	1,650	-	-
Bills of exchange	3.90, 4.60	230,000	180,000	230,000	180,000
Short-term loans from financial institutions	3.10 - 3.60, 12.25	262,000	422,279	235,000	181,795
Total		494,295	603,929	465,000	361,795

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

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

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

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

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2016	31 December 2015	30 September 2016	31 December 2015
		(Audited)		(Audited)
Trade and other payables - related parties (Note 3)	47,540	15,764	25,857	32,497
Trade payables - unrelated parties	562,382	424,877	402,839	257,837
Other payables - unrelated parties	33,334	65,261	13,633	21,421
Accrued expenses	71,787	39,186	36,697	21,687
Total trade and other payables	715,043	545,088	479,026	333,442

17. Short-term loans from unrelated individuals

As at 30 September 2016, short-term loans from unrelated individuals of the subsidiary, Primagold International Co., Ltd., totaling Baht 50 million in the form of bills of exchange. The loans are carrying the interest rate at 4.3 percent per annum, unsecured and repayable within May 2017.

18. Long-term loans

The outstanding balances of long-term loans as at 30 September 2016 and 31 December 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2016	2015	2016	2015
		(Audited)		(Audited)
Long-term loans - net	808,796	693,864	605,029	673,979
Less: Current portion - net	(133,811)	(678,442)	(100,200)	(673,979)
Long-term loans - net of current portion - net	<u>674,985</u>	<u>15,422</u>	<u>504,829</u>	<u>-</u>

Movements in the long-term loans account during the nine-month period ended 30 September 2016 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2016	693,864	673,979
Add: Additional loans	200,000	-
Less: Financial service fee	(1,677)	-
Less: Repayment	(83,391)	(68,950)
Balance as at 30 September 2016	<u>808,796</u>	<u>605,029</u>

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.

(Unaudited but reviewed)

However, since 31 December 2015, 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. Subsequently in May 2016, 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 2016.

In June 2016, a local subsidiary entered into a long-term loan agreement with the local bank for credit facilities of Baht 200 million, with a term of 6 years. Loan is subject to interest rate at MLR - 1.25 percent per annum. Principal and interest is repayable monthly. At present, the subsidiary withdrew such long-term loan of Baht 200 million. Long-term loans of this local subsidiary company were granted by local commercial banks. Such loans are secured by the mortgage of its office condominium units, 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. During the current period, the subsidiary made early repayment of a loan granted by a commercial bank of Baht 1 million and the subsidiary's management is currently redeeming the leasehold rights mortgaged as collateral for the loan.

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.

19. Provision for long-term employee benefits

Provision for long-term employee benefits as at 30 September 2016 was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Post-employment benefits from employee's retirement	Other long-term employee benefits plan	Total
Balances as at 1 January 2016	177,309	6,592	183,901
Current service cost	7,884	906	8,790
Past service cost	-	6,397	6,397
Interest cost	2,934	221	3,155
Actuarial (gain) loss during the period	(7,262)	857	(6,405)
Benefits paid during the period	(2,318)	(2,198)	(4,516)
Balances as at 30 September 2016	178,547	12,776	191,322

(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 2016	148,032	5,223	153,255
Current service cost	6,838	741	7,579
Past service cost	-	5,375	5,375
Interest cost	2,721	208	2,929
Actuarial (gain) loss during the period	(7,645)	704	(6,941)
Transferred employee from its subsidiary	12,027	1,663	13,690
Benefits paid during the period	(2,318)	(2,107)	(4,425)
Balances as at 30 September 2016	<u>159,655</u>	<u>11,807</u>	<u>171,462</u>

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 2016 amounted to Baht 36 million (The Company only: Baht 26 million) (31 December 2015: Baht 25 million, the Company only Baht 18 million).

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

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

In the second-quarter of the current year, the Company has purchased back 6,490,400 shares, a total of Baht 29 million. Until 27 April 2016, the end of the share repurchase period, treasury shares have been purchased back by the Company was 10,581,800 shares (par value of Baht 1 each), or 2.58 percent of total number of shares in issue, a total of Baht 49 million (31 December 2015: Baht 20 million) and the Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 49 million.

21. Earnings per share

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(71,405)	26,682	43,633	55,802
Weighted average number of ordinary shares (Thousand shares)	398,947	409,529	398,947	409,529
Earnings (loss) per share (Baht per share)	(0.1790)	0.0652	0.1094	0.1363

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Basic earnings per share				
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(285,889)	(24,294)	(22,736)	59,579
Weighted average number of ordinary shares (Thousand shares)	400,230	409,529	400,230	409,529
Earnings (loss) per share (Baht per share)	(0.7143)	(0.0593)	(0.0568)	0.1455

22. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividends for 2014	Annual General Meeting of the shareholders on 21 April 2015	61,429	0.15
Dividends for 2015	Annual General Meeting of the shareholders on 20 April 2016	20,060	0.05

(Unaudited but reviewed)

23. 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 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015	30 September 2016	31 December 2015
US Dollar	10	11	13	12	31	29	9	6
Euro	-	-	-	-	3	9	-	-
Pound Sterling	-	-	-	-	1	8	-	-
Singapore Dollar	-	-	-	-	-	-	-	1
Vietnam Dong	-	-	-	-	-	-	-	1

Foreign currencies	Average exchange rate as at	
	30 September 2016	31 December 2015
	(Baht per 1 foreign currency unit)	
US Dollar	34.65	36.04
Euro	38.84	39.39
Pound Sterling	44.91	53.43
Singapore Dollar	25.36	25.48
Vietnam Dong	0.0016	0.0016

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

Consolidated financial statements as at 30 September 2016

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	4,760,003	34.65 - 35.83 Baht per US Dollar	November 2016 - April 2017
Euro	92,824	40.00 - 40.29 Baht per Euro	November 2016
<u>Forward contracts to "Buy"</u>			
US Dollar	939,025	35.20 - 35.45 Baht per US Dollar	December 2016 - January 2017
US Dollar	5,723	0.92 Euro per US Dollar	December 2016

Consolidated financial statements as at 31 December 2015

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

Separate financial statements as at 30 September 2016

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	4,760,003	34.65 - 35.83 Baht per US Dollar	November 2016 - April 2017
Euro	92,824	40.00 - 40.29 Baht per Euro	November 2016
<u>Forward contracts to "Buy"</u>			
US Dollar	939,025	35.20 - 35.45 Baht per US Dollar	December 2016 - January 2017

Separate financial statements as at 31 December 2015

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

24. 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 subsidiaries, Crystalline has discontinued its production segment and transferred the production segment to the Company. Therefore, there is no significant impact on the consolidated financial statements. In addition, Pranda Singapore Pte. Limited was dissolved and liquidated, and the Company did not present the discontinued operations of Pranda Singapore Pte. Limited since it is not a significant line of business and its operations are not material to the consolidated financial statement.

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 nine-month periods ended 30 September 2016 and 2015.

(Unit: Million Baht)

For the three-month periods ended 30 September

	<u>Production</u>		<u>Distribution</u>		<u>Retail</u>		<u>Others</u>		<u>Total Segments</u>		<u>Eliminations</u>		<u>Consolidated</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues														
Revenues from external customers	311	256	118	213	210	262	-	-	639	731	-	-	639	731
Revenues from intersegment	205	211	-	2	46	24	-	-	251	237	(251)	(237)	-	-
Total revenues	<u>516</u>	<u>467</u>	<u>118</u>	<u>215</u>	<u>256</u>	<u>286</u>	<u>-</u>	<u>-</u>	<u>890</u>	<u>968</u>	<u>(251)</u>	<u>(237)</u>	<u>639</u>	<u>731</u>
Results														
Segment profit (loss)	(25)	(47)	(42)	(38)	(3)	7	-	(2)	(70)	(80)	13	48	(57)	(32)
Unallocated revenues and expenses														
Interest income													1	1
Other income													19	17
Gain (loss) on exchange													(23)	66
Share of gain (loss) from investment in associated company													1	(1)
Finance cost													(19)	(14)
Profit (loss) before income tax expense:													(78)	37
Tax expenses													-	(22)
Profit (loss) for the period													<u>(78)</u>	<u>15</u>

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month periods ended 30 September

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues														
Revenues from external customers	871	668	442	671	640	639	-	-	1,953	1,978	-	-	1,953	1,978
Revenues from intersegment	635	858	1	7	112	138	-	-	748	1,003	(748)	(1,003)	-	-
Total revenues	<u>1,506</u>	<u>1,526</u>	<u>443</u>	<u>678</u>	<u>752</u>	<u>777</u>	<u>-</u>	<u>-</u>	<u>2,701</u>	<u>2,981</u>	<u>(748)</u>	<u>(1,003)</u>	<u>1,953</u>	<u>1,978</u>
Results														
Segment profit (loss)	(41)	(81)	(153)	(131)	(17)	26	(5)	(8)	(216)	(194)	(8)	90	(224)	(104)
Unallocated revenues and expenses														
Interest income													3	3
Other income													32	35
Gain on liquidation of subsidiary company													12	-
Gain (loss) on exchange													(78)	72
Share of profit (loss) from investment in associated company													3	(1)
Finance cost													(55)	(46)
Loss before income tax expenses													(307)	(41)
Tax expenses													-	(9)
Loss for the period													<u>(307)</u>	<u>(50)</u>

25. Commitments and contingent liabilities

25.1 Capital commitments

As at 30 September 2016, the Company had capital commitments totaling of approximately Baht 6 million (31 December 2015: Baht 10 million), relating to acquisition of computer software, building construction and building improvements.

25.2 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	
	<u>30 September 2016</u>	<u>31 December 2015</u>
Payable:		
In up to 1 year	54	38
In over 1 and up to 5 years	48	56
In over 5 years	12	13

25.3 Guarantees

25.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 30 September 2016, there were outstanding guarantees of Baht 564 million and USD 11 million (31 December 2015: Baht 575 million, USD 11 million), totaling of Baht 949 million (31 December 2015: Baht 975 million).

25.3.2 As at 30 September 2016, there was outstanding bank guarantee of Baht 21 million (31 December 2015: Baht 21 million) issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 25.5.1 to the financial statements.

25.3.3 As at 30 September 2016, there were outstanding bank guarantees of Baht 1 million, (31 December 2015: Baht 2 million) issued by banks on behalf of the Company and its subsidiaries to guarantee purchase of goods, electricity use, among others. (The Company only: Baht 0.7 million (31 December 2015: Baht 0.4 million)).

25.3.4 As at 30 September 2016, the Company and its subsidiaries have outstanding standby-letters of credit of USD 14 million, or approximately Baht 485 million (31 December 2015: USD 12 million or totaling Baht 432 million) (The Company only: USD 9.5 million, totaling of Baht 329 million (31 December 2015: USD 7.5 million, or approximately Baht 270 million)).

25.4 Long-term service commitments

An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. During the current period, the subsidiary made an amendment agreement under the conditions of the license agreement, the subsidiary is to pay a yearly license fee as stipulated in the agreement. The agreement period has started from December 2015 to November 2017. The fees for the current period amounting to Baht 1 million (2015: Baht 2 million) were recognised as expenses.

25.5 Litigation

25.5.1 Tax assessment by the Revenue Department

In 2012, the Company received a corporate income tax assessment letter from the Revenue Department covering the years 2004 - 2006 and 2008 - 2010, assessing tax totaling approximately Baht 18 million (including surcharges). However, the Company submitted a letter of appeal to the Tax Appeal Committee seeking to have the assessment revoked. In November 2014, the Tax Appeal Committee rejected the Company's appeal to revoke this assessment by the official, and ordered the Company to pay the tax and surcharges to the Revenue Department. The Company, therefore petitioned the Central Tax Court to revoke this tax assessment on 25 December 2014 and provided a bank guarantee of approximately Baht 21 million issued by a bank on behalf of the Company to the Revenue Department in relation to the tax assessment.

Later, on 9 December 2015, the Central Tax Court issued a judgement in the Company's favour, revoking the assessment made by the Revenue Department and the Tax Appeal Committee's decision. On 7 March 2016, the Revenue Department submitted an appeal to the Supreme Court, Department of Taxation, and on 8 April 2016, the Company submitted a response to the appeal to the Supreme Court. The appeal is currently under the consideration of the Supreme Court.

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

25.5.2 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.

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.

As of 30 September 2016 and 31 December 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	
	Level 1	
	30 September 2016	31 December 2015
Financial assets measured at fair value		
Available-for-sale investments		
Overseas marketable equity securities	57	90

During the current period, there was no transfer within 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 10 November 2016.