

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to interim consolidated financial statements

For the three-month period ended 31 March 2017

1. General information

1.1 Corporate information

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

1.2 Basis of preparation of interim financial statements

These interim financial statements have been prepared in accordance with Thai Accounting Standards No. 34 (revised 2016) Interim Financial Reporting, with the Company choosing to present condensed interim financial statements. However, the Company has presented the statements of financial position, income statement, comprehensive income, changes in shareholders’ equity and cash flows in the same format as that used for the annual financial statements.

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

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of the Company and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2016. There were no changes in the composition of the group during the current period.

1.4 New financial reporting standards

During the period, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2016.

3. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March	31 March	31 March	2016	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	270	215	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	82	40	With reference to market price
Loan interest income	-	-	1	4	Per loan agreements
Guarantee fee income	-	-	-	1	1 percent per annum
Service income	-	-	7	9	Agreed between the parties
Management income	-	-	7	4	Agreed between the parties
Service expenses	-	-	1	2	Agreed between the parties
Purchases of machinery and equipment	-	-	-	2	Agreed between the parties

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March		31 March		
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with associated company</u>					
Purchases of raw materials	85	45	85	45	With reference to market price
<u>Transactions with related companies</u>					
Sales of goods	1	2	1	2	Normal business price close to those charged to other customers
Purchases of goods	39	17	-	-	With reference to market price
Service expenses	-	1	-	-	Agreed between the parties

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 4)</u>				
Subsidiaries	-	-	790	720
Related companies (related by common directors)	33	35	31	34
Total	33	35	821	754
Less: Allowance for doubtful accounts	(27)	(28)	(76)	(76)
Total trade accounts receivable - related parties, net	<u>6</u>	<u>7</u>	<u>745</u>	<u>678</u>
<u>Other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	225	227
Related companies (related by common directors)	2	3	2	2
Subsidiary and related company's directors	11	9	5	4
Total	13	12	232	233
Less: Allowance for doubtful accounts	(2)	-	(167)	(173)
Total other receivables - related parties, net	<u>11</u>	<u>12</u>	<u>65</u>	<u>60</u>
<u>Accrued interest income - related parties (Note 4)</u>				
Subsidiaries	-	-	24	23
Less: Allowance for doubtful accounts	-	-	(20)	(21)
Total accrued interest income - related parties, net	<u>-</u>	<u>-</u>	<u>4</u>	<u>2</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<u>Amounts due from related parties</u>				
Subsidiary	-	-	-	15
Subsidiary and related company's directors	9	11	9	11
Total	9	11	9	26
Less: Allowance for doubtful accounts	-	-	-	(4)
Total amounts due from related parties, net	9	11	9	22
<u>Trade and other payables - related parties (Note 16)</u>				
Subsidiaries	-	-	30	45
Associated company	3	-	3	-
Related companies (related by common directors)	36	33	-	-
Total trade and other payables - related parties	39	33	33	45
<u>Short-term loan from related party</u>				
Subsidiary's director	-	1	-	1

Loans to related parties

As at 31 March 2017 and 31 December 2016, the balances of loans between the Company and those related parties and the movement are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	46	47
Related companies (related by common directors)	26	26	-	-
Total short-term loans to related parties	26	26	46	47
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Long-term loans	-	-	541	554
Less: Current portion	-	-	(76)	(69)
Long-term loans, net of current portion	-	-	465	485
Less: Allowance for doubtful accounts	-	-	(185)	(190)
Total long-term loans to related parties, net	-	-	280	295

(Unaudited but reviewed)

(Unit: Million Baht)

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

(Unit: Million Baht)

		Separate financial statements				
Short-term loans	Related by	Balance as at	During the period			Balance as at
			31 December	Increase	Decrease	
		2016				2017
Pranda & Kroll GmbH & Co. KG	Subsidiary	19	-	-	-	19
H.GRINGOIRE s.a.r.l	Subsidiary	28	-	-	(1)	27
Total short-term loans		47	-	-	(1)	46

(Unit: Million Baht)

		Separate financial statements				
Long-term loans	Related by	Balance as at	During the period			Balance as at
			31 December	Increase	Decrease	
		2016				2017
Pranda & Kroll GmbH & Co. KG	Subsidiary	26	-	-	-	26
Pranda UK Ltd.	Subsidiary	338	-	-	(8)	330
H.GRINGOIRE s.a.r.l	Subsidiary	190	-	-	(5)	185
Total long-term loans		554	-	-	(13)	541

(Unaudited but reviewed)

Directors and management's benefits

During the three-month periods ended 31 March 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	16.0	22.8	7.2	13.7
Post-employment benefits	(0.2)	0.7	0.1	0.4
Other long-term employee benefits	-	0.1	-	-
Total	15.8	23.6	7.3	14.1

Guarantee obligations with related parties

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

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	164,991	80,419
Past due				
Up to 3 months	199	1,943	106,353	87,804
3 - 6 months	1,654	1,934	80,728	132,304
6 - 12 months	2,065	1,870	119,608	98,534
Over 12 months	29,091	29,577	348,988	354,815
Total	33,009	35,324	820,668	753,876
Less: Allowance for doubtful debts	(27,381)	(27,718)	(75,657)	(76,268)
Total trade accounts receivable - related parties, net (Note 3)	5,628	7,606	745,011	677,608
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	222,585	276,869	143,361	151,687
Past due				
Up to 3 months	152,637	117,902	30,506	41,822
3 - 6 months	12,557	12,752	4,133	3,083
6 - 12 months	15,919	21,753	2,256	2,520
Over 12 months	51,294	51,716	34,591	34,975
Total	454,992	480,992	214,847	234,087
Less: Allowance for doubtful debts	(50,600)	(51,452)	(34,591)	(34,975)
Total trade accounts receivable - unrelated parties, net	404,392	429,540	180,256	199,122
Total trade accounts receivable, net	410,020	437,146	925,267	876,720
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	13,175	11,863	232,281	233,237
Other receivables - unrelated parties	9,681	14,906	623	811
Accrued interest income - related parties (Note 3)	214	-	24,425	23,381
Accrued interest income	2,042	1,863	1,949	1,797
Accrued income	2,237	1,906	-	-
Total	27,349	30,538	259,278	259,226
Less: Allowance for doubtful debts	(4,609)	(4,005)	(188,718)	(195,699)
Total other receivables, net	22,740	26,533	70,560	63,527
Total trade and other receivables, net	432,760	463,679	995,827	940,247

(Unaudited but reviewed)

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account for the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2017	202,119	162,242
Add: Reduce cost to net realisable value of inventories	4,900	2,831
Less: Reversal of reduce cost to net realisable value of inventories	(1,216)	-
Balance as at 31 March 2017	<u>205,803</u>	<u>165,073</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. During the period, the subsidiary redeemed deposit with bank pledged for to secure forward exchange contracts.

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	
	31 March 2017	31 December 2016
		(Audited)
Pranda North America, Inc.	120,283	120,283
H.GRINGOIRE s.a.r.l.	344,423	344,423
Pranda UK Ltd.	28,973	28,973
Pranda Vietnam Co., Ltd.	48,180	48,180
Primagold International Co., Ltd.	200,000	200,000
Crystaline Co., Ltd.	96,000	96,000
Pranda Lodging Co., Ltd.	41,125	41,125
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi	112,523	112,523
Pranda & Kroll GmbH & Co. KG	573,303	573,303
Pranda Jewelry Private Limited	44,255	44,255
Pranda Trading (Shenzhen) Limited	17,437	17,437
Total	<u>1,626,502</u>	<u>1,626,502</u>
Less: Allowance for impairment of investments	(784,419)	(784,419)
Investments in subsidiaries, net	<u>842,083</u>	<u>842,083</u>

(Unaudited but reviewed)

8. Investment in associated company

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Investment value - equity method	
	31 March	31 December
	2017	2016
		(Audited)
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share of profit	5,065	3,904
Total carrying amounts based on equity method	8,665	7,504

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016
		(Audited)		(Audited)		(Audited)
KZ-Pranda Co., Ltd.	3,600	3,600	(3,600)	(3,600)	-	-

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

(Unaudited but reviewed)

9. Other long-term investments

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2017		31 December 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
				(Audited)
Available-for-sale securities				
Overseas marketable equity securities	97,979	30,784	97,979	52,163
Less: Deficit on changes in value of investments in securities available for sales	(67,195)		(45,816)	
	<u>30,784</u>		<u>52,163</u>	
Held-to-maturity debt securities				
Government bonds	<u>9,963</u>		<u>9,963</u>	
Other investments				
Overseas non-marketable equity securities	<u>14,490</u>		<u>14,490</u>	
Total other long-term investments	<u>55,237</u>		<u>76,616</u>	

(Unit: Thousand Baht)

	Separate financial statements			
	31 March 2017		31 December 2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
				(Audited)
Available-for-sale securities				
Overseas marketable equity securities	97,979	30,784	97,979	52,163
Less: Deficit on changes in value of investments in securities available for sales	(67,195)		(45,816)	
	<u>30,784</u>		<u>52,163</u>	
Held-to-maturity debt securities				
Government bonds	<u>9,963</u>		<u>9,963</u>	
Other investments				
Overseas non-marketable equity securities	<u>13,350</u>		<u>13,350</u>	
Total other long-term investments	<u>54,097</u>		<u>75,476</u>	

(Unaudited but reviewed)

10. Other receivables

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

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	31 March 2017	31 December 2016
Promissory notes	53,329	55,451
Less: Allowance for devaluation	(22,769)	(23,675)
Other receivables - net	30,560	31,776

11. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2017	680,851	667,981
Less: Depreciation for the period	(209)	-
Net book value as at 31 March 2017	680,642	667,981

The Company has mortgaged its investment properties with a total net book value as at 31 March 2017 of approximately Baht 667 million (31 December 2016: Baht 667 million) as collateral against credit facilities received from commercial banks.

12. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2017	747,323	611,921
Acquisitions during the period - at cost	13,108	9,198
Disposals during the period - net book value		
as at disposal date	(2,065)	(2,031)
Depreciation for the period	(19,903)	(13,090)
Translation adjustment during the period	(1,183)	-
Net book value as at 31 March 2017	<u>737,280</u>	<u>605,998</u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 31 March 2017 of approximately Baht 436 million (31 December 2016: Baht 444 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 370 million (31 December 2016: Baht 377 million)).

13. Income tax

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

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

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

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

(Unaudited but reviewed)

Tax expenses (income) for the three-month periods ended 31 March 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Interim corporate income tax charge	755	1,164	-	-
Adjustment in respect of current income tax of previous year	-	3	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	(2,145)	(3,259)	(1,340)	(2,674)
Tax expenses (income) reported in the statements of income	<u>(1,390)</u>	<u>(2,092)</u>	<u>(1,340)</u>	<u>(2,674)</u>

The amount of income tax relating to each component of other comprehensive income for the three-month periods ended 31 March 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods		For the three-month periods	
	ended 31 March		ended 31 March	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial loss	-	(2)	-	-

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	31 March 2017	31 December 2016
		(Audited)	(Audited)		(Audited)	
Bank overdrafts	3.70	3.70, 9.50	2,336	2,317	-	-
Short-term loans from financial institutions	3.10 - 3.85, 12.25	2.90 - 3.85	229,015	437,000	203,015	340,000
Total			231,351	439,317	203,015	340,000

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

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

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

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

15. Bills of exchange

(Unit: Thousand Baht)

	Consolidated		Separate		
	financial statements		financial statements		
	31 March 2017	31 December 2016	31 March 2017	31 December 2016	
		(Audited)	(Audited)		
Bills of exchange	331,353	356,442	281,691	307,286	

Bills of exchange of the Company are subject to interest at rates of 4.60 percent to 6.75 percent per annum (31 December 2016: 4.60 percent to 6.75 percent per annum) and mature during April to June 2017. Bills of exchange are secured by the guarantee of the Company's director.

During the current period, the Company redeemed bills of exchange amounting to Baht 30 million.

Bills of exchange of a subsidiary company are subject to interest rate at 4.30 percent per annum and mature in May 2017. There are no collateral on the bills of exchange.

(Unaudited but reviewed)

16. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Trade and other payables - related parties (Note 3)	39,079	33,348	33,001	45,376
Trade payables - unrelated parties	562,541	587,595	419,367	435,103
Other payables - unrelated parties	19,788	28,939	10,097	13,920
Accrued expenses	50,666	58,348	23,191	24,369
Total trade and other payables	<u>672,074</u>	<u>708,230</u>	<u>485,656</u>	<u>518,768</u>

17. Long-term loans

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

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2017	2016	2017	2016
		(Audited)		(Audited)
Long-term loans - net of deferred financial service fee	743,755	776,609	556,243	580,693
Less: Current portion - net	<u>(589,912)</u>	<u>(614,342)</u>	<u>(556,243)</u>	<u>(580,693)</u>
Long-term loans - net of current portion - net	<u>153,843</u>	<u>162,267</u>	<u>-</u>	<u>-</u>

(Unaudited but reviewed)

Movements in the long-term loans account during the three-month period ended 31 March 2017 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Balance as at 1 January 2017	776,609	580,693
Add: Amortisation of deferred financial service fee	74	-
Less: Repayment	<u>(32,928)</u>	<u>(24,450)</u>
Balance as at 31 March 2017	<u>743,755</u>	<u>556,243</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.

However, since 31 December 2016, the Company was unable to maintain a debt service coverage ratio (DSCR) in accordance with the agreements. As a result, the lender has the right to call the loans on demand and the Company has classified the full balance as current portion of long-term loans. Currently, the Company is in the process of obtaining a letter granting a waiver for some conditions from the lender.

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

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

18. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 March 2017 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	Post-employment benefits from employee's retirement	Other long-term employee benefits plan	Total
Balances as at 1 January 2017	177,694	13,154	190,848
Current service cost	2,364	310	2,674
Interest cost	1,034	72	1,106
Benefits paid during the period	-	(11)	(11)
Balances as at 31 March 2017	181,092	13,525	194,617

(Unit: Thousand Baht)

	Separate financial statements		
	Post-employment benefits from employee's retirement	Other long-term employee benefits plan	Total
Balances as at 1 January 2017	161,013	12,125	173,138
Current service cost	2,411	256	2,667
Interest cost	975	68	1,043
Transferred employee from its subsidiary	4,206	142	4,348
Balances as at 31 March 2017	168,605	12,591	181,196

The cumulative amount of actuarial gains recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 March 2017 amounted to Baht 36 million (The Company only: Baht 26 million) (31 December 2016: Baht 36 million, the Company only Baht 26 million).

(Unaudited but reviewed)

19. Earnings per share

Consolidated financial statements					
For the three-month periods ended 31 March					
Loss		Weighted average number of ordinary shares		Loss per share	
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
Basic earnings per share					
Loss attributable to equity holders of the Company					
<u>(75,780)</u>	<u>(143,701)</u>	<u>398,947</u>	<u>402,693</u>	<u>(0.19)</u>	<u>(0.36)</u>
Separate financial statements					
For the three-month periods ended 31 March					
Loss		Weighted average number of ordinary shares		Loss per share	
<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share					
Loss attributable to equity holders of the Company					
<u>(30,012)</u>	<u>(66,154)</u>	<u>398,947</u>	<u>402,693</u>	<u>(0.08)</u>	<u>(0.16)</u>

20. Financial instruments

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

(Unit: Million)

Foreign currencies	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	31 March	31 December	31 March	31 December	31 March	31 December	31 March	31 December
	2017	2016	2017	2016	2017	2016	2017	2016
US Dollar	8	9	13	13	32	32	10	10
Euro	-	-	-	-	3	10	-	-
Pound Sterling	-	-	-	-	1	9	-	-

(Unaudited but reviewed)

Foreign currencies	Average exchange rate as at	
	31 March 2017	31 December 2016
	(Baht per 1 foreign currency unit)	
US Dollar	34.41	35.78
Euro	36.74	37.71
Pound Sterling	42.95	43.96

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

Consolidated financial statements as at 31 March 2017

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	3,538,113	35.02 - 36.00 Baht per US dollar	May - September 2017
<u>Forward contracts to "Buy"</u>			
US Dollar	234,256	34.47 - 34.53 Baht per US dollar	April - September 2017
US Dollar	26,020	0.93 - 0.94 Euro per US dollar	January - March 2018

Consolidated financial statements as at 31 December 2016

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

(Unaudited but reviewed)

Separate financial statements as at 31 March 2017

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	3,538,113	35.02 - 36.00 Baht per US dollar	May - September 2017
<u>Forward contracts to "Buy"</u>			
US Dollar	234,256	34.47 - 34.53 Baht per US dollar	April - September 2017

Separate financial statements as at 31 December 2016

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

(Unaudited but reviewed)

21. Segment information

The Company and its subsidiaries are organised into business units based on its business activities. During the current period, the Company and its subsidiaries have not changed the organisation of their reportable segments.

The following table presents revenues and profit (loss) information regarding the Company's and its subsidiaries' operating segments for the three-month periods ended 31 March 2017 and 2016.

(Unit: Million Baht)

For the three-month periods ended 31 March

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenues														
Revenues from external customers	491	245	202	122	252	236	-	-	945	603	-	-	945	603
Revenues from intersegment	269	212	1	1	76	33	1	-	347	246	(347)	(246)	-	-
Total revenues	760	457	203	123	328	269	1	-	1,292	849	(347)	(246)	945	603
Results														
Segment profit (loss)	3	(45)	(29)	(56)	20	(8)	(5)	(1)	(11)	(110)	(12)	(9)	(23)	(119)
Unallocated revenues and expenses														
Interest income													1	1
Other income													6	8
Loss on exchange rate													(29)	(26)
Share of gain from investment in associated company													1	1
Finance cost													(34)	(17)
Loss before income tax expenses													(78)	(152)
Tax income													1	2
Loss for the period													(77)	(150)

22. Commitments and contingent liabilities

22.1 Capital commitments

As at 31 March 2017, the Company had capital commitments totaling of approximately Baht 2 million (31 December 2016: Baht 3 million), relating to acquisition of computer software, building construction and building improvements.

22.2 Operating lease commitments

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

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

	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at			
	31 March 2017	31 December 2016	31 March 2017	31 December 2016
Payable:				
In up to 1 year	48	50	-	-
In over 1 and up to 5 years	33	42	-	-
In over 5 years	13	11	-	-

22.3 Guarantees

22.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 March 2017, there were outstanding guarantees of Baht 464 million and USD 5 million (31 December 2016: Baht 564 million, USD 11 million), totaling of Baht 619 million (31 December 2016: Baht 961 million).

22.3.2 As at 31 March 2017, there was outstanding bank guarantee of Baht 21 million (31 December 2016: Baht 21 million) issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 22.5.1 to the financial statements.

22.3.3 As at 31 March 2017, there were outstanding bank guarantees of Baht 1.9 million, (31 December 2016: Baht 0.9 million) issued by banks on behalf of the Company and its subsidiaries to guarantee purchase of goods, electricity use, among others. (The Company only: Baht 1.7 million (31 December 2016: Baht 0.7 million)).

22.3.4 As at 31 March 2017, the Company and its subsidiaries have outstanding standby-letters of credit of USD 16 million, or approximately Baht 540 million (31 December 2016: USD 16 million or totaling Baht 561 million) (The Company only: USD 11 million, totaling of Baht 385 million (31 December 2016: USD 11 million, or approximately Baht 400 million)).

22.4 Long-term service commitments

An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. During the current period, the subsidiary made an amendment agreement under the conditions of the license agreement, the subsidiary is to pay a yearly license fee as stipulated in the agreement. The agreement period has started from December 2016 to November 2017. The fees for the current period amounting to Baht 0.3 million (2016: Baht 1 million) were recognised as expenses.

22.5 Litigation

22.5.1 Tax assessment by the Revenue Department

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

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

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

22.5.2 Litigation of an overseas subsidiary

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

22.5.3 Tax assessments of an overseas subsidiary

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

23. Fair value hierarchy

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

	(Unit: Million Baht)		
	Consolidated Financial Statements		
	As at 31 March 2017		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	31	-	31
Assets for which fair value are disclosed			
Investment properties	-	878	878

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

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 31 March 2017		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	31	-	31
Assets for which fair value are disclosed			
Investment properties	-	830	830

(Unit: Million Baht)

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

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

24. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 15 May 2017.