

## Pranda Jewelry Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2016

#### 1. General 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. The registered office of the Company is at 28 Soi Bangna-Trad 28, Bangna Subdistrict, Bangna District, Bangkok. The Company has factories located in Bangkok and Nakhonratchasima.

#### 2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

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

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Pranda Jewelry Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2016</u> Percent	<u>2015</u> Percent
<u>Held by the Company</u>				
Primagold International Co., Ltd.	Distribution of jewelry	Thailand	100	100
Crystalline Co., Ltd.	Manufacture and distribution of jewelry	Thailand	96	96
Pranda Lodging Co., Ltd.	Dormitory rental	Thailand	83	83
Pranda North America, Inc.	Distribution of jewelry	U.S.A.	100	100
H.GRINGOIRE s.a.r.l.	Distribution of jewelry	France	100	100
Pranda UK Ltd.	Distribution of jewelry	United Kingdom	100	100

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 Percent	2015 Percent
Pranda Singapore Pte. Limited	Holding company	Singapore	-	100
Pranda Vietnam Co., Ltd.	Manufacture and distribution of jewelry	Vietnam	100	100
Pranda & Kroll GmbH & Co. KG	Distribution of jewelry	Germany	75	75
Pranda Jewelry Private Limited	Distribution of jewelry	India	51	51
Pranda Trading (Shenzhen) Limited	Ceased its operation in 2015 and in the process dissolution	China	100	100
Guangzhou Pangda Zhubao Shoushi Youxian Gongs	Ceased its operation in 2013 and in the process dissolution	China	100	100
<u>Held by the subsidiaries</u>				
Pranda Acceptance Sdn. Bhd. (Held by Pranda Singapore Pte. Limited)	Ceased its operation in 2000	Malaysia	-	100
KSV Brand GmbH (Held by Pranda & Kroll GmbH & Co. KG)	Ceased its operation in 2013 and in the process dissolution	Germany	75	75
PDU (UK) Limited (Held by Pranda UK Limited)	Ceased its operation in 2016	United Kingdom	100	100
<u>Controlled by the subsidiary</u>				
PT Pranda Marketing Indonesia (controlled and had equity interest of 55 percent by Primagold International Co., Ltd.)	Retail jewelry	Indonesia	55	55

On 31 March 2013, Primagold International Co., Ltd. entered into an agreement with the shareholders of PT Pranda Marketing Indonesia, assigning control over the financial and operating policies of PT Pranda Marketing Indonesia to Primagold International Co., Ltd., through the majority of the Board of Directors of that company including voting power and granting an equity interest of 55 percent in this company, effective from 31 March 2013. However, the subsidiary is not a shareholder and without transferring any consideration to the shareholders of PT Pranda Marketing Indonesia but has power to control and owns more than half of the voting power. Therefore, the Company considered this company as the subsidiary of the group.

In June 2016, Pranda Singapore Pte. Limited, a subsidiary company, was liquidated as described in Note 11 to the financial statements.

- b) The Company is deemed to have control over an investee or subsidiaries 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.

- c) Subsidiaries are fully consolidated, on the date which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statement of changes in shareholders’ equity.
- f) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and associated company under the cost method.

### **3. New financial reporting standards**

#### **(a) Financial reporting standards that became effective in the current year**

During the year, the Company and subsidiaries have adopted the revised (revised 2015) 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 and its subsidiaries’ financial statements.

#### **(b) Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is 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 management of the Company and its subsidiaries believe that the revised and new financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

#### **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

### **4. Significant accounting policies**

#### **4.1 Revenue recognition**

##### *Sales of goods*

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

##### *Rental and service income*

Rental income is recognised based on an accrual basis on straight-line basis over the lease term. Service revenue is recognised when services have been rendered taking into account the stage of completion.

##### *Interest income*

Interest income is recognised on an accrual basis based on the effective interest rate.

##### *Dividends*

Dividends are recognised when the right to receive the dividends is established.

#### **4.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

### **4.3 Trade accounts receivable**

Trade accounts receivable are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### **4.4 Inventories**

Finished goods and work in process are valued at the lower of cost under the weighted average method and net realisable value. The cost of inventories is measured using the standard cost method, which approximates actual cost and includes all production costs and attributable factory overheads.

Raw materials and factory supplies are valued at the lower of weighted average cost and net realisable value and are charged to production costs whenever consumed.

### **4.5 Investments**

- a) 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.
- b) Investments in debt securities expected to be held to maturity are recorded at amortised cost. The premium/discount on debt securities is amortised/accreted by the effective rate method with the amortised/accreted amount presented as an adjustment to the interest income.
- c) Investment in associated company is accounted for in the consolidated financial statements using the equity method.
- d) Investments in subsidiaries and associated company are accounted for in the separate financial statements using the cost method.
- e) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).

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

The weighted average method is used for computation of the cost of investments.

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.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

#### **4.6 Investment properties**

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties is calculated by reference to their costs on the straight-line basis over estimated useful lives of 20 years. Depreciation of the investment properties is included in determining income.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

#### **4.7 Property, plant and equipment/Depreciation**

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

Land improvements		20 years
Buildings and building improvements		10 - 40 years
Leasehold improvements	period of lease	(2 - 40 years)
Machinery and equipment		3 - 13 years
Furniture, fixtures and office equipment		2 - 20 years
Motor vehicles		2 - 6 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction in progress.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

#### **4.8 Leasehold rights**

Leasehold rights are stated at cost less accumulated amortisation. Amortisation is calculated by reference to cost on a straight-line basis over the period of the lease. Amortisation is included in determining income.

#### **4.9 Business combination**

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired. An impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

#### **4.10 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### **4.11 Intangible assets**

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

Intangible assets with finite useful lives are computer software which have finite useful lives of 2 - 10 years.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually either individually or at the cash generating unit level. The assessment of indefinite useful lives of the intangible assets is reviewed annually.

#### **4.12 Related party transactions**

Related parties comprise individuals or that enterprises control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### **4.13 Long-term leases**

Leases of equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

#### **4.14 Foreign currencies**

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using the functional currency of that entity.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.



#### **4.15 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

#### **4.16 Employee benefits**

##### ***Short-term employee benefits***

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

##### ***Post-employment benefits and other long-term employee benefits***

###### *Defined contribution plans*

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

### *Defined benefit plans and other long-term employee benefits*

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law of each country. The Company and its subsidiaries treat these severance payment obligations as a defined benefit plan. In addition, the Company and local subsidiaries provide other long-term employee benefit plan.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

#### **4.17 Provisions**

Provisions are recognised when the Company and its subsidiaries has a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

#### **4.18 Income tax**

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

##### **Current tax**

Current income tax of the Company and its subsidiaries (in Thailand) is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Income tax of overseas subsidiaries are provided in accordance with tax legislation and tax rates mandated by the tax laws of those countries.

##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

#### **4.19 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement 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

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

## **5. Significant accounting judgements and estimates**

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follow:

### **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Allowance for diminution in value of inventory**

The determination of allowances for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realisable value is estimated based on the selling price expected in the ordinary course of business less the estimated costs to complete the sales; and provision for obsolete, slow-moving and deteriorated inventories that is estimated based on the approximate aging of each type of inventory.

### **Property, plant and equipment/Depreciation**

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgements regarding forecast of future revenues and expenses relating to the assets subject to the review.

### **Post-employment benefits under defined benefit plans and other long-term employee benefits**

The obligation under the defined benefit plan and other long-term employee benefit plans is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

### **Tax assessment by the Revenue Department and litigation**

The Company has contingent liabilities as a result of tax assessment by the Revenue Department. The Subsidiary has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

## Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

## Impairment of investments in subsidiaries

Impairment testing on investments in subsidiaries requires management to make estimates of the cash flows to be generated by the subsidiaries and to determine an appropriate discount rate to calculate the present value of those cash flows.

## 6. Related party transactions

During the years, 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 based agreed upon between the Company and those related parties.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2016	2015	2016	2015	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	894	1,068	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	235	203	With reference to market price
Loan interest income	-	-	2	20	Per loan agreement
Interest income on overdue payment	-	-	-	1	Interest rate at 7.5 percent per annum
Guarantee fee income	-	-	3	4	At 1 percent per annum
Service income	-	-	32	41	Agreed between the parties
Management fee income	-	-	14	12	Agreed between the parties
Service expenses	-	-	5	4	Agreed between the parties
Commission payments	-	-	5	2	Agreed between the parties
Purchases of machines and equipment	-	-	5	-	Agreed between the parties
Dividend income	-	-	50	-	Announce rate
<u>Transactions with associated company</u>					
Purchases of raw materials	284	157	284	157	With reference to market price
Service income	1	-	1	-	Agreed between the parties
Dividend income	-	-	4	-	Announce rate
<u>Transactions with related companies</u>					
Sales of goods	9	7	7	5	Normal business price close to those charged to other customers
Purchase of goods	67	56	2	3	With reference to market price
Loan interest income	2	1	-	-	Per loan agreement
Service income	1	1	1	1	Agreed between the parties
Service expenses	2	3	-	-	Agreed between the parties

As at 31 December 2016 and 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	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Trade accounts receivable - related parties (Note 8)</u></b>				
Subsidiaries	-	-	720	1,003
Related companies (related by common directors)	35	34	34	33
Total	35	34	754	1,036
Less: Allowance for doubtful accounts	(28)	(2)	(76)	(263)
Total trade accounts receivable - related parties, net	<u>7</u>	<u>32</u>	<u>678</u>	<u>773</u>
<b><u>Other receivables - related parties (Note 8)</u></b>				
Subsidiaries	-	-	227	230
Related companies (related by common directors)	3	2	2	2
Subsidiary and related company's directors	9	23	4	16
Total	12	25	233	248
Less: Allowance for doubtful accounts	-	-	(173)	(181)
Total other receivables - related parties, net	<u>12</u>	<u>25</u>	<u>60</u>	<u>67</u>
<b><u>Accrued interest income - related parties (Note 8)</u></b>				
Subsidiaries	-	-	19	49
Less: Allowance for doubtful accounts	-	-	(17)	-
Total accrued interest income - related parties, net	<u>-</u>	<u>-</u>	<u>2</u>	<u>49</u>
<b><u>Amounts due from related parties</u></b>				
Subsidiary	-	-	15	52
Subsidiary and related company's directors	11	-	11	-
Total	11	-	26	52
Less: Allowance for doubtful accounts	-	-	(4)	(13)
Total amounts due from related parties, net	<u>11</u>	<u>-</u>	<u>22</u>	<u>39</u>
<b><u>Trade and other payables - related parties (Note 21)</u></b>				
Subsidiaries	-	-	45	32
Related companies (related by common directors)	33	16	-	-
Total trade and other payables - related parties	<u>33</u>	<u>16</u>	<u>45</u>	<u>32</u>

During the year 2016, the Company has recorded allowance for doubtful accounts for its trade and other receivables - related parties in the income statement for the year 2016, a total of Baht 4 million (2015: Baht 43 million).

## **Loans to related parties**

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Short-term loans to related parties</u></b>				
Subsidiaries	-	-	47	7
Related companies (related by common directors)	26	21	-	-
Total short-term loans to related parties	<u>26</u>	<u>21</u>	<u>47</u>	<u>7</u>
<b><u>Long-term loans to related parties</u></b>				
<u>Subsidiaries</u>				
Long-term loans	-	-	554	230
Less: Current portion	-	-	(69)	(35)
Long-term loans, net of current portion	-	-	485	195
Less: Allowance for doubtful accounts	-	-	(190)	-
Total long-term loans to related parties, net	<u>-</u>	<u>-</u>	<u>295</u>	<u>195</u>

During the year 2016, movements of loans to related parties were as follow:

		(Unit: Million Baht)			
		Consolidated financial statements			
	Related by	Balance			Balance
		as at	Increase	Decrease	as at
Short-term loans		31 December	during	during	31 December
		2015	the year	the year	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
Total short-term loans		<u>21</u>	<u>5</u>	<u>-</u>	<u>26</u>

(Unit: Million Baht)

		Separate financial statements				
Short-term loans	Related by	Balance			Unrealised	Balance
		as at	Increase	Decrease	loss on	as at
		31 December	during	during	exchange	31 December
		2015	the year	the year	rate	2016
Pranda & Kroll GmbH & Co. KG	Subsidiary	7	13	-	(1)	19
H. GRINGOIRE s.a.r.l	Subsidiary	-	29	-	(1)	28
Total short-term loans		<u>7</u>	<u>42</u>	<u>-</u>	<u>(2)</u>	<u>47</u>

(Unit: Million Baht)

		Separate financial statements				
Long-term loans	Related by	Balance			Unrealised	Balance
		as at	Increase	Decrease	loss on	as at
		31 December	during	during	exchange	31 December
		2015	the year	the year	rate	2016
Pranda & Kroll GmbH & Co. KG	Subsidiary	27	-	-	(1)	26
Pranda UK Ltd.	Subsidiary	203	206	-	(71)	338
H. GRINGOIRE s.a.r.l	Subsidiary	-	204	-	(14)	190
Total long-term loans		<u>230</u>	<u>410</u>	<u>-</u>	<u>(86)</u>	<u>554</u>

### **Short-term loans to related parties**

#### **Consolidated financial statements**

As at 31 December 2016, a local subsidiary (Pranda Lodging Co., Ltd.) granted short-term loans of Baht 23 million (2015: Baht 18 million), to a related company, A-List Corporate Co., Ltd., and these loans are subject to interest at the rate of 7 percent per annum, secured by the director of this related company and repayable on demand. In addition, the subsidiary granted short-term loan of Baht 3 million (2015: Baht 3 million), to a related company, Supree Holding Co., Ltd, and this loan is subject to interest at the rate of 7 percent per annum, unsecured and repayable on demand.

#### **Separate financial statements**

##### **Short-term loans to subsidiaries**

As at 31 December 2016, the Company granted a short-term loan to a subsidiary, Pranda & Kroll GmbH & Co. KG, of EUR 0.5 million or approximately Baht 19 million. (2015: EUR 0.2 million or approximately Baht 7 million) This loan is subject to interest at a rate of 7.5 percent per annum. This loan is unsecured and principal and interest are payable within 2017.

As at 31 December 2016, the Company granted a short-term loan of EUR 0.7 million or approximately Baht 28 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 2017.



## **Long-term loans to related parties**

### **Consolidated financial statements**

As at 31 December 2016, a local subsidiary granted a long-term loan of USD 2 million, or approximately Baht 71 million (2015: USD 2 million or approximately Baht 72 million), to PT Pranda Marketing Indonesia, a subsidiary company. The loan is subject to interest at the rate of 7.5 percent per annum, has a term of 10 years (maturity in 2021 and 2025), and is secured by the pledge of some shares of this company.

The loan agreement grants the subsidiary the option to have PT Pranda Marketing Indonesia, makes loan repayment in cash, or to convert part or all of the unpaid loan to the newly issued shares of the company, provided these do not exceed up to 55 percent of total shares. The conversion ratio is set at the par value of that company's shares.

### **Separate financial statements**

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.

In addition, the long-term loan of GBP 3.8 million (2015: GBP 3.8 million), was granted to a subsidiary, Pranda UK Ltd., is repayable within 6 years, by quarterly from March 2016 to December 2020. The loan is unsecured and interest is payable quarterly at a rate of 7.5 percent per annum. During the year 2015 to 2016, this subsidiary has not yet paid loan principal of GBP 0.4 million, or approximately Baht 17 million, payable in accordance with the agreement, since the subsidiary has requested that the principal payment be rescheduled. The management is currently amending the long-term loan agreement.

The long-term loan of EUR 0.7 million (2015: EUR 0.7 million), granted to a subsidiary, Pranda & Kroll GmbH & Co. KG, is unsecured and repayable quarterly within 3 years, from March 2015 to April 2018. Interest is payable quarterly at a rate of 7.5 percent per annum. During the year 2015 to 2016, this subsidiary has not yet paid the loan principal of EUR 0.3 million, or approximately Baht 13 million, payable in accordance with the agreement, since the subsidiary has requested that the principal payment be rescheduled. The management is currently amending the long-term loan agreement.

### Loan from related party

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b><u>Short-term loan from related party</u></b>				
Subsidiary's director	<u>1</u>	<u>1</u>	<u>-</u>	<u>-</u>

Pranda Jewelry Private Limited, its subsidiary, had short-term loan amounting to Indian Rupee 1 million (or equivalent to Baht 1 million) from its director. This loan is unsecured and has no interest charge.

### Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	80	75	43	35
Post-employment benefits	-	3	-	3
Other long-term benefits	1	2	-	-
Total	<u>81</u>	<u>80</u>	<u>43</u>	<u>38</u>

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 33.3.1 to the financial statements.

## **7. Cash and cash equivalents**

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cash	2,821	3,550	577	559
Bank deposits	452,544	279,613	305,618	118,907
Fixed deposit receipt	-	75,055	-	75,055
Total	<u>455,365</u>	<u>358,218</u>	<u>306,195</u>	<u>194,521</u>

As at 31 December 2016, bank deposits carried interests between 0.04 to 0.85 percent per annum (2015: between 0.13 to 2.50 percent per annum).

## 8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	52	80,419	123,467
Past due				
Up to 3 months	1,943	1,124	87,804	165,466
3 - 6 months	1,934	183	132,304	40,313
6 - 12 months	1,870	927	98,534	69,097
Over 12 months	29,577	32,258	354,815	637,589
Total	35,324	34,544	753,876	1,035,932
Less: Allowance for doubtful debts	(27,718)	(2,432)	(76,268)	(262,766)
Total trade accounts receivable - related parties, net (Note 6)	7,606	32,112	677,608	773,166
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	276,869	202,085	151,687	50,643
Past due				
Up to 3 months	117,902	167,010	41,822	41,882
3 - 6 months	12,752	18,584	3,083	1,880
6 - 12 months	21,753	48,892	2,520	22,544
Over 12 months	51,716	56,282	34,975	21,709
Total	480,992	492,853	234,087	138,658
Less: Allowance for doubtful debts	(51,452)	(50,950)	(34,975)	(25,627)
Total trade accounts receivable - unrelated parties, net	429,540	441,903	199,122	113,031
Total trade accounts receivable, net	437,146	474,015	876,720	886,197
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	11,863	24,939	233,237	247,461
Other receivables - unrelated parties	14,906	15,226	811	441
Accrued interest income - related parties (Note 6)	-	-	19,261	48,924
Accrued interest income	1,863	1,478	1,797	1,356
Accrued income	1,906	340	-	-
Total	30,538	41,983	255,106	298,182
Less: Allowance for doubtful debts	(4,005)	(2,496)	(191,579)	(181,751)
Total other receivables, net	26,533	39,487	63,527	116,431
Total trade and other receivables, net	463,679	513,502	940,247	1,002,628

## 9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
	Finished goods	1,276,778	1,328,036	(99,291)	(116,074)	1,177,487
Work in process	350,037	204,405	-	-	350,037	204,405
Raw materials	536,273	536,670	(102,828)	(117,369)	433,445	419,301
Factory supplies	13,163	14,103	-	-	13,163	14,103
Goods in transit	680	3,327	-	-	680	3,327
<b>Total</b>	<b>2,176,931</b>	<b>2,086,541</b>	<b>(202,119)</b>	<b>(233,443)</b>	<b>1,974,812</b>	<b>1,853,098</b>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
	Finished goods	266,886	242,087	(61,941)	(62,151)	204,945
Work in process	342,251	194,874	-	-	342,251	194,874
Raw materials	504,099	472,726	(100,301)	(110,378)	403,798	362,348
Factory supplies	8,412	8,799	-	-	8,412	8,799
Goods in transit	680	17	-	-	680	17
<b>Total</b>	<b>1,122,328</b>	<b>918,503</b>	<b>(162,242)</b>	<b>(172,529)</b>	<b>960,086</b>	<b>745,974</b>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 2 million (2015: Baht 11 million) (The Company only: Baht 7 million 2015: Baht 7 million), to reflect the net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 33 million (The Company only: Baht 17 million and 2015: Baht 2 million), and reduced the amount of inventories recognised as expenses during the year.

## 10. 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.

## 11. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Paid-up capital		Currency	Shareholding percentage		Cost	
	<u>2016</u>	<u>2015</u>		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
				(Percent)	(Percent)		
Pranda North America, Inc.	2	2	Thousand USD	100	100	120,283	120,283
H.GRINGOIRE s.a.r.l.	5	5	Million EUR	100	100	344,423	344,423
Pranda UK Ltd.	0.5	0.5	Million GBP	100	100	28,973	28,973
Pranda Vietnam Co., Ltd.	1.5	1.5	Million USD	100	100	48,180	48,180
Pranda Singapore Pte. Limited	-	3	Million SGD	-	100	-	53,681
Primagold International Co., Ltd.	200	200	Million Baht	100	100	200,000	200,000
Crystalline Co., Ltd.	100	100	Million Baht	96	96	96,000	96,000
Pranda Lodging Co., Ltd.	50	50	Million Baht	83	83	41,125	41,125
Guangzhou Pangda Zhubao							
Shoushi Youxian Gongsi	3.35	3.35	Million USD	100	100	112,523	112,523
Pranda & Kroll GmbH & Co. KG	14.96	14.96	Million EUR	75	75	573,303	573,303
Pranda Jewelry Private Limited	150	150	Million Indian Rupee	51	51	44,255	44,255
Pranda Trading (Shenzhen) Limited	0.55	0.55	Million USD	100	100	17,437	17,437
Total						1,626,502	1,680,183
Less: Allowance for impairment of investments						(784,419)	(802,100)
Investments in subsidiaries, net						842,083	878,083

During the current year, the Company received dividend income amounting to Baht 50 million from the subsidiary, Primagold International Co., Ltd.

During the current year, the Company recorded the reversal of impairment loss on investments in subsidiaries of Baht 18 million in the income statement.

### Year 2016

#### **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.

### Year 2015

**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 31 December 2015, the Company has made full allowance for impairment loss on investment in this subsidiary totaling of Baht 17 million.

### **Subsidiary - Pranda Jewelry Private Limited**

On 16 December 2015, the Extraordinary Shareholder's Meeting of Pranda Jewelry Private Limited (a subsidiary established in India) passed a resolution to increase its registered share capital from 1 million Indian rupees (100,000 ordinary shares at the par value of Indian rupee 10 each) to 150 million Indian rupees (15,000,000 ordinary shares with a par value 10 Indian rupee each). The subsidiary registered the increase in its registered share capital on 31 December 2016. The Company paid 76 million Indian rupees or approximately Baht 44 million for the additional capital in the form of cash payment of 7 million Indian rupees, or approximately Baht 4 million, and the conversion of convertible debentures issued by the subsidiary of 69 million Indian rupees or approximately Baht 40 million. After the increase in share capital, the Company's shareholding in this subsidiary remains 51 percent.

The non-controlling interest of this subsidiary paid for the additional capital by means of cash payment totaling 10 million Indian rupees or approximately Baht 5 million, and there are outstanding shares receivables of 63 million Indian rupees or approximately Baht 33 million. Payments for such share receivables are to be made annually until the year 2019 in accordance with the subsidiary's shareholders agreement.

## 11.2 Details of investments in subsidiaries that have material non-controlling interests

(Unit: Million Baht)

Company's name	Proportion of equity interest held by non-controlling interests		Accumulated balance of non-controlling interests		Profit/loss allocated to non-controlling interests during the year	
	<u>2016</u> (%)	<u>2015</u> (%)	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Pranda & Kroll GmbH & Co. KG	25	25	(127)	(115)	(13)	(14)

11.3 Summarised financial information that based on amounts before inter-company elimination about subsidiaries that have material non-controlling

Summarised information about financial position

	(Unit: Million Baht)	
	Pranda & Kroll GmbH & Co. KG	
	<u>2016</u>	<u>2015</u>
Current assets	63	77
Non-current assets	1	2
Current liabilities	217	169
Non-current liabilities	4	28

Summarised information about comprehensive income

	(Unit: Million Baht)	
	For the year ended 31 December	
	Pranda & Kroll GmbH & Co. KG	
	<u>2016</u>	<u>2015</u>
Revenue	62	49
Loss	(46)	(51)
Other comprehensive income	-	(1)
Total comprehensive income	(46)	(52)

Summarised information about cash flow

	(Unit: Million Baht)	
	For the year ended 31 December	
	Pranda & Kroll GmbH & Co. KG	
	<u>2016</u>	<u>2015</u>
Cash flow from (used in) operating activities	(14.9)	2.5
Cash flow from investing activities	13.6	-
Cash flow from financing activities	-	0.4
Net increase (decrease) in cash and cash equivalents	<u>(1.3)</u>	<u>2.9</u>



## 12. Investments in associated company

### 12.1 Details of associated company:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements			
			Shareholding Percentage		Investment value - equity method	
			2016 (Percent)	2015 (Percent)	2016	2015
KZ-Pranda Co., Ltd.	Import and distribution of raw materials - precious metals	Thailand	40	40	3,600	3,600
	- Cost				3,904	5,900
	- Accumulated share of profit				7,504	9,500
Total carrying amounts based on equity method						

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements							
			Shareholding percentage		Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
			2016 (Percent)	2015 (Percent)	2016	2015	2016	2015	2016	2015
KZ-Pranda Co., Ltd.	Import and distribution of raw materials - precious metals	Thailand	40	40	3,600	3,600	(3,600)	(3,600)	-	-

### 12.2 Share of comprehensive income and dividend received

During the years, the Company recognised its share of profit from investment in associated company in the consolidated financial statements and dividend income in the separate financial statement as follows:

(Unit: Thousand Baht)

Company's name	Consolidated financial statements		Separate financial statements	
	Share of profit from investment in associated company during the year		Dividend received during the year	
	2016	2015	2016	2015
KZ-Pranda Co., Ltd.	1,819	9,268	3,816	-

### 12.3 Financial information of associated company

Financial information of the associated company is summarised below.

Company's name	Paid-up capital		Currency	Total assets		Total liabilities		Total revenues		Profit for	
	as at			as at		as at		for the years		the years	
	31 December			31 December		31 December		ended		ended	
	<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>
KZ-Pranda Co., Ltd.	9	9	Million Baht	148	92	129	68	2,572	2,116	5	24

(Unit: Million Baht)

An associated company filed a lawsuit against a customer and a financial institution providing a debt guarantee under a purchase and sale agreement, claiming compensation of approximately Baht 51 million plus interest at the rate of 7 percent per annum, counting from the date that on which the lawsuit was lodged (year 2009). During the year 2015, the Supreme Court ruled in favor of the associated company. Consequently, the associated company received principal plus interest totaling Baht 79 million in 2015, and recorded the interest income received as a result of this lawsuit, amounting to Baht 28 million in the income statement for the year 2015.

### 13. 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. 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 as described in Note 14 to the financial statements.

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

	Consolidated / Separate	
	financial statements	
	<u>2016</u>	<u>2015</u>
Promissory notes	55,451	55,862
Less: Allowance for devaluation	(23,675)	(23,850)
Other receivables, net	<u>31,776</u>	<u>32,012</u>

(Unit: Thousand Baht)

## 14. Other long-term investments

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Available-for-sale securities</b>				
Overseas marketable equity securities	97,979	52,163	97,979	89,574
Less: Deficit on changes in value of investments in securities available for sales	(45,816)		(8,405)	
	<u>52,163</u>		<u>89,574</u>	
<b>Held-to-maturity debt securities</b>				
Government bonds	<u>9,963</u>		<u>9,926</u>	
<b>Other investments</b>				
Overseas non-marketable equity securities	<u>14,490</u>		<u>14,490</u>	
Total other long-term investments	<u><u>76,616</u></u>		<u><u>113,990</u></u>	

(Unit: Thousand Baht)

	Separate financial statements			
	2016		2015	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
<b>Available-for-sale securities</b>				
Overseas marketable equity securities	97,979	52,163	97,979	89,574
Less: Deficit on changes in value of investments in securities available for sales	(45,816)		(8,405)	
	<u>52,163</u>		<u>89,574</u>	
<b>Held-to-maturity debt securities</b>				
Government bonds	<u>9,963</u>		<u>9,926</u>	
<b>Other investments</b>				
Overseas non-marketable equity securities	<u>13,350</u>		<u>13,350</u>	
Total other long-term investments	<u><u>75,476</u></u>		<u><u>112,850</u></u>	

## 15. Investment properties

The net book value of investment properties as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Land held for development	Land and building for rent	Total	Land held for development	Land and building for rent	Total
<u>31 December 2016:</u>						
Cost	667,381	67,498	734,879	667,381	9,476	676,857
<u>Less: Accumulated depreciation</u>	-	(54,028)	(54,028)	-	(8,876)	(8,876)
Net book value	<u>667,381</u>	<u>13,470</u>	<u>680,851</u>	<u>667,381</u>	<u>600</u>	<u>667,981</u>
<u>31 December 2015:</u>						
Cost	667,381	66,852	734,233	667,381	20,245	687,626
<u>Less: Accumulated depreciation</u>	-	(46,896)	(46,896)	-	(11,261)	(11,261)
Net book value	<u>667,381</u>	<u>19,956</u>	<u>687,337</u>	<u>667,381</u>	<u>8,984</u>	<u>676,365</u>

A reconciliation of the net book value of investment properties for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Net book value at beginning of year	687,337	689,262	676,365	676,992
Transfer to property, plant and equipment-net book value as at transfer date	(5,444)	-	(8,298)	-
Depreciation	<u>(1,042)</u>	<u>(1,925)</u>	<u>(86)</u>	<u>(627)</u>
Net book value at end of year	<u>680,851</u>	<u>687,337</u>	<u>667,981</u>	<u>676,365</u>

The fair value of the investment properties stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land held for development	823,500	823,500	823,500	823,500
Land and building for rent	54,240	62,790	6,660	142,730

The fair values of the land held for development, land and building for rent have been determined based on valuations performed by an accredited independent valuer using the market approach.

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

## 16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land	Land improvements	Buildings and building improvements	Leasehold improvements	Machinery and equipment	Furniture, Fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Cost:</b>									
1 January 2015	95,679	15,489	490,137	34,584	233,485	520,465	31,380	294,902	1,716,121
Additions	-	70	10,373	399	2,293	20,980	5,687	64,715	104,517
Disposals	(432)	-	(5,963)	-	(829)	(13,939)	(2,002)	(172)	(23,337)
Transfers	-	-	294,967	-	511	29,470	-	(324,948)	-
Translation adjustment	-	-	5,985	747	1,183	3,518	271	412	12,116
31 December 2015	95,247	15,559	795,499	35,730	236,643	560,494	35,336	34,909	1,809,417
Additions	-	-	3,859	8,960	10,408	23,897	970	4,955	53,049
Disposals	(578)	-	(8,000)	-	(195)	(20,910)	(920)	-	(30,603)
Transfers	-	1,027	32,859	-	303	4,994	-	(39,183)	-
Transfer from investment properties	-	-	(646)	-	-	-	-	-	(646)
Translation adjustment	-	-	(1,015)	(547)	(1,205)	(3,185)	(124)	(139)	(6,215)
31 December 2016	94,669	16,586	822,556	44,143	245,954	565,290	35,262	542	1,825,002

## 16. Property, plant and equipment (continued)

(Unit: Thousand Baht)

### Consolidated financial statements

	Land	Land improvements	Buildings and building improvements	Leasehold improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	Total
<b>Accumulated depreciation:</b>									
1 January 2015	-	7,622	318,863	26,787	194,633	369,309	26,927	-	944,141
Depreciation for the year	-	515	21,482	1,157	15,845	42,816	3,285	-	85,100
Depreciation on disposals	-	-	(4,102)	-	(829)	(13,310)	(1,928)	-	(20,169)
Translation adjustment	-	-	3,175	477	1,037	2,664	214	-	7,567
31 December 2015	-	8,137	339,418	28,421	210,686	401,479	28,498	-	1,016,639
Depreciation for the year	-	474	23,570	1,523	12,460	41,299	2,705	-	82,031
Depreciation on disposals	-	-	(6,068)	-	(196)	(14,700)	(903)	-	(21,867)
Accumulated depreciation transferred from									
investment properties	-	-	(6,090)	-	-	-	-	-	(6,090)
Translation adjustment	-	-	(225)	(406)	(1,180)	(2,944)	(112)	-	(4,867)
31 December 2016	-	8,611	350,605	29,538	221,770	425,134	30,188	-	1,065,846
<b>Allowance for impairment loss:</b>									
31 December 2015	-	-	-	-	-	11,833	-	-	11,833
31 December 2016	-	-	-	-	-	11,833	-	-	11,833
<b>Net book value:</b>									
31 December 2015	95,247	7,422	456,081	7,309	25,957	147,182	6,838	34,909	780,945
31 December 2016	94,669	7,975	471,951	14,605	24,184	128,323	5,074	542	747,323
<b>Depreciation for the year</b>									
2015 (Baht 35 million included in manufacturing cost, and the balance in selling and administrative expenses)									85,100
2016 (Baht 31 million included in manufacturing cost, and the balance in selling and administrative expenses)									82,031

## 16. Property, plant and equipment (continued)

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
<b>Cost:</b>								
1 January 2015	88,570	15,490	370,015	213,612	320,439	19,813	288,037	1,315,976
Additions	-	70	10,373	2,275	6,205	5,064	62,194	86,181
Disposals	(432)	-	(5,963)	(814)	(7,033)	(1,259)	(172)	(15,673)
Transfers	-	-	294,967	511	27,044	-	(322,522)	-
31 December 2015	88,138	15,560	669,392	215,584	346,655	23,618	27,537	1,386,484
Additions	-	-	26	13,154	4,505	1,040	4,551	23,276
Disposals	(578)	-	(8,000)	(167)	(13,519)	(919)	-	(23,183)
Transfers	-	1,027	27,434	303	3,186	-	(31,950)	-
Transfers from investment properties	7,109	-	3,661	-	-	-	-	10,770
31 December 2016	94,669	16,587	692,513	228,874	340,827	23,739	138	1,397,347
<b>Accumulated depreciation:</b>								
1 January 2015	-	7,622	266,072	176,952	217,879	17,301	-	685,826
Depreciation for the year	-	515	17,329	15,260	22,393	1,987	-	57,484
Depreciation on disposals	-	-	(4,102)	(814)	(6,677)	(1,259)	-	(12,852)
31 December 2015	-	8,137	279,299	191,398	233,595	18,029	-	730,458
Depreciation for the year	-	474	19,535	12,246	22,259	1,655	-	56,169
Depreciation on disposals	-	-	(6,068)	(167)	(8,351)	(919)	-	(15,505)
Accumulated depreciation transferred from investment properties	-	-	2,471	-	-	-	-	2,471
31 December 2016	-	8,611	295,237	203,477	247,503	18,765	-	773,593



## 16. Property, plant and equipment (continued)

(Unit: Thousand Baht)

	Separate financial statements							Total
	Land	Land improvements	Buildings and building improvements	Machinery and equipment	Furniture, fixtures and office equipment	Motor vehicles	Assets under installation and under construction	
<b>Allowance for impairment loss:</b>								
31 December 2015	-	-	-	-	11,833	-	-	11,833
31 December 2016	-	-	-	-	11,833	-	-	11,833
<b>Net book value:</b>								
31 December 2015	88,138	7,423	390,093	24,186	101,227	5,589	27,537	644,193
31 December 2016	94,669	7,976	397,276	25,397	81,491	4,974	138	611,921
<b>Depreciation for the year</b>								
2015 (Baht 32 million included in manufacturing cost, and the balance in selling and administrative expenses)								57,484
2016 (Baht 28 million included in manufacturing cost, and the balance in selling and administrative expenses)								56,169

As at 31 December 2016, certain plant and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 845 million (2015: Baht 789 million) (The Company only: Baht 638 million, 2015: Baht 576 million).

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 31 December 2016 amounting to approximately Baht 436 million (2015: Baht 463 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 377 million, 2015: Baht 391 million).

## 17. Leasehold rights

As at 31 December 2015, a local subsidiary company has mortgaged leasehold rights with a total net book value of approximately Baht 9 million as collateral for credit facilities received from commercial banks. In the third-quarter of 2016, the subsidiary made early repayment of a loan granted by commercial bank in full and the collateral was redeemed within 2016.

## 18. Intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Brand names	Total	Computer software	Brand names	Total
<b>Cost:</b>						
As at 1 January 2015	63,733	3,402	67,135	31,497	3,402	34,899
Additions	5,792	-	5,792	4,518	-	4,518
Disposals	(1,358)	-	(1,358)	-	-	-
Translation adjustment	822	-	822	-	-	-
As at 31 December 2015	68,989	3,402	72,391	36,015	3,402	39,417
Additions	7,022	-	7,022	5,591	-	5,591
Disposals	(1,295)	-	(1,295)	(1,290)	-	(1,290)
Translation adjustment	(3,793)	-	(3,793)	-	-	-
As at 31 December 2016	70,923	3,402	74,325	40,316	3,402	43,718
<b>Accumulated amortisation:</b>						
As at 1 January 2015	35,354	-	35,354	15,276	-	15,276
Amortisation during the year	4,578	-	4,578	1,694	-	1,694
Amortisation on disposals	(1,199)	-	(1,199)	-	-	-
Translation adjustment	500	-	500	-	-	-
As at 31 December 2015	39,233	-	39,233	16,970	-	16,970
Amortisation during the year	4,469	-	4,469	1,393	-	1,393
Amortisation on disposals	(4)	-	(4)	-	-	-
Translation adjustment	(2,927)	-	(2,927)	-	-	-
As at 31 December 2016	40,771	-	40,771	18,363	-	18,363
<b>Net book value:</b>						
31 December 2015	29,756	3,402	33,158	19,045	3,402	22,447
31 December 2016	30,152	3,402	33,554	21,953	3,402	25,355

## 19. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bank overdrafts	3.70, 9.50	4.65, 9.45	2,317	1,650	-	-
Short-term loans from		2.76 - 3.60,				
financial institutions	2.90 - 3.85	12.75	437,000	422,279	340,000	181,795
Total			439,317	423,929	340,000	181,795

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

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

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

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

## 20. Bills of exchange

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Bills of exchange	356,442	178,559	307,286	178,559

Bills of exchange of the Company are subject to interest at rates of 4.60 percent to 6.75 percent per annum (2015: 3.85 percent to 3.90 percent per annum) and mature during February to June 2017. Bills of exchange are secured by the guarantee of the Company's director.

In January 2017 and up to 27 February 2017, 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.

## 21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade and other payables - related parties (Note 6)	33,348	15,764	45,376	32,497
Trade payables - unrelated parties	587,595	424,877	435,103	257,837
Other payables - unrelated parties	28,939	65,261	13,920	21,421
Accrued expenses	58,348	39,186	24,369	21,687
<b>Total trade and other payables</b>	<b>708,230</b>	<b>545,088</b>	<b>518,768</b>	<b>333,442</b>

## 22. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
1	MLR - 1.00	Quarterly installment as from April 2016 to July 2022	386,800	400,000	386,800	400,000
2	MLR - 0.50 (2015: MLR - 1.00)	Quarterly installment as from November 2012 to February 2019	109,600	154,400	109,600	154,400
3	MLR - 0.50 (2015: MLR - 1.00)	Quarterly installment as from October 2013 to October 2017	84,950	120,350	84,950	120,350
4	MLR - 1.25	Monthly installment as from July 2016 to June 2022	183,320	-	-	-
5	13.50	Monthly installment as from September 2013 to August 2028 (Indian Rupee loan)	14,201	15,000	-	-
6	MLR	Monthly installment as from January 2007 to December 2017	-	1,813	-	-
7	MLR	Monthly installment as from October 2009 to June 2016	-	3,072	-	-
<b>Total</b>			<b>778,871</b>	<b>694,635</b>	<b>581,350</b>	<b>674,750</b>
Less: Deferred financial service fee			(2,262)	(771)	(657)	(771)
<b>Total loans, net</b>			<b>776,609</b>	<b>693,864</b>	<b>580,693</b>	<b>673,979</b>
Less: Current portion of long-term loans			(614,342)	(678,442)	(580,693)	(673,979)
<b>Long-term loans, net of current portion</b>			<b>162,267</b>	<b>15,422</b>	<b>-</b>	<b>-</b>

The long-term loans of the Company are secured by the mortgage of land with structures, 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 ratio and debt service coverage ratio (DSCR) prescribed in the agreements.

Since 31 December 2015, the Company was unable to maintain a debt service coverage ratio in accordance with the agreements. As a result, the lender has the right to call the loans on demand and the Company has classified the full balance as current portion of long-term loans. Subsequently in May 2016, the Company obtained a letter granting a waiver for some conditions as at 31 December 2015 from the lender.

However, as at 31 December 2016, the Company was unable to maintain a debt service coverage ratio in accordance with the agreements. As a result, the lender has the right to call the loans on demand and the Company has classified the full balance as current portion, the Company is currently asking for a letter granting a waiver for some conditions from the lender.

In 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, 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 year, the subsidiary made early repayment of a loan granted by a commercial bank of Baht 1 million.

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

### 23. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment		Other long-term		Total	
	benefits from		employee benefits plan			
	employee's retirement					
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Defined benefit obligation at beginning of year</b>	177,309	144,914	6,592	7,406	183,901	152,320
Included in statement of income:						
Current service cost	7,750	9,179	1,213	935	8,963	10,114
Past service cost	(512)	-	6,398	-	5,886	-
Interest cost	3,976	5,261	297	227	4,273	5,488
Actuarial (gain) loss arising from						
Financial assumptions changes	-	-	501	431	501	431
Experience adjustments	-	-	354	-	354	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Financial assumptions changes	(374)	23,037	-	-	(374)	23,037
Experience adjustments	(6,308)	-	-	-	(6,308)	-
Benefits paid during the year	(4,147)	(5,082)	(2,201)	(2,407)	(6,348)	(7,489)
<b>Provision for long-term employee benefits at end of year</b>	<b>177,694</b>	<b>177,309</b>	<b>13,154</b>	<b>6,592</b>	<b>190,848</b>	<b>183,901</b>

(Unit: Thousand Baht)

	Separate financial statements					
	Post-employment		Other long-term		Total	
	benefits from		employee benefits plan			
	employee's retirement					
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Defined benefit obligation at beginning of year</b>	148,032	120,433	5,223	6,147	153,255	126,580
Included in statement of income:						
Current service cost	9,118	7,026	990	678	10,108	7,704
Past service cost	-	-	5,375	-	5,375	-
Interest cost	3,628	4,490	277	193	3,905	4,683
Transferred employee from its subsidiary	12,027	-	1,663	-	13,690	-
Actuarial (gain) loss arising from						
Financial assumptions changes	-	-	438	364	438	364
Experience adjustments	-	-	266	-	266	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Financial assumptions changes	(251)	19,275	-	-	(251)	19,275
Experience adjustments	(7,394)	-	-	-	(7,394)	-
Benefits paid during the year	(4,147)	(3,192)	(2,107)	(2,159)	(6,254)	(5,351)
<b>Provision for long-term employee benefits at end of year</b>	<u>161,013</u>	<u>148,032</u>	<u>12,125</u>	<u>5,223</u>	<u>173,138</u>	<u>153,255</u>

Long-term employee benefit expenses included in the statements of income consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment		Other long-term		Total	
	benefits from		employee benefits plan			
	employee's retirement					
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Cost of sales	6,791	7,822	981	826	7,772	8,648
Selling and administrative expenses	4,935	6,618	529	767	5,464	7,385
Total expense recognised in statement of income	<u>11,726</u>	<u>14,440</u>	<u>1,510</u>	<u>1,593</u>	<u>13,236</u>	<u>16,033</u>

(Unit: Thousand Baht)

	Separate financial statements					
	Post-employment benefits from		Other long-term		Total	
	employee's retirement		employee benefits plan			
	2016	2015	2016	2015	2016	2015
Cost of sales	6,791	6,854	981	733	7,772	7,587
Selling and administrative expenses	5,955	4,662	286	502	6,241	5,164
Total expense recognised in statement of income	12,746	11,516	1,267	1,235	14,013	12,751

The Company and its subsidiaries expect to pay Baht 9 million of long-term employee benefits during the next year (Separate financial statements: Baht 9 million) (2015: Baht 14 million, separate financial statements: Baht 12 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 10 - 17 years (Separate financial statements: 10 years) (2015: 9 - 10 years, separate financial statements: 10 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(Percent per annum)	(Percent per annum)	(Percent per annum)	(Percent per annum)
Discount rate	1.6 - 8.75	1.6 - 9.0	2.5	2.5
Future salary increase rate	0.5 - 10.0	0.5 - 10.0	5.0	5.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation under post-employment benefits from employee's retirement as at 31 December 2016 are summarised below:

	(Unit: million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 0.5 - 1%	Decrease 0.5 - 1%	Increase 0.5%	Decrease 0.5%
Discount rate	(8)	9	(7)	7
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	19	(17)	16	(14)



#### **24. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution. At present, the statutory reserve has fully been set aside.

#### **25. 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.

As at 31 December 2015, the Company has purchased back 4,091,400 shares, a total of Baht 20 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 and the Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 49 million.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell.

## 26. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Salaries and wages and other employee benefits	994,949	979,149	681,481	612,683
Depreciation and amortisation	90,026	94,088	57,648	59,805
Raw materials and consumables used and purchase of finished goods	1,405,268	1,244,843	1,313,370	1,068,025
Changes in inventories of finished goods and work in process	(94,374)	(30,551)	(172,176)	(11,806)
Decrease of inventory to net realisable value (reversal)	(31,324)	3,230	(10,288)	5,084
Doubtful accounts (reversal)	27,122	(7,868)	13,664	37,521
Commission and sales promotion expenses	89,358	86,547	16,586	11,682
Rental expenses from operating lease agreements	73,369	67,561	285	396

## 27. Income tax

Tax expenses (income) for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Current income tax:</b>				
Current income tax charge for the year	4,874	1,541	-	-
Adjustment in respect of income tax of previous year	2	(104)	-	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,272)	16,476	(1,532)	(8,463)
<b>Tax expense (income) reported in the statements of income</b>	<b>1,604</b>	<b>17,913</b>	<b>(1,532)</b>	<b>(8,463)</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial gains (loss)	1,388	(4,035)	1,529	(3,855)

The reconciliation between accounting profit (loss) and income tax expenses is shown below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Accounting profit (loss) before tax	(313,089)	(70,625)	(2,854)	58,588
Applicable tax rate	15% - 40%	15% - 40%	20%	20%
Accounting profit (loss) before tax multiplied by income tax rate	(91,866)	(32,298)	(571)	11,718
Adjustment in respect of current income tax of previous year	2	(104)	-	-
Deferred tax assets which were not recognised during the year	106,117	58,799	10,951	7,023
Decrease in deferred tax assets	-	17,884	-	-
Effects of changes in the tax rate	(597)	-	-	-
Effect of elimination entries on the consolidated financial statements	(10,663)	(932)	-	-
Effects of:				
Promotional privileges (Note 28)	-	(26,824)	-	(28,571)
Non-deductible expenses	1,220	2,256	900	2,040
Additional expense deductions allowed	(2,571)	(1,082)	(2,074)	(957)
Exemption of dividend income	-	-	(10,763)	-
Others	(38)	214	25	284
Total	(1,389)	(25,436)	(11,912)	(27,204)
Tax expenses (income) reported in the statements of income	1,604	17,913	(1,532)	(8,463)

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2016</u>	<u>2015</u>
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	1,054	1,054
Reduce cost of inventories to net realisable value	1,000	1,500
Provision for long-term employee benefits	36,999	32,705
Difference between tax and accounting of revenue recognition	681	1,022
Unused tax loss	15,547	19,815
Unrealised profit from inter-sales transactions	6,560	3,833
Allowance for impairment of investments in subsidiaries	22,505	22,505
Others	586	316
Total	<u>84,932</u>	<u>82,750</u>
<b>Deferred tax liabilities</b>		
Deferred financial service fee	452	154
<b>Total deferred tax assets, net</b>	<u>84,480</u>	<u>82,596</u>

(Unit: Thousand Baht)

	Separate financial statements	
	<u>2016</u>	<u>2015</u>
<b>Deferred tax assets</b>		
Allowance for doubtful accounts	1,053	1,053
Provision for long-term employee benefits	34,628	30,651
Unused tax loss	15,547	19,815
Allowance for impairment of investments in subsidiaries	22,505	22,505
Others	272	-
Total	<u>74,005</u>	<u>74,024</u>
<b>Deferred tax liabilities</b>		
Deferred financial service fee	131	154
<b>Total deferred tax assets, net</b>	<u>73,874</u>	<u>73,870</u>

As at 31 December 2016, the Company has deductible temporary differences and unused tax losses totaling Baht 1,480 million (2015: Baht 1,378 million), on which deferred tax assets have not been recognised as the Company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

As at 31 December 2016, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 1,664 million (2015: Baht 1,699 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

The Company and its subsidiaries had the unused tax losses amounting to Baht 306 million (the Company only: Baht 48 million) which will expire by 2021.

## 28. Promotional privileges

28.1 The Company has received promotional privileges from the Board of Investment for the manufacture of jewelry for its factory located in Suranaree Industries Estate Zone in Nakhon Ratchasima province, pursuant to the promotion certificate No.1616(2)/2553 issued on 14 June 2010. Subject to certain imposed conditions, the privileges include an exemption from corporate income tax on income derived from the promoted operations for a period of 8 years from the date the promoted operations commenced generating revenues (4 January 2011) and a 50% reduction of corporate income tax on income derived from the promoted operations for a period of 5 years after the tax-exemption period ends.

The Company's operating revenues for the years ended 31 December 2016 and 2015, divided between promoted and non-promoted operations, are summarised below.

	(Unit: Thousand Baht)					
	Promoted operations		Non-promoted operations		Total	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Sales						
Domestic sales	42,386	12,868	757,450	495,003	799,836	507,871
Export sales	467,607	646,270	894,194	707,322	1,361,801	1,353,592
Total sales	<u>509,993</u>	<u>659,138</u>	<u>1,651,644</u>	<u>1,202,325</u>	<u>2,161,637</u>	<u>1,861,463</u>

28.2 A subsidiary company (Pranda Vietnam Company Limited) was granted tax privileges by the Government of Vietnam for the manufacture of gold and silver jewelry. Subject to certain imposed conditions, the privileges include a reduction of corporate income tax from 20% to 15% (2015: reduction of corporate income tax from 22% to 15%) on income derived from the promoted operations for a period of 40 years from the date the promoted operations commenced generating revenues.

## 29. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year which are net from treasury shares holding by the Company as discussed in Notes 25.

The following table sets forth the computation of basic earnings per share:

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Basic earnings per share</b>				
Profit (loss) attributable to equity holders of the Company (Thousand Baht)	(283,255)	(55,784)	(1,321)	67,051
Weighted average number of ordinary shares (Thousand shares)	399,907	409,151	399,907	409,151
Earnings (loss) per share (Baht per share)	(0.7083)	(0.1363)	(0.0033)	0.1639

## 30. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operation decision maker has been identified as Board of Executive Directors.

For management purposes, the Company and its subsidiaries are organised into business units based on its business activities and have three reportable segments as follows:

- 1) Production of jewelry
- 2) Distribution of jewelry
- 3) Retail jewelry

Other segments are dormitory rental in Thailand, investment and dormant companies.

The Company and its subsidiaries are organised into business units based on its business activities. During the current year, the Company and its subsidiaries have not changed the organisation of their reportable segments, except for its subsidiary, Crystaine Co., Ltd. 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.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

Inter-segment revenues are eliminated on consolidation.

The following tables present revenues and profit (loss) information regarding the Company's and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015.

	(Unit: Million Baht)													
	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
<b>For the years ended 31 December</b>	<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>
<b>Revenues</b>														
Revenues from external customers	1,321	936	603	977	907	908	-	-	2,831	2,821	-	-	2,831	2,821
Revenues from intersegment	873	1,064	2	14	163	174	-	-	1,038	1,252	(1,038)	(1,252)	-	-
<b>Total revenues</b>	<u>2,194</u>	<u>2,000</u>	<u>605</u>	<u>991</u>	<u>1,070</u>	<u>1,082</u>	<u>-</u>	<u>-</u>	<u>3,869</u>	<u>4,073</u>	<u>(1,038)</u>	<u>(1,252)</u>	<u>2,831</u>	<u>2,821</u>
<b>Results</b>														
Segment profit (loss)	51	(6)	(210)	(169)	16	64	(7)	(9)	(150)	(120)	8	95	(142)	(25)
<b>Unallocated revenues and expenses</b>														
Interest income													4	4
Other income													67	46
Gain on liquidation of subsidiary													12	-
Gain (loss) on exchange													(90)	53
Share of profit from investment in associated company													2	9
Depreciation and amortisation													(90)	(94)
Finance cost													(76)	(64)
Loss before income tax expenses													(313)	(71)
Tax expenses													(2)	(18)
<b>Profit (loss) for the year</b>													<u>(315)</u>	<u>(89)</u>

## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
<b>Revenue from external customers</b>		
Thailand	1,146,778	1,070,018
United States of America	535,485	857,517
Germany	265,581	249,852
Others	883,597	643,376
Total	<u>2,831,441</u>	<u>2,820,763</u>

	(Unit: Thousand Baht)	
	Consolidated	
	financial statements	
	<u>2016</u>	<u>2015</u>
<b>Non-current assets</b>		
<b>(other than financial instruments and deferred tax assets)</b>		
Thailand	1,567,005	1,620,713
Others	117,595	88,884
Total	<u>1,684,600</u>	<u>1,709,597</u>

## Major customers

For the year 2016, the Group has revenue from one major customers in totaling amount of Baht 281 million, arising from sales by the distribution segment (2015: Baht 792 million derived from two major customers, arising from sales by the production and distribution segments).

## 31. Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both employees and the Company contribute to the fund monthly, at the rate of 3 to 5 percent of basic salary. The fund, which is managed by TMB Bank Public Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2016, the Company contributed Baht 13 million to the fund (2015: Baht 10 million).



## 32. Dividends

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

## 33. Commitments and contingent liabilities

### 33.1 Capital commitments

As at 31 December 2016, the Company had capital commitments totaling of approximately Baht 3 million (2015: Baht 10 million), relating to acquisition of computer software, building construction and building improvements.

### 33.2 Operating lease commitments

The Company and its 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 leases contracts were as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at 31 December		As at 31 December	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	50	38	-	-
In over 1 and up to 5 years	42	56	-	-
In over 5 years	11	13	-	-

### **33.3 Guarantees**

33.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 December 2016, there were outstanding guarantees of Baht 564 million and USD 11 million (2015: Baht 575 million and USD 11 million), totaling of Baht 961 million (2015: Baht 975 million).

33.3.2 As at 31 December 2016, there was outstanding bank guarantee of Baht 21 million (2015: Baht 21 million) has been issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 33.5.1 to the financial statements.

33.3.3 As at 31 December 2016, there were outstanding bank guarantees of Baht 0.9 million (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 (2015: Baht 0.4 million)).

33.3.4 As at 31 December 2016, the Company and its subsidiaries have outstanding standby-letters of credit of USD 16 million, or approximately Baht 561 million (2015: USD 12 million or totaling Baht 432 million)) (The Company only: USD 11 million, totaling Baht 400 million (2015: USD 7.5 million or approximately Baht 270 million)).

### **33.4 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 December 2015 to November 2017. The fees for the current year amounting to Baht 1 million (2015: Baht 2 million) were recognised as expenses.

## **33.5 Litigations**

### **33.5.1 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 (2015: 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 announced its judgement in the Company's favour, revoking all of 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.

### **33.5.2 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.

### 34. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

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

(Unit: Million Baht)

Separate Financial Statements		
As at 31 December 2015		
Level 1	Level 2	Total
<b>Assets measured at fair value</b>		
Held for trade investments		
Equity instruments	90	- <b>90</b>
<b>Assets for which fair value are disclosed</b>		
Investment property	-	886 <b>886</b>

(Unit: Million Baht)

Consolidated Financial Statements		
As at 31 December 2016		
Level 1	Level 2	Total
<b>Assets measured at fair value</b>		
Held for trade investments		
Equity instruments	52	- <b>52</b>
<b>Assets for which fair value are disclosed</b>		
Investment property	-	830 <b>830</b>

(Unit: Million Baht)

Separate Financial Statements		
As at 31 December 2015		
Level 1	Level 2	Total
<b>Assets measured at fair value</b>		
Held for trade investments		
Equity instruments	90	- <b>90</b>
<b>Assets for which fair value are disclosed</b>		
Investment property	-	966 <b>966</b>

## **35. Financial instruments**

### **35.1 Financial risk management**

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, loans, investments, and short-term and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### ***Credit risk***

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables and loans. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables and loans as stated in the statement of financial position.

#### ***Interest rate risk***

The Company and its subsidiaries' exposure to interest rate risk relate primarily to bank deposits, investments, loans to related parties, trade and other payables, bank overdrafts, short-term loans and long-term loans which are subject to interest. Most of the financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

Significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	315	140	455	0.04 - 0.85
Current investments - deposits with financial institutions	2	-	-	-	-	2	1.15 - 1.80
Trade and other receivables	4	-	-	-	460	464	8.00
Short-term loans to related parties	26	-	-	-	-	26	7.00
Restricted bank deposits	34	-	-	-	-	34	0.55 - 1.80
Other long-term investments	-	10	-	-	67	77	2.80
Other receivables	-	-	-	-	32	32	-
<b>Total</b>	<b>66</b>	<b>10</b>	<b>-</b>	<b>315</b>	<b>699</b>	<b>1,090</b>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	439	-	-	-	-	439	2.90 - 9.50
Bill of exchange	356	-	-	-	-	365	4.30 - 6.75
Trade and other payables	133	-	-	-	575	708	2.20
Short-term loan from related party	-	-	-	-	1	1	-
Long-term loans	1	2	11	762	-	776	(1)
<b>Total</b>	<b>929</b>	<b>2</b>	<b>11</b>	<b>762</b>	<b>576</b>	<b>2,280</b>	

(1) MLR - 0.5, MLR - 1, MLR - 1.25, 13.25

(Unit: Million Baht)

## Consolidated financial statements as at 31 December 2015

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	80	-	-	106	172	358	0.05 - 1.25
Current investments - deposits with financial institutions	4	-	-	-	1	5	2.90
Trade and other receivables	11	-	-	-	503	514	8.00
Short-term loans to related parties	21	-	-	-	-	21	7.00
Restricted bank deposits	4	-	-	5	-	9	0.75 - 2.00
Other long-term investments	-	10	-	-	104	114	2.80
Other receivables	-	-	-	-	32	32	-
<b>Total</b>	<b>120</b>	<b>10</b>	<b>-</b>	<b>111</b>	<b>812</b>	<b>1,053</b>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	424	-	-	-	-	424	2.75 - 12.75
Bill of exchange	179	-	-	-	-	179	3.85 - 3.90
Trade and other payables	124	-	-	-	421	545	2.25 - 2.30
Short-term loan from related party	-	-	-	-	1	1	-
Long-term loans	-	2	13	678	-	693	(1)
<b>Total</b>	<b>727</b>	<b>2</b>	<b>13</b>	<b>678</b>	<b>422</b>	<b>1,842</b>	

(1) MLR, MLR - 0.5, MLR - 1, 13.5

(Unit: Million Baht)

## Separate financial statements as at 31 December 2016

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	275	31	306	0.125 - 0.85
Trade and other receivables	-	-	-	-	940	940	-
Amounts due from related parties	-	-	-	-	22	22	-
Short-term loans to related parties	47	-	-	-	-	47	7.50
Long-term loans to related parties	69	295	-	-	-	364	7.50
Restricted bank deposits	25	-	-	-	-	25	1.30
Other long-term investments	-	10	-	-	65	75	2.80
Other receivables	-	-	-	-	32	32	-
<b>Total</b>	<b>141</b>	<b>305</b>	<b>-</b>	<b>275</b>	<b>1,090</b>	<b>1,811</b>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans from financial institutions	340	-	-	-	-	340	3.10 - 3.85
Bill of exchange	307	-	-	-	-	307	4.60 - 6.75
Trade and other payables	6	-	-	-	512	518	2.20
Long-term loans	-	-	-	581	-	581	MLR - 0.5, MLR - 1
<b>Total</b>	<b>653</b>	<b>-</b>	<b>-</b>	<b>581</b>	<b>512</b>	<b>1,746</b>	

(Unit: Million Baht)

## Separate financial statements as at 31 December 2015

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
<b>Financial assets</b>							
Cash and cash equivalents	80	-	-	71	43	194	0.125 - 0.5, 1.25
Trade and other receivables	-	-	-	-	1,003	1,003	-
Amounts due from related parties	-	-	-	-	39	39	-
Long-term loans to related parties	35	195	-	-	-	230	7.50
Other long-term investments	-	10	-	-	102	112	2.80
Other receivables	-	-	-	-	32	32	-
<b>Total</b>	<b>115</b>	<b>205</b>	<b>-</b>	<b>71</b>	<b>1,219</b>	<b>1,610</b>	
<b>Financial liabilities</b>							
Bank overdrafts and short-term loans							
from financial institutions	182	-	-	-	-	182	3.10 - 3.60
Bill of exchange	179	-	-	-	-	179	3.85 - 3.90
Trade and other payables	-	-	-	-	333	333	2.30 - 3.40
Long-term loans	-	-	-	675	-	675	MLR - 0.5, MLR-1
<b>Total</b>	<b>361</b>	<b>-</b>	<b>-</b>	<b>675</b>	<b>333</b>	<b>1,369</b>	

**Foreign currency risk**

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts when they consider appropriate. Generally, the forward contracts mature within one year.

The balances of financial assets and liabilities denominated in foreign currencies are summarised below.

(Unit: Million)

Foreign currencies	Consolidated financial statements				Separate financial statements				Average exchange rate as at 31 December	
	Financial assets		Financial liabilities		Financial assets		Financial liabilities		2016	2015
	2016	2015	2016	2015	2016	2015	2016	2015		
									(Baht per 1 foreign currency unit)	
US dollar	9	11	13	12	32	29	10	6	35.78	36.04
Euro	-	-	-	-	10	9	-	-	37.71	39.39
Pound Sterling	-	-	-	-	9	8	-	-	43.96	53.43
Singapore Dollar	-	-	-	-	-	-	-	1	24.76	25.48
Vietnam Dong	-	-	-	-	-	-	-	1	0.0016	0.0016



Foreign exchange contracts outstanding are summarised below.

Consolidated financial statements as at 31 December 2016

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

Consolidated financial statements as at 31 December 2015

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

Separate financial statements as at 31 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

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

In addition, the Company and its subsidiaries are exposed to foreign exchange risk on their investments in overseas subsidiaries. These investments are currently not hedged by derivative financial instruments.

### **35.2 Fair values of financial instruments**

Since the majority of the Company's and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

### **36. Capital management**

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 1.15:1 (2015: 0.82:1) and the Company's debt-to-equity ratio was 0.63:1 (2015: 0.48:1).

### **37. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2017.