

Pranda Jewelry Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

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 11 October 2016, 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	
			2017 Percent	2016 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

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2017</u> Percent	<u>2016</u> Percent
H.GRINGOIRE s.a.r.l.	Distribution of jewelry	France	100	100
Pranda UK Ltd.	Distribution of jewelry	United Kingdom	100	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 Gongsi	Ceased its operation in 2013 and in the process dissolution	China	100	100
<u>Held by the subsidiaries</u>				
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., its subsidiary, 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. Therefore, the Company considered this company as the subsidiary of the group.

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

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations will not have any significant impact on the financial statements when they are initially applied.

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 or 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 Assets held for sale

Non-current asset is classified as asset held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use, the asset is available for immediate distribution in its present condition and a sale is considered highly probable. Asset held for sale is not depreciated while it is classified as held for sale and is measured at the lower of the carrying amount and fair value less cost to sell.

4.9 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.

4.10 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

4.17 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.

4.18 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.

4.19 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) are 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.

4.20 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. If the selling price of treasury shares is greater than the purchase price of treasury shares, the Company recognises the difference under the caption of "Premium on treasury shares". If the selling price of treasury shares is less than the purchase price of treasury shares, the difference is initially deducted from premium on treasury shares, with the remainder deducted against retained earnings.

4.21 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 assessments by the Revenue Department and litigation

The Company and a subsidiary have contingent liabilities as a result of tax assessments 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		Separate		Transfer pricing policy
	financial statements	financial statements	financial statements	financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	985	894	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	280	235	With reference to market price
Loan interest income	-	-	4	2	Per loan agreement
Guarantee fee income	-	-	4	3	At 1 percent per annum
Service income	-	-	17	32	Agreed between the parties
Management fee income	-	-	27	14	Agreed between the parties
Service expenses	-	-	3	5	Agreed between the parties
Commission payments	-	-	3	5	Agreed between the parties
Purchases of machinery and equipment	-	-	2	5	Agreed between the parties
Dividend income	-	-	-	50	Announce rate
<u>Transactions with associated company</u>					
Purchases of raw materials	171	284	171	284	With reference to market price
Service income	1	1	1	1	Agreed between the parties
Dividend income	-	-	-	4	Announce rate
<u>Transactions with related companies</u>					
Sales of goods	13	9	8	7	Normal business price close to those charged to other customers
Purchase of goods	58	67	1	2	With reference to market price
Loan interest income	2	2	-	-	Per loan agreement
Service income	1	1	1	1	Agreed between the parties
Service expenses	1	2	-	-	Agreed between the parties
Purchases of machinery and equipment	1	-	-	-	Agreed between the parties

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade accounts receivable - related parties (Note 8)</u>				
Subsidiaries	-	-	785	720
Related companies (related by common directors)	37	35	36	34
Total	37	35	821	754
Less: Allowance for doubtful accounts	(29)	(28)	(212)	(76)
Total trade accounts receivable - related parties, net	<u>8</u>	<u>7</u>	<u>609</u>	<u>678</u>
<u>Other receivables - related parties (Note 8)</u>				
Subsidiaries	-	-	223	227
Related companies (related by common directors)	2	3	1	2
Subsidiary and related company's directors	11	9	5	4
Total	13	12	229	233
Less: Allowance for doubtful accounts	-	-	(180)	(173)
Total other receivables - related parties, net	<u>13</u>	<u>12</u>	<u>49</u>	<u>60</u>
<u>Accrued interest income - related parties (Note 8)</u>				
Subsidiaries	-	-	28	23
Less: Allowance for doubtful accounts	-	-	(25)	(21)
Total accrued interest income - related parties, net	<u>-</u>	<u>-</u>	<u>3</u>	<u>2</u>
<u>Amounts due from related parties</u>				
Subsidiary	-	-	-	15
Subsidiary and related company's directors	8	11	8	11
Total	8	11	8	26
Less: Allowance for doubtful accounts	-	-	-	(4)
Total amounts due from related parties, net	<u>8</u>	<u>11</u>	<u>8</u>	<u>22</u>
<u>Trade and other payables - related parties (Note 21)</u>				
Subsidiaries	-	-	35	45
Related companies (related by common directors)	26	33	-	-
Total trade and other payables - related parties	<u>26</u>	<u>33</u>	<u>35</u>	<u>45</u>

During the year 2017, the Company has recorded allowance for doubtful accounts for its trade and other receivables - related parties in the income statement of separate financial statements for the year 2017, a total of Baht 143 million (2016: Baht 4 million) which are allowance for doubtful accounts for trade receivables, other receivables, and accrued interest income of Pranda & Kroll GmbH & Co. KG, amounting to Baht 151 million, as described in Note 12.1 to the financial statements.

Loans to related parties

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

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	48	47
Related companies (related by common directors)	26	26	-	-
Total	26	26	48	47
Less: Allowance for doubtful accounts	-	-	(20)	-
Total short-term loans to related parties, net	26	26	28	47
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Long-term loans	-	-	561	554
Less : Allowance for doubtful accounts	-	-	(218)	(190)
Long-term loans, net	-	-	343	364
Less: Current portion	-	-	-	(69)
Long-term loans, net of current portion	-	-	343	295

During the year 2017, movements of loans to related parties were as follow:

(Unit: Million Baht)

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

(Unit: Million Baht)

		Separate financial statements				
Short-term loans	Related by	Balance			Unrealised	Balance
		as at	Increase	Decrease	gain on	as at
		31 December	during	during	exchange	31 December
		2016	the year	the year	rate	2017
Pranda & Kroll GmbH & Co. KG	Subsidiary	19	-	-	1	20
H. GRINGOIRE s.a.r.l	Subsidiary	28	-	-	-	28
Total short-term loans		47	-	-	1	48

(Unit: Million Baht)

		Separate financial statements				
Long-term loans	Related by	Balance			Unrealised	Balance
		as at	Increase	Decrease	gain on	as at
		31 December	during	during	exchange	31 December
		2016	the year	the year	rate	2017
Pranda & Kroll GmbH & Co. KG	Subsidiary	26	-	-	1	27
Pranda UK Ltd.	Subsidiary	338	-	-	-	338
H. GRINGOIRE s.a.r.l	Subsidiary	190	-	-	6	196
Total long-term loans		554	-	-	7	561

Short-term loans to related parties

Consolidated financial statements

As at 31 December 2017, a local subsidiary (Pranda Lodging Co., Ltd.) granted short-term loans of Baht 23 million (2016: Baht 23 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 a short-term loan of Baht 3 million (2016: 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 2017, the Company granted a short-term loan to a subsidiary, Pranda & Kroll GmbH & Co. KG, of EUR 0.5 million or approximately Baht 20 million. (2016: EUR 0.5 million or approximately Baht 19 million) This loan is subject to interest at the rate of 7.5 percent per annum. This loan is unsecured and principal and interest are payable within March 2018. However, the Company has considered to fully record allowance for doubtful accounts for its short-term loans and accrued interest income, as described in Note 12.1 to the financial statements.

As at 31 December 2017, the Company granted a short-term loan of EUR 0.7 million or approximately Baht 28 million (2016: 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 2018.

Long-term loans to related parties

Consolidated financial statements

As at 31 December 2017, a local subsidiary granted a long-term loan of USD 2 million, or approximately Baht 65 million (2016: USD 2 million or approximately Baht 71 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.

In 2017, the subsidiary has ceased to calculate the said interest income of long-term loans because of the uncertainty in receiving repayments. The subsidiary has considered recording the allowance to be at the anticipated repayment amount of long-term loans and accrued interest income. (A total of Baht 5 million of interest income under the long-term loan agreements were not recognised as income).

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, and long-term loans to H.GRINGOIRE s.a.r.l. of EUR 4.9 million and USD 0.2 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 (2016: GBP 3.8 million), was granted to a subsidiary, Pranda UK Ltd., is repayable within 6 years, by quarterly from March 2015 to December 2020. The loan is unsecured and interest is payable quarterly at a rate of 7.5 percent per annum. However, during the year 2015 to 2017, this subsidiary has not yet paid loan principal of GBP 1 million, or approximately Baht 44 million, payable in accordance with the agreement, since the subsidiary has requested that the principal payment be rescheduled. Subsequently in October 2017, the management has amended the long-term loan agreement to the subsidiary by rescheduling of the principle and interest payment within December 2020.

The long-term loan of EUR 0.7 million (2016: 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. However, the Company has considered to fully record allowance for doubtful accounts for its long-term loans and accrued interest income, as described in Note 12.1 to the financial statements.

Long-term loans to its three subsidiaries were subjected to interest rate of 7.5 percent per annum. During the year 2016, the Company ceased to calculate the said interest income of long-term loans because of the uncertainty in receiving repayments. The Company considered recording the allowance to be at the anticipated repayment amount of long-term loans and accrued interest income. (A total of Baht 72 million of interest income under the long-term loan agreements were not recognised as income. Interest income for the year 2017 and 2016 amounting to Baht 42 million and Baht 30 million, respectively).

Short-term loans from related parties

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

(Unit: Million Baht)

	Consolidated financial statements			Balance as at 31 December 2017
	Balance as at 31 December 2016	Increase during the year	Decrease during the year	
Company's directors	-	70	(20)	50
Subsidiaries' directors	1	1	(2)	-
Related company	-	2	(2)	-
Total short-term loans	1	73	(24)	50

During the current year, the Company had short-term loans from the Company's directors amounting to Baht 50 million. These loans are unsecured, and subject to interest at rate of 7.5 percent per annum. These loans are repayable within June 2018.

During the current year, Pranda & Kroll GmbH & Co. KG, its subsidiary, had short-term loan from its director amounting to Euro 20,720 or approximately to Baht 0.8 million. This loan is unsecured and has no interest charge. In addition, the subsidiary had short-term loan from its related company amounting to Euro 48,500 or approximately to Baht 1.9 million. This loan is unsecured and has interest at the rate of 4 percent per annum. However, the subsidiary made the repayment of the short-term loan in the fourth quarter of 2017.

During the current year, Pranda Jewelry Private Limited, its subsidiary, had short-term loan from its director amounting to Indian Rupee 1 million or approximately to Baht 0.7 million. This loan is unsecured and has no interest charge. However, the subsidiary made the repayment of this short-term loan in the fourth quarter of 2017.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	62	80	27	43
Post-employment benefits	1	-	1	-
Other long-term benefits	1	1	-	-
Total	<u>64</u>	<u>81</u>	<u>28</u>	<u>43</u>

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 34.2.1 to the financial statements.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Cash	15,325	2,821	1,618	577
Bank deposits	<u>202,702</u>	<u>452,544</u>	<u>106,368</u>	<u>305,618</u>
Total	<u>218,027</u>	<u>455,365</u>	<u>107,986</u>	<u>306,195</u>

As at 31 December 2017, bank deposits carried interests between 0.10 - 0.85 percent per annum (2016: between 0.04 to 0.85 percent per annum).

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	717	-	119,816	80,419
Past due				
Up to 3 months	2,864	1,943	83,791	87,804
3 - 6 months	2,100	1,934	128,599	132,304
6 - 12 months	1,433	1,870	90,133	98,534
Over 12 months	29,833	29,577	398,775	354,815
Total	36,947	35,324	821,114	753,876
Less: Allowance for doubtful debts	(28,671)	(27,718)	(212,391)	(76,268)
Total trade accounts receivable - related parties, net (Note 6)	8,276	7,606	608,723	677,608
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	195,416	276,869	88,243	151,687
Past due				
Up to 3 months	142,318	117,902	24,610	41,822
3 - 6 months	16,851	12,752	6,436	3,083
6 - 12 months	12,424	21,753	233	2,520
Over 12 months	46,357	51,716	28,373	34,975
Total	413,366	480,992	147,895	234,087
Less: Allowance for doubtful debts	(44,176)	(51,452)	(28,373)	(34,975)
Total trade accounts receivable - unrelated parties, net	369,190	429,540	119,522	199,112
Total trade accounts receivable, net	377,466	437,146	728,245	876,720
<u>Other receivables</u>				
Other receivables - related parties (Note 6)	12,532	11,863	229,101	233,237
Other receivables - unrelated parties	14,166	14,906	692	811
Accrued interest income - related parties (Note 6)	-	-	27,983	23,381
Accrued interest income	2,260	1,863	2,120	1,797
Accrued income	-	1,906	-	-
Total	28,958	30,538	259,896	259,226
Less: Allowance for doubtful debts	(4,794)	(4,005)	(207,437)	(195,699)
Total other receivables, net	24,164	26,533	52,459	63,527
Total trade and other receivables, net	401,630	463,679	780,704	940,247

9. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	1,292,907	1,276,778	(122,383)	(99,291)	1,170,524	1,177,487
Work in process	280,571	350,037	-	-	280,571	350,037
Raw materials	496,330	536,273	(95,902)	(102,828)	400,428	433,445
Factory supplies	14,089	13,163	-	-	14,089	13,163
Goods in transit	2,179	680	-	-	2,179	680
Total	2,086,076	2,176,931	(218,285)	(202,119)	1,867,791	1,974,812

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Finished goods	283,815	266,886	(68,097)	(61,941)	215,718	204,945
Work in process	271,766	342,251	-	-	271,766	342,251
Raw materials	478,010	504,099	(93,990)	(100,301)	384,020	403,798
Factory supplies	9,225	8,412	-	-	9,225	8,412
Goods in transit	61	680	-	-	61	680
Total	1,042,877	1,122,328	(162,087)	(162,242)	880,790	960,086

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 26 million (2016: Baht 2 million) (The Company only: Baht 6 million 2016: 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 10 million (2016: Baht 33 million) (The Company only: Baht 6 million and 2016: Baht 17 million), and reduced the amount of inventories recognised as expenses during the year.

As at 31 December 2017, an overseas subsidiary company has pledged inventories of IDR 3,000 million or approximately Baht 7 million to secure credit facilities from an overseas commercial bank as described in Note 19 and Note 23 to the financial statements.

10. Assets held for sale

On 7 November 2017, the Company's Board of Directors passed a resolution for the Company to enter into a sale and purchase agreement for certain land held for development with an unrelated party totaling of Baht 451 million. The Company received deposits on the same date. The management expects to transfer the ownership of the land held for development within 6 months from the agreement date. As at 31 December 2017, the land for development has been pledged as collateral against credit facilities received from a commercial bank.

11. Restricted bank deposits

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

12. Investments in subsidiaries

12.1 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	
	2017	2016		2017	2016	2017	2016
				(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
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	1,626,502
Less: Allowance for impairment of investments						(975,237)	(784,419)
Investments in subsidiaries, net						651,265	842,083

During 2017, no dividend income was received from its investments in subsidiaries.

During the 2016, the Company received dividend income amounting to Baht 50 million from the subsidiary, Primagold International Co., Ltd.

Subsidiary - Pranda & Kroll GmbH & Co. KG

During the current year, the Company recorded impairment loss on assets of the subsidiary, Pranda & Kroll GmbH & Co. KG, of Baht 386 million with details as follows.

	(Unit: Million Baht)
	Separate income statement for the year ended 31 December 2017
	<hr/>
Trade accounts receivable	131
Other receivables	16
Accrued interest income	4
Short-term loans	20
Long-term loans	27
Investments in subsidiary	188
Total impairment loss on assets in the Company's accounts	<hr/> <hr/> 386

Subsequently on 13 February 2018, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Pranda & Kroll GmbH & Co. KG, since 13 February 2018 onwards. At present, the subsidiary is in the process of liquidation. This subsidiary is not a significant segment of the Group, therefore, there is no significant impact on the consolidated financial statements.

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

Company's name	(Unit: Million Baht)					
	Proportion of		Profit / loss allocated to			
	equity interest held by		Accumulated balance of		non-controlling interests	
	non-controlling interests		non-controlling interests		during the year	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	(%)	(%)				
Pranda & Kroll GmbH & Co. KG	25	25	(139)	(127)	(10)	(13)

12.3 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>2017</u>	<u>2016</u>
Current assets	53	63
Non-current assets	1	1
Current liabilities	230	217
Non-current liabilities	24	4

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	Pranda & Kroll GmbH & Co. KG	
	<u>2017</u>	<u>2016</u>
Revenue	61	62
Loss	(36)	(46)
Other comprehensive income	-	-
Total comprehensive income	(36)	(46)

Summarised information about cash flow

(Unit: Million Baht)

	For the year ended 31 December	
	Pranda & Kroll GmbH & Co. KG	
	<u>2017</u>	<u>2016</u>
Cash flow from (used in) operating activities	0.7	(14.9)
Cash flow from investing activities	-	13.6
Cash flow used in financing activities	(0.1)	-
Net increase (decrease) in cash and cash equivalents	<u>0.6</u>	<u>(1.3)</u>

13. Investments in associated company

13.1 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	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		(Percent)		(Percent)		
KZ-Pranda Co., Ltd.	Import and distribution of raw materials - precious metals	Thailand	40	40	3,600	3,600
- Cost					5,379	3,904
- Accumulated share of profit					8,979	7,504
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	
			<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
		(Percent)		(Percent)						
KZ-Pranda Co., Ltd.	Import and distribution of raw materials - precious metals	Thailand	40	40	3,600	3,600	(3,600)	(3,600)	-	-

13.2 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	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
KZ-Pranda Co., Ltd.	1,475	1,819	-	3,816

13.3 Financial information of associated company

Financial information of the associated company is summarised below.

(Unit: Million Baht)

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	31 December	31 December	ended	ended	31 December	
	<u>2017</u>	<u>2016</u>		<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
KZ-Pranda Co., Ltd.	9	9	Million Baht	172	148	149	129	2,207	2,572	4	5

14. Other receivables

Other receivable is the promissory note totaling USD 1.55 million that were issued by overseas company. This promissory note is repayable in five years (maturity in April 2019), with no interest.

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

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	<u>2017</u>	<u>2016</u>
Promissory note	50,568	55,451
Less: Allowance for devaluation	(50,568)	(23,675)
Other receivable, net	-	31,776

15. Other long-term investments

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

(Unit: Thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale securities				
Overseas marketable equity securities	97,979	35,677	97,979	52,163
Less: Deficit on changes in value of investments in securities available for sales	(62,302)		(45,816)	
	<u>35,677</u>		<u>52,163</u>	
Held-to-maturity debt securities				
Government bonds	-		9,963	
Other investments				
Overseas non-marketable equity securities	14,490		14,490	
Total other long-term investments	<u>50,167</u>		<u>76,616</u>	

(Unit: Thousand Baht)

	Separate financial statements			
	2017		2016	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Available-for-sale securities				
Overseas marketable equity securities	97,979	35,677	97,979	52,163
Less: Deficit on changes in value of investments in securities available for sales	(62,302)		(45,816)	
	<u>35,677</u>		<u>52,163</u>	
Held-to-maturity debt securities				
Government bonds	-		9,963	
Other investments				
Overseas non-marketable equity securities	13,350		13,350	
Total other long-term investments	<u>49,027</u>		<u>75,476</u>	

16. Investment properties

The net book value of investment properties as at 31 December 2017 and 2016 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 2017:</u>						
Cost	576,952	67,498	644,450	576,952	9,476	586,428
<u>Less:</u> Accumulated depreciation	-	(54,877)	(54,877)	-	(8,876)	(8,876)
Net book value	<u>576,952</u>	<u>12,621</u>	<u>589,573</u>	<u>576,952</u>	<u>600</u>	<u>577,552</u>
<u>31 December 2016:</u>						
Cost	667,381	67,498	734,879	667,381	9,476	676,857
<u>Less:</u> Accumulated depreciation	-	(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>

A reconciliation of the net book value of investment properties for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net book value at beginning of year	680,851	687,337	667,981	676,365
Transfer to property, plant and equipment-net book value as at transfer date	-	(5,444)	-	(8,298)
Transfer to assets held for sale (Note 10)	(90,429)	-	(90,429)	-
Depreciation during the year	<u>(849)</u>	<u>(1,042)</u>	<u>-</u>	<u>(86)</u>
Net book value at end of year	<u>589,573</u>	<u>680,851</u>	<u>577,552</u>	<u>667,981</u>

The fair value of the investment properties stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land held for development	609,000	823,500	609,000	823,500
Land and building for rent	98,919	98,538	44,679	44,298

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 has mortgaged investment properties of the Company and a local subsidiary with a total net book value as at 31 December 2017 of approximately Baht 588 million (2016: Baht 667 million) as collateral against credit facilities which the Company received from commercial banks (The Company only: Baht 577 million, 2016: Baht 667 million).

17. 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
Cost:									
1 January 2016	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
Additions	-	55	41	219	12,229	16,584	1,305	7,519	37,952
Disposals	-	-	(2,143)	(5,304)	(3,246)	(30,159)	(3,066)	-	(43,918)
Transfers	-	326	4,618	-	-	1,340	-	(6,284)	-
Translation adjustment	-	-	(5,749)	(306)	(1,938)	(3,434)	(358)	-	(11,785)
31 December 2017	94,669	16,967	819,323	38,752	252,999	549,621	33,143	1,777	1,807,251

17. 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
Accumulated depreciation:									
1 January 2016	-	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
Depreciation for the year	-	496	23,943	2,434	12,524	37,441	2,104	-	78,942
Depreciation on disposals	-	-	(129)	(5,301)	(3,169)	(29,916)	(2,321)	-	(40,836)
Translation adjustment	-	-	(3,568)	(274)	(712)	(2,482)	(1,265)	-	(8,301)
31 December 2017	-	9,107	370,851	26,397	230,413	430,177	28,706	-	1,095,651
Allowance for impairment loss:									
31 December 2016	-	-	-	-	-	11,833	-	-	11,833
31 December 2017	-	-	-	-	-	11,833	-	-	11,833
Net book value:									
31 December 2016	94,669	7,975	471,951	14,605	24,184	128,323	5,074	542	747,323
31 December 2017	94,669	7,860	448,472	12,355	22,586	107,611	4,437	1,777	699,767
Depreciation for the year									
2016 (Baht 31 million included in manufacturing cost, and the balance in selling and administrative expenses)									82,031
2017 (Baht 37 million included in manufacturing cost, and the balance in selling and administrative expenses)									78,942

17. 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	
Cost:								
1 January 2016	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
Additions	-	55	-	11,042	6,257	-	1,980	19,334
Disposals	-	-	(2,144)	(138)	(14,751)	-	-	(17,033)
Transfers	-	326	236	-	-	-	(562)	-
31 December 2017	94,669	16,968	690,605	239,778	332,333	23,739	1,556	1,399,648
Accumulated depreciation:								
1 January 2016	-	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
Depreciation for the year	-	496	19,225	12,571	18,833	1,535	-	52,660
Depreciation on disposals	-	-	(130)	(138)	(14,568)	-	-	(14,836)
31 December 2017	-	9,107	314,332	215,910	251,768	20,300	-	811,417

17. 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	
Allowance for impairment loss:								
31 December 2016	-	-	-	-	11,833	-	-	11,833
31 December 2017	-	-	-	-	11,833	-	-	11,833
Net book value:								
31 December 2016	94,669	7,976	397,276	25,397	81,491	4,974	138	611,921
31 December 2017	94,669	7,861	376,273	23,868	68,732	3,438	1,556	576,398
Depreciation for the year								
2016 (Baht 28 million included in manufacturing cost, and the balance in selling and administrative expenses)								56,169
2017 (Baht 27 million included in manufacturing cost, and the balance in selling and administrative expenses)								52,660

As at 31 December 2017, 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 857 million (2016: Baht 845 million) (The Company only: Baht 662 million, 2016: Baht 638 million).

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 31 December 2017 amounting to approximately Baht 455 million (2016: Baht 444 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 390 million, 2016: Baht 377 million).

18. Intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Computer software	Brand names	Total	Computer software	Brand names	Total
Cost:						
As at 1 January 2016	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
Additions	3,621	-	3,621	2,441	-	2,441
Translation adjustment	147	-	147	-	-	-
As at 31 December 2017	74,691	3,402	78,093	42,757	3,402	46,159
Accumulated amortisation:						
As at 1 January 2016	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
Amortisation during the year	4,497	-	4,497	1,478	-	1,478
Translation adjustment	147	-	147	-	-	-
As at 31 December 2017	45,415	-	45,415	19,841	-	19,841
Net book value:						
31 December 2016	30,152	3,402	33,554	21,953	3,402	25,355
31 December 2017	29,276	3,402	32,678	22,916	3,402	26,318

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	2017	2016	2017	2016	2017	2016
Bank overdrafts	MOR	3.70, 9.50	15,160	2,317	15,160	-
Short-term loans from financial institutions	MLR - 2.50, 2.90, 5.50, 11.25	2.90 - 3.85	296,008	437,000	179,800	340,000
Total			311,168	439,317	194,960	340,000

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

20. Bills of exchange

(Unit: Thousand Baht)

	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2017	356,442	307,286
Add: Issuance of bills of exchange	310,000	260,000
Add: Amortisation of prepaid interest expenses	14,485	12,287
Less: Repayment	(455,000)	(405,000)
Less: Prepaid interest expenses	(12,111)	(10,588)
Balance as at 31 December 2017	213,816	163,985

Bills of exchange of the Company are subject to interest at rate of 6.75 percent to 8.25 percent per annum (2016: 4.60 percent to 6.75 percent per annum) and mature in April to September 2018. Bills of exchange are secured by the pledging treasury shares of the Company for 8,818,166 shares, and the mortgage of the Company's land and a local subsidiary's investment properties, and the guarantee of the Company's director.

Subsequently in January 2018, the Company changed the collateral for bills of exchange from the pledge of 8,818,166 treasury shares of the Company to the mortgage of land of the Company's director.

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

21. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade and other payables - related parties				
(Note 6)	26,061	33,348	35,422	45,376
Trade payables - unrelated parties	478,665	587,595	335,677	435,103
Other payables - unrelated parties	27,269	28,939	10,791	13,920
Accrued expenses	61,096	58,348	19,691	24,369
Total trade and other payables	<u>593,091</u>	<u>708,230</u>	<u>401,581</u>	<u>518,768</u>

22. Short-term loans from unrelated individuals

During the current year, short-term loans from unrelated individuals of the Company comprise short-term loans from individuals totaling Baht 50 million. These loans are subject to interest at rate of 7 percent per annum. The loans are secured by the guarantee of the Company's director and repayable within March 2018. Details are as follows:

	(Unit: Thousand Baht)
	Consolidated / Separate
	financial statements
Balance as at 1 January 2017	-
Add: Receipt short-term loans	50,000
Add: Amortisation of prepaid interest expenses	1,060
Less: Prepaid interest expenses	<u>(1,750)</u>
Balance as at 31 December 2017	<u>49,310</u>

23. Long-term loans

(Unit: Thousand Baht)

Loan	Interest rate (percent per annum)	Repayment schedule	Consolidated		Separate	
			financial statements		financial statements	
			2017	2016	2017	2016
1	MLR - 1.00	Quarterly installment as from April 2016 to July 2022	365,600	386,800	365,600	386,800
2	MLR - 0.50	Quarterly installment as from November 2012 to February 2019	64,800	109,600	64,800	109,600
3	MLR - 0.50	Quarterly installment as from October 2013 to April 2019	49,550	84,950	49,550	84,950
4	MLR - 1.25	Monthly installment as from July 2016 to June 2022	149,960	183,320	-	-
5	13.25 (2016: 13.50)	Monthly installment as from September 2013 to August 2018 (Indian Rupee loan)	13,094	14,201	-	-
6	11.25	Monthly installment as from June 2017 to May 2020 (Indonesian Rupiah loan)	6,860	-	-	-
Total			649,864	778,871	479,950	581,350
Less: Deferred financial service fee			(1,901)	(2,262)	(543)	(657)
Total loans, net			647,963	776,609	479,407	580,693
Less: Current portion of long-term loans			(515,264)	(614,342)	(479,407)	(580,693)
Long-term loans, net of current portion			132,699	162,267	-	-

The long-term loans of the Company are secured by the mortgage of land with structures, and investment properties, assets held for sale, 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 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 of long-term loans. Subsequently in May 2017, the Company obtained a letter granting a waiver for some conditions as at 31 December 2016 from the lender.

However, as at 31 December 2017, 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.

Long-term loan of a local subsidiary company were granted by a local commercial bank. Such loan is secured by the mortgage of its office condominium units, and by the guarantees of the Company. The loan agreement contains covenants as specified in the agreement that, among other things, require the subsidiary to maintain certain debt to equity according to the agreement.

Long-term loan of an 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.

During the current year, an overseas subsidiary company has entered into a long-term loan agreement with an overseas commercial bank for credit facilities of IDR 3,000 million, or approximately Baht 7 million, with a term of 3 years. This loan is subject to interest at a rate of 11.25 percent per annum and principal and interest are payable monthly. The credit facilities are secured by pledges of some inventories of the subsidiary company, some assets of the director of the subsidiary company, and a building of non-controlling interest of the subsidiary company. As at 31 December 2017, the subsidiary company fully withdrew such long-term loan.

24. Provision for long-term employee benefits

Provision for long-term employee benefits was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Defined benefit obligation at beginning of year	177,694	177,309	13,154	6,592	190,848	183,901
Included in statement of income:						
Current service cost	10,625	7,750	1,241	1,213	11,866	8,963
Past service cost	-	(512)	-	6,398	-	5,886
Interest cost	4,180	3,976	290	297	4,470	4,273
Actuarial loss arising from						
Financial assumptions changes	-	-	-	501	-	501
Experience adjustments	-	-	-	354	-	354

(Unit: Thousand Baht)

Consolidated financial statements

	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Included in other comprehensive income:					
Actuarial (gain) loss arising from						
Financial assumptions changes	-	(374)	-	-	-	(374)
Experience adjustments	43	(6,308)	-	-	43	(6,308)
Benefits paid during the year	(5,157)	(4,147)	(1,884)	(2,201)	(7,041)	(6,348)
Provision for long-term employee benefits at end of year	187,385	177,694	12,801	13,154	200,186	190,848

(Unit: Thousand Baht)

Separate financial statements

	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	Defined benefit obligation at beginning of year	161,013	148,032	12,125	5,223	173,138
Included in statement of income:						
Current service cost	9,644	9,118	1,024	990	10,668	10,108
Past service cost	-	-	-	5,375	-	5,375
Interest cost	3,900	3,628	271	277	4,171	3,905
Transferred employee from its subsidiary	4,206	12,027	142	1,663	4,348	13,690
Actuarial loss arising from						
Financial assumptions changes	-	-	-	438	-	438
Experience adjustments	-	-	-	266	-	266
Included in other comprehensive income:						
Actuarial loss arising from						
Financial assumptions changes	-	(251)	-	-	-	(251)
Experience adjustments	-	(7,394)	-	-	-	(7,394)
Benefits paid during the year	(3,973)	(4,147)	(1,769)	(2,107)	(5,742)	(6,254)
Provision for long-term employee benefits at end of year	174,790	161,013	11,793	12,125	186,583	173,138

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	2017	2016	2017	2016	2017	2016
	Cost of sales	7,058	6,791	998	981	8,056
Selling and administrative expenses	7,747	4,935	533	529	8,280	5,464
Total expense recognised in statement of income	14,805	11,726	1,531	1,510	16,336	13,236

(Unit: Thousand Baht)

	Separate financial statements					
	Post-employment benefits from employee's retirement		Other long-term employee benefits plan		Total	
	2017	2016	2017	2016	2017	2016
	Cost of sales	7,058	6,791	998	981	8,056
Selling and administrative expenses	6,486	5,955	297	286	6,783	6,241
Total expense recognised in statement of income	13,544	12,746	1,295	1,267	14,839	14,013

The Company and its subsidiaries expect to pay Baht 13 million of long-term employee benefits during the next year (Separate financial statements: Baht 10 million) (2016: Baht 9 million, separate financial statements: Baht 9 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 10 - 17 years (Separate financial statements: 10 years) (2016: 10 - 17 years, separate financial statements: 10 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	(Percent per annum)	(Percent per annum)	(Percent per annum)	(Percent per annum)
Discount rate	1.6 - 7.5	1.6 - 8.75	2.5	2.5
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 2017 and 2016 are summarised below:

(Unit: million Baht)

	As at 31 December 2017			
	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)
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	23	(20)	21	(19)

(Unit: million Baht)

	As at 31 December 2016			
	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)
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary increase rate	19	(17)	16	(14)

25. 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.

26. 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. 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.

During 24 January 2018 to 1 February 2018, the Company has sold all of the treasury shares, amounting to Baht 43 million and recognised deficit on treasury shares of Baht 6 million. In addition, these transactions will be recognised in the first quarter of 2018.

27. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	1,020,092	994,949	723,446	681,481
Depreciation and amortisation	86,773	90,026	54,138	57,648
Raw materials and consumables used and purchase of finished goods	1,231,638	1,405,268	1,165,158	1,313,370
Changes in inventories of finished goods and work in process	53,337	(94,374)	53,556	(172,176)
Decrease of inventory to net realisable value (reversal)	16,166	(31,324)	(155)	(10,288)
Doubtful accounts	21,359	27,122	212,888	13,664
Commission and sales promotion expenses	66,072	89,358	10,913	16,586
Rental expenses from operating lease agreements	71,874	73,369	272	285

28. Income tax

Tax expenses (income) for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current income tax:				
Current income tax charge for the year	4,545	4,874	-	-
Adjustment in respect of income tax of previous year	-	2	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	<u>(6,975)</u>	<u>(3,272)</u>	<u>(6,859)</u>	<u>(1,532)</u>
Tax expense (income) reported in the statements of income	<u>(2,430)</u>	<u>1,604</u>	<u>(6,859)</u>	<u>(1,532)</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial gains (loss)	<u>(11)</u>	<u>1,388</u>	<u>-</u>	<u>1,529</u>

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting loss before tax	(182,626)	(313,089)	(426,107)	(2,854)
Applicable tax rate	15% - 40%	15% - 40%	20%	20%
Accounting loss before tax multiplied by income tax rate	(49,355)	(91,866)	(85,221)	(571)
Adjustment in respect of current income tax of previous year	-	2	-	-
Deferred tax assets which were not recognised during the year	55,942	106,117	89,041	10,951
Deferred tax assets which were not recognised in the previous year	(9,672)	-	(9,672)	-
Effects of changes in the tax rate	(113)	(597)	-	-
Effect of elimination entries on the consolidated financial statements	2,296	(10,663)	-	-
Effects of:				
Non-deductible expenses	1,674	1,220	1,607	900
Additional expense deductions allowed	(3,127)	(2,571)	(2,605)	(2,074)
Exemption of dividend income	-	-	-	(10,763)
Others	(75)	(38)	(9)	25
Total	(1,528)	(1,389)	(1,007)	(11,912)
Tax expenses (income) reported in the statements of income	(2,430)	1,604	(6,859)	(1,532)

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

(Unit: Thousand Baht)

	Consolidated financial statements	
	<u>2017</u>	<u>2016</u>
Deferred tax assets		
Allowance for doubtful accounts	1,119	1,054
Reduce cost of inventories to net realisable value	500	1,000
Provision for long-term employee benefits	39,758	36,999
Difference between tax and accounting of revenue recognition	710	681
Unused tax loss	19,966	15,547
Unrealised profit from inter-sales transactions	7,279	6,560
Allowance for impairment of investments in subsidiaries	22,505	22,505
Others	-	586
Total	<u>91,837</u>	<u>84,932</u>
Deferred tax liabilities		
Deferred financial service fee	<u>371</u>	<u>452</u>
Total deferred tax assets, net	<u>91,466</u>	<u>84,480</u>

(Unit: Thousand Baht)

	Separate financial statements	
	<u>2017</u>	<u>2016</u>
Deferred tax assets		
Allowance for doubtful accounts	1,053	1,053
Provision for long-term employee benefits	37,317	34,628
Unused tax loss	19,966	15,547
Allowance for impairment of investments in subsidiaries	22,505	22,505
Others	-	272
Total	<u>80,841</u>	<u>74,005</u>
Deferred tax liabilities		
Deferred financial service fee	<u>108</u>	<u>131</u>
Total deferred tax assets, net	<u>80,733</u>	<u>73,874</u>

As at 31 December 2017, the Company has deductible temporary differences totaling Baht 1,831 million (2016: Baht 1,434 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.

As at 31 December 2017, the subsidiaries have deductible temporary differences and unused tax losses totaling Baht 1,579 million (2016: Baht 1,664 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 129 million (the Company only: nil) which will expire by 2022.

29. Promotional privileges

29.1 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 2017 and 2016, divided between promoted and non-promoted operations, are summarised below.

(Unit: Thousand Baht)

	Promoted operations		Non-promoted operations		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Sales						
Domestic sales	122,584	42,386	777,065	757,450	899,649	799,836
Export sales	144,544	467,607	1,165,555	894,194	1,310,099	1,361,801
Total sales	<u>267,128</u>	<u>509,993</u>	<u>1,942,620</u>	<u>1,651,644</u>	<u>2,209,748</u>	<u>2,161,637</u>

29.2 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% (2016: reduction of corporate income tax from 20% to 15%) on income derived from the promoted operations for a period of 40 years from the date the promoted operations commenced generating revenues.

30. Earnings per share

Basic earnings per share is calculated by dividing 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 26.

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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Basic earnings per share				
Loss attributable to equity holders of the Company (Thousand Baht)	(161,322)	(283,255)	(419,248)	(1,321)
Weighted average number of ordinary shares (Thousand shares)	398,947	399,907	398,947	399,907
Loss per share (Baht per share)	(0.4044)	(0.7083)	(1.0509)	(0.0033)

31. 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.

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 2017 and 2016.

(Unit: Million Baht)

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
For the years ended 31 December														
Revenues														
Revenues from external customers	1,282	1,321	683	603	948	907	-	-	2,913	2,831	-	-	2,913	2,831
Revenues from intersegment	964	873	1	2	243	163	5	-	1,213	1,038	(1,213)	(1,038)	-	-
Total revenues	2,246	2,194	684	605	1,191	1,070	5	-	4,126	3,869	(1,213)	(1,038)	2,913	2,831
Results														
Segment profit (loss)	33	51	(140)	(210)	28	16	(12)	(7)	(91)	(150)	56	8	(35)	(142)
Unallocated revenues and expenses														
Interest income													4	4
Other income													34	67
Gain on liquidation of subsidiary													-	12
Loss on exchange													(15)	(90)
Share of profit from investment in associated company													1	2
Depreciation and amortization													(87)	(90)
Finance cost													(84)	(76)
Loss before income tax expenses													(182)	(313)
Tax income (expenses)													2	(2)
Loss for the year													(180)	(315)

Geographic information

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

(Unit: Thousand Baht)

Consolidated
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	<u>2017</u>	<u>2016</u>
Revenue from external customers		
Thailand	1,250,891	1,146,778
United States of America	610,972	535,485
Germany	175,150	265,581
Others	875,845	883,597
Total	<u>2,912,858</u>	<u>2,831,441</u>

(Unit: Thousand Baht)

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	<u>2017</u>	<u>2016</u>
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	1,373,441	1,567,005
Others	105,372	117,595
Total	<u>1,478,813</u>	<u>1,684,600</u>

Major customers

For the year 2017, the Group has revenue from 2 major customers in totaling amount of Baht 668 million, arising from sales by the production and distribution segments (2016: Baht 281 million derived from one major customers, arising from sales by the distribution segment).

32. 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 2017, the Company contributed Baht 14 million to the fund (2016: Baht 13 million).

33. Dividends

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

34. Commitments and contingent liabilities

34.1 Operating lease commitments

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

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

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	As at 31 December		As at 31 December	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Payable:				
In up to 1 year	36	50	-	-
In over 1 and up to 5 years	21	42	-	-
In over 5 years	8	11	-	-

34.2 Guarantees

- 34.2.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 December 2017, there were outstanding guarantees of Baht 381 million and USD 6 million (2016: Baht 564 million and USD 11 million), totaling of Baht 577 million (2016: Baht 961 million).
- 34.2.2 As at 31 December 2017, there was outstanding bank guarantee of Baht 21 million (2016: Baht 21 million) has been issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 34.4.1 to the financial statements.
- 34.2.3 As at 31 December 2017, there were outstanding bank guarantees of Baht 7.9 million (2016: Baht 0.9 million) issued by banks on behalf of the Company and its subsidiaries to guarantee purchase of goods, electricity use, among others. (The Company only: Baht 7.7 million (2016: Baht 0.7 million)).
- 34.2.4 As at 31 December 2017, the Company and its subsidiaries have outstanding standby-letters of credit of USD 14 million, or approximately Baht 441 million (2016: USD 16 million, or approximately Baht 561 million)) (The Company only: USD 7.5 million, totaling Baht 245 million (2016: USD 11 million or approximately Baht 400 million)).

34.3 Long-term service commitments

- 34.3.1 An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. During the current year, the subsidiary amended such agreement. Under the conditions of the license agreement, the subsidiary was to pay a yearly license fee as stipulated in the agreement. The agreement period had started from December 2015 to May 2018. The fees for the current year amounting to Baht 1 million (2016: Baht 1 million) were recognised as expenses.
- 34.3.2 An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. Under the conditions of the license agreement, the subsidiary is to pay a yearly license fee as stipulated in the agreement. The agreement period has started from March 2017 to September 2020.

34.4 Litigations

34.4.1 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 (2016: 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.

34.4.2 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 of the 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.

34.4.3 Tax assessments of an overseas subsidiary

During the current year, the Indian tax authorities assessed sale tax of approximately INR 31 million or approximately Baht 16 million (including interest), covering the years 2010 - 2011, against the subsidiary company in India. The subsidiary appealed this assessment.

On 30 October 2017, Deputy Commissioner rejected the subsidiary's appeal against the official's assessment, and ordered the subsidiary to pay the tax and interest to the Indian tax authorities. Later, on 7 December 2017, the subsidiary therefore filed an appeal with the Tribunal petitioning to revoke this assessment, on the basis of a legal advisory's opinion to explain the tax assessments. However, the subsidiary placed a bond of 10 percent of the assessed sale tax amounting to INR 1.5 million or approximately Baht 0.8 million.

As at 31 December 2017, the appeal is currently under the consideration of the Tribunal. The management of the subsidiary believes that no significant losses will be incurred. The subsidiary has therefore not recorded any provision for these tax assessments.

34.5 Service commitments

During the current year, the Company has entered into service agreement hiring a financing consultant. Under the conditions of the service agreement, the Company is to pay a service fee as stipulated in the agreement within 5 days from the date that the Company enter into the financial support agreement that binds a source of funds introduced by the consultant.

35. Fair value hierarchy

As at 31 December 2017 and 2016, 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 2017		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	36	-	36
Assets for which fair value are disclosed			
Investment property	-	708	708

	(Unit: Million Baht)		
	Consolidated Financial Statements		
	As at 31 December 2016		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	52	-	52
Assets for which fair value are disclosed			
Investment property	-	922	922

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 December 2017		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments	36	-	36
Equity instruments			
Assets for which fair value are disclosed			
Investment property	-	654	654

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 December 2016		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	52	-	52
Assets for which fair value are disclosed			
Investment property	-	868	868

36. Financial instruments

36.1 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, short-term loans 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, bills of exchange, 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 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	1	-	-	138	79	218	0.10 - 0.85
Current investments - deposits with financial institutions	1	-	-	-	-	1	1.80
Trade and other receivables	4	-	-	-	398	402	8.00
Amount due from related parties	-	-	-	-	8	8	-
Short-term loans to related parties	26	-	-	-	-	26	7.00
Restricted bank deposits	31	-	-	-	-	31	0.55 - 1.80
Other long-term investments	-	-	-	-	50	50	-
Total	63	-	-	138	535	736	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	236	-	-	75	-	311	(1)
Bills of exchange	214	-	-	-	-	214	4.30 - 8.25
Trade and other payables	374	-	-	-	219	593	2.20
Short-term loan from related party	50	-	-	-	-	50	7.50
Short-term loan from unrelated parties	49	-	-	-	-	49	7.00
Long-term loans	3	7	10	628	-	648	(2)
Total	926	7	10	703	219	1,865	

(1) MOR, MLR - 2.50, 2.90, 5.50, 11.25

(2) MLR - 0.50, MLR - 1.00, MLR - 1.25, 11.25, 13.25

(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				
Financial assets							
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	-
Total	66	10	-	315	699	1,090	
Financial liabilities							
Bank overdrafts and short-term loans from financial institutions	439	-	-	-	-	439	2.90 - 9.50
Bills of exchange	356	-	-	-	-	356	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)
Total	929	2	11	762	576	2,280	

(1) MLR - 0.50, MLR - 1.00, MLR - 1.25, 13.25

(Unit: Million Baht)

Separate financial statements as at 31 December 2017

	Fixed interest rates			Floating interest rate	Non-interest bearing	Total	Interest rate (% per annum)
	Within 1 year	1-5 years	Over 5 years				
Financial assets							
Cash and cash equivalents	-	-	-	103	5	108	0.10 - 0.85
Trade and other receivables	-	-	-	-	781	781	-
Amounts due from related parties	-	-	-	-	8	8	-
Short-term loans to related parties	28	-	-	-	-	28	7.50
Long-term loans to related parties	-	-	343	-	-	343	7.50
Restricted bank deposits	26	-	-	-	-	26	1.30
Other long-term investments	-	-	-	-	49	49	
Total	54	-	343	103	843	1,343	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	120	-	-	75	-	195	(1)
Bills of exchange	164	-	-	-	-	164	7.50 - 8.25
Trade and other payables	249	-	-	-	153	402	2.20
Short-term loans from related parties	50	-	-	-	-	50	7.50
Short-term loans from unrelated parties	49	-	-	-	-	49	7.00
Long-term loans	-	-	-	479	-	479	(2)
Total	632	-	-	554	153	1,339	

(1) MOR, MLR - 2.5, 5.5

(2) MLR - 0.50, MLR - 1.00

(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				
Financial assets							
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	-
Total	141	305	-	275	1,090	1,811	
Financial liabilities							
Bank overdrafts and short-term loans							
from financial institutions	340	-	-	-	-	340	3.10 - 3.85
Bills of exchange	307	-	-	-	-	307	4.60 - 6.75
Trade and other payables	6	-	-	-	512	518	2.20
Long-term loans	-	-	-	581	-	581	(1)
Total	653	-	-	581	512	1,746	

(1) MLR - 0.50, MLR - 1.00

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			
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
	(Baht per 1 foreign currency unit)									
US dollar	6	9	12	13	33	32	8	10	32.64	35.78
Euro	-	-	-	-	10	10	-	-	38.98	37.71
Pound Sterling	-	-	-	-	9	9	-	-	43.92	43.96

Foreign exchange contracts outstanding are summarised below.

Consolidated financial statements as at 31 December 2017

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	1,354,119	32.47 - 33.40 Baht per US dollar	April - June 2018
<u>Forward contracts to "Buy"</u>			
US dollar	95,362	0.93 Euro per US dollar	March 2018

Consolidated financial statements as at 31 December 2016

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

Separate financial statements as at 31 December 2017

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US dollar	1,354,119	32.47 - 33.40 Baht per US dollar	April - June 2018

Separate financial statements as at 31 December 2016

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

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.

36.2 Fair values of financial instruments

Since the majority of the Company's and its subsidiaries' financial instruments, except for available-for-sale investments, 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.

37. 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 2017, the Group's debt-to-equity ratio was 1.08:1 (2016: 1.15:1) and the Company's debt-to-equity ratio was 0.61:1 (2016: 0.63:1).

38. Event after the reporting period

On 29 January 2018, the Extraordinary Shareholder's Meeting of the Company passed a resolution to approve the following matters.

- 1) Approval on issuance and offering of the convertible debentures on a private placement basis in the amount of not exceeding Baht 500 million to Advance Opportunities Fund I. Details of the Company's convertible debentures are as follows:

Issuer of convertible debentures	Pranda Jewelry Public Company Limited
Total Principal amount of convertible debentures	Not exceeding Baht 500 million divided into 3 tranches as follows: <ol style="list-style-type: none">1) Tranche 1 Convertible debentures in the amount of not exceeding Baht 100 million divided into 20 equal sub-tranches, each of which is Baht 5 million.2) Tranche 2 Convertible debentures in the amount of not exceeding Baht 200 million divided into 40 equal sub-tranches, each of which is Baht 5 million.3) Tranche 3 Convertible debentures in the amount of not exceeding Baht 200 million divided into 20 equal sub-tranches, each of which is Baht 10 million.
Issuance of convertible debentures	The period to issue the convertible debentures pursuant to the relevant rules is one year from the date the shareholders' meeting approves to issue the convertible debentures. The Company will issue the convertible debentures when the Company has sold the redeemed shares not having been sold under the share redemption project disseminated by the Company on 14 October 2015 or upon expiration of the period of sale of the said redeemed shares.
Interest rate	1 percent per annum.
Maturity	Each tranche of the convertible debentures will have the period of 3 years upon the issuing date of the convertible debentures or any other period as determined by the Chairman of the Executive Committee or the person assigned by the Chairman of the Executive Committee depending on the market conditions at the time of issuing and offering of the convertible debentures each time.

Principal Repayment	Repayment in installments or in one installment upon maturity in accordance with the terms and conditions of the convertible debentures.
Conversion Price	90 percent of weighted average price per share of the Company shares for not less than 7 consecutive business days but not exceeding 15 consecutive business days immediately preceding the relevant exercise date.

- 2) Approval on issuance and offering of the warrants to purchase ordinary shares of the Company No. 2 (PDJ-W2) to the existing shareholders at the total number of 25,595,562 units to maintain the shareholding proportion of the existing shareholders at the ratio of 16 existing ordinary shares to 1 unit of warrant at no cost, with the exercise price of Baht 1 per share and with the term not exceeding 1 year from issuance date of the warrant.
- 3) Approval on issuance and offering of the warrants to purchase ordinary shares of the Company No. 3 (PDJ-W3) to the existing shareholders at the total number of 25,595,563 units to maintain the shareholding proportion of the existing shareholders at the ratio of 16 existing ordinary shares to 1 unit of warrant at no cost and with the exercise price of Baht 1 per share and with the term not exceeding 2 year from issuance date of the warrant.
- 4) Approval issuance and offering of the warrants to purchase ordinary shares of the Company No. 4 (PDJ-W4) to the existing shareholders at the total number of 51,191,125 units to maintain the shareholding proportion of the existing shareholders at the ratio of 8 existing ordinary shares to 1 unit of warrant at no cost and with the exercise price of Baht 1 per share and with the term not exceeding 3 year from issuance date of the warrant.
- 5) Approval issuance and offering of the warrants to purchase ordinary shares of the Company to its directors and employees of the Company and its subsidiaries No. 2 at the total number of 20,476,450 unit at no cost and with the exercise price of Baht 4 per share and with the term not exceeding 3 year from issuance date of the warrants for Directors and Employees No. 2.

- 6) Approval on the increase of the registered capital from the existing registered capital of Baht 409,529,000 to the new registered capital of Baht 634,769,950 by issuing 225,240,950 newly issued ordinary shares at the par value of Baht 1 per share.

Subsequently on 7 February 2018, the Company registered to increase the registered capital with the Ministry of Commerce.

39. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.