

Pranda Jewelry Public Company Limited and its subsidiaries
Notes to interim consolidated financial statements
For the three-month period ended 31 March 2018

1. General information

1.1 Corporate information

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

1.2 Basis of preparation of interim financial statements

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

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

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

1.3 Basis of consolidation

These interim consolidated financial statements include the financial statements of the Company and its subsidiaries and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2017. There were no changes in the composition of the group during the current period.

1.4 New financial reporting standards

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

During the period, the Company and its subsidiaries have adopted the 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 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 period, the Federation of Accounting Professions issued the financial reporting standard TFRS 15 Revenue from Contracts with Customers, which is effective for fiscal years beginning on or after 1 January 2019. Key principles of this standard are summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes TAS 11 Construction Contracts and TAS 18 Revenue, together with related Interpretations. Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

2. Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2017. In addition, the Company adopts the following accounting policy during the current period.

Convertible debentures

Disclosure and Presentation of Financial Instruments requires the entity to make the decision at the time the instrument is initially recognised according to the substance of the contract and the definitions of financial liability and equity instrument.

The convertible debentures are presented at amortised cost until the conversion or maturity of the debentures. The options are presented at fair value until exercise of conversion right to ordinary shares.

Expenses for issuance debentures were deducted from convertible debenture and amortised over the life of the debentures.

3. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March		31 March		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	190	270	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	65	82	With reference to market price
Loan interest income	-	-	1	1	Per loan agreements
Guarantee fee income	-	-	1	-	1 percent per annum
Service income	-	-	2	7	Agreed between the parties
Management income	-	-	6	7	Agreed between the parties
Service expenses	-	-	2	1	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	17	85	17	85	With reference to market price

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	For the three-month		For the three-month		
	periods ended		periods ended		
	31 March		31 March		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with related companies</u>					
Sales of goods	2	1	2	1	Normal business price close to those charged to other customers
Purchases of goods	9	39	-	-	With reference to market price
Loan interest income	1	-	-	-	Per loan agreements

As at 31 March 2018 and 31 December 2017, the balances of the accounts between the Company and those related parties are as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties (Note 4)</u>				
Subsidiaries	-	-	752	785
Related companies (related by common directors)	37	37	36	36
Total	37	37	788	821
Less: Allowance for doubtful accounts	(28)	(29)	(215)	(212)
Total trade accounts receivable - related parties, net	<u>9</u>	<u>8</u>	<u>573</u>	<u>609</u>
<u>Other receivables - related parties (Note 4)</u>				
Subsidiaries	-	-	196	223
Related companies (related by common directors)	1	2	2	1
Subsidiary and related company's directors	13	11	6	5
Total	14	13	204	229
Less: Allowance for doubtful accounts	-	-	(168)	(180)
Total other receivables - related parties, net	<u>14</u>	<u>13</u>	<u>36</u>	<u>49</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Accrued interest income - related parties (Note 4)</u>				
Subsidiaries	-	-	29	28
Less: Allowance for doubtful accounts	-	-	(25)	(25)
Total accrued interest income - related parties, net	-	-	4	3
<u>Amounts due from related parties</u>				
Subsidiary and related company's directors	6	8	6	8
Total amounts due from related parties, net	6	8	6	8
<u>Trade and other payables - related parties (Note 17)</u>				
Subsidiaries	-	-	32	35
Related companies (related by common directors)	26	26	1	-
Total trade and other payables - related parties	26	26	33	35

Loans to related parties

As at 31 March 2018 and 31 December 2017, the balances of loans between the Company and those related parties and the movement are as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<u>Short-term loans to related parties</u>				
Subsidiaries	-	-	63	48
Related companies (related by common directors)	42	26	-	-
Total	42	26	63	48
Less: Allowance for doubtful accounts	-	-	(19)	(20)
Total short-term loans to related parties, net	42	26	44	28

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
	(Audited)		(Audited)	
<u>Long-term loans to related parties</u>				
<u>Subsidiaries</u>				
Long-term loans	-	-	555	561
Less : Allowance for doubtful accounts	-	-	(216)	(218)
Long-term loans, net of current portion	-	-	339	343

(Unit: Million Baht)

		Consolidated financial statements			
Short-term loans	Related by	Balance as at	Increase	Decrease	Balance as at
		31 December	during	during	31 March
		2017	the period	the period	2018
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
PT sumberkreasi Ciptalogam	The Director is the Subsidiary's director	-	16	-	16
Total short-term loans		26	16	-	42

During the current period, the Company granted a short-term loan to a subsidiary, PT Pranda Marketing Indonesia amounting to USD 0.5 million or approximately Baht 16 million and the subsidiary granted a short-term loan to related company, PT Sumberkreasi Ciptalogam. The loan granted to the subsidiary and related company is unsecured and subject to interest at rate of 7.5 percent per annum. This loan is repayable within December 2018.

(Unit: Million Baht)

		Separate financial statements				
Short-term loans	Related by	Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	loss on	31 March
		2017	the period	the period	exchange	2018
Pranda & Kroll GmbH & Co. KG	Subsidiary	20	-	-	-	20
H.GRINGOIRE s.a.r.l	Subsidiary	28	-	-	(1)	27
PT Pranda Marketing Indonesia	Subsidiary	-	16	-	-	16
Total short-term loans		48	16	-	(1)	63

(Unaudited but reviewed)

(Unit: Million Baht)

Long-term loans	Related by	Separate financial statements				
		Balance as at 31 December 2017	Increase during the period	Decrease during the period	Unrealised loss on exchange	Balance as at 31 March 2018
Pranda & Kroll GmbH & Co. KG	Subsidiary	27	-	-	(1)	26
Pranda UK Ltd.	Subsidiary	338	-	-	(2)	336
H.GRINGOIRE s.a.r.l	Subsidiary	196	-	-	(3)	193
Total long-term loans		561	-	-	(6)	555

Long-term loans to its three subsidiaries were subjected to interest rate of 7.5 percent per annum. In 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 82 million of interest income under the long-term loan agreements were not recognised as income. Interest income for the three-month periods ended 31 March 2018 and 2017 amounting to Baht 10 million and Baht 11 million, respectively).

Short-term loans from related parties

As at 31 March 2018, 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.

Directors and management's benefits

During the three-month periods ended 31 March 2018 and 2017, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 31 March			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	17.0	16.0	6.7	7.2
Post-employment benefits	0.3	(0.2)	0.1	0.1
Total	17.3	15.8	6.8	7.3

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 28.3.1 to the financial statements.

(Unaudited but reviewed)

4. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	(Audited)		(Audited)	
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	1,373	717	57,839	119,816
Past due				
Up to 3 months	949	2,864	138,189	83,791
3 - 6 months	2,735	2,100	76,004	128,599
6 - 12 months	3,074	1,433	107,070	90,133
Over 12 months	28,870	29,833	409,115	398,775
Total	37,001	36,947	788,217	821,114
Less: Allowance for doubtful debts	(27,743)	(28,671)	(214,916)	(212,391)
Total trade accounts receivable - related parties, net (Note 3)	9,258	8,276	573,301	608,723
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	200,521	195,416	120,440	88,243
Past due				
Up to 3 months	95,174	142,318	36,125	24,610
3 - 6 months	10,774	16,851	5,734	6,436
6 - 12 months	12,194	12,424	2,177	233
Over 12 months	40,064	46,357	22,193	28,373
Total	358,727	413,366	186,669	147,895
Less: Allowance for doubtful debts	(41,444)	(44,176)	(26,378)	(28,373)
Total trade accounts receivable - unrelated parties, net	317,283	369,190	160,291	119,522
Total trade accounts receivable, net	326,541	377,466	733,592	728,245
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	13,821	12,532	203,508	229,101
Other receivables - unrelated parties	7,724	14,166	692	692
Accrued interest income - related parties (Note 3)	135	-	28,624	27,983
Accrued interest income	2,131	2,260	1,970	2,120
Total	23,811	28,958	234,794	259,896
Less: Allowance for doubtful debts	(5,065)	(4,794)	(195,142)	(207,437)
Total other receivables, net	18,746	24,164	39,652	52,459
Total trade and other receivables, net	345,287	401,630	773,244	780,704

5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account for the three-month periods ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	218,285	162,087
Add: Reduce cost to net realisable value of inventories	4,195	756
Less: Reversal of reduce cost to net realisable value of inventories	(2,398)	-
Balance as at 31 March 2018	<u>220,082</u>	<u>162,843</u>

As at 31 March 2018, 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 15 and Note 19 to the financial statements.

6. 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. 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 March 2018, the land held for development has been pledged as collateral against credit facilities received from a commercial bank.

Subsequently on 8 May 2018, the Company sold, transferred ownership of totaling of Baht 443 million and redeemed the land held for development pledged to secure credit facility from a commercial bank.

7. 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 bank overdraft.

(Unaudited but reviewed)

8. Investments in subsidiaries

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

(Unit: Thousand Baht)

Company's name	Cost	
	31 March 2018	31 December 2017
		(Audited)
Pranda North America, Inc.	120,283	120,283
H.GRINGOIRE s.a.r.l.	344,423	344,423
Pranda UK Ltd.	28,973	28,973
Pranda Vietnam Co., Ltd.	48,180	48,180
Primagold International Co., Ltd.	200,000	200,000
Crystalline Co., Ltd.	96,000	96,000
Pranda Lodging Co., Ltd.	41,125	41,125
Guangzhou Pangda Zhubao Shoushi Youxian Gongsi	112,523	112,523
Pranda & Kroll GmbH & Co. KG	573,303	573,303
Pranda Jewelry Private Limited	44,255	44,255
Pranda Trading (Shenzhen) Limited	17,437	17,437
Total	1,626,502	1,626,502
Less: Allowance for impairment of investments	(975,237)	(975,237)
Investments in subsidiaries, net	651,265	651,265

Subsidiary - Pranda & Kroll GmbH & Co. KG

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.

9. Investment in associated company

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Investment value - equity method	
	31 March 2018	31 December 2017
		(Audited)
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share of profit	5,933	5,379
Total carrying amounts based on equity method	9,533	8,979

(Unaudited but reviewed)

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	(Audited)		(Audited)		(Audited)	
KZ-Pranda Co., Ltd.	3,600	3,600	(3,600)	(3,600)	-	-

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

10. Other long-term investments

Other long-term investments as at 31 March 2018 and 31 December 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	31 March 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
	(Audited)			
Available-for-sale securities				
Overseas marketable equity securities	97,979	33,041	97,979	35,677
Less: Deficit on changes in value of investments in securities available for sales	(64,938)		(62,302)	
	33,041		35,677	
Other investments				
Overseas non-marketable equity securities	14,490		14,490	
Total other long-term investments	47,531		50,167	

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements			
	31 March 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
				(Audited)
Available-for-sale securities				
Overseas marketable equity securities	97,979	33,041	97,979	35,677
Less: Deficit on changes in value of investments in securities available for sales	(64,938)		(62,302)	
	<u>33,041</u>		<u>35,677</u>	
Other investments				
Overseas non-marketable equity securities	<u>13,350</u>		<u>13,350</u>	
Total other long-term investments	<u>46,391</u>		<u>49,027</u>	

11. Other receivables

The outstanding balances as at 31 March 2018 and 31 December 2017 are presented below.

(Unit: Thousand Baht)

	Consolidated / Separate financial statements	
	31 March 2018	31 December 2017
		(Audited)
Promissory note	48,295	50,568
Less: Allowance for devaluation	(48,295)	(50,568)
Other receivable, net	<u>-</u>	<u>-</u>

12. Investment properties

Movements of the investment properties account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	589,573	577,552
Less: Depreciation for the period	(129)	-
Net book value as at 31 March 2018	<u>589,444</u>	<u>577,552</u>

The Company has mortgaged investment properties of the Company and a local subsidiary with a total net book value as at 31 March 2018 of approximately Baht 587 million (31 December 2017: Baht 588 million) as collateral against credit facilities which the Company received from commercial banks (The Company only: Baht 577 million (31 December 2017: Baht 577 million)).

13. Property, plant and equipment

Movements of the property, plant and equipment account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2018	699,767	576,398
Acquisitions during the period - at cost	5,690	1,588
Disposals during the period - net book value as at disposal date	(59)	(28)
Depreciation for the period	(17,687)	(11,904)
Translation adjustment during the period	(3,899)	-
Net book value as at 31 March 2018	<u>683,812</u>	<u>566,054</u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 31 March 2018 of approximately Baht 445 million (31 December 2017: Baht 455 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 385 million (31 December 2017: Baht 390 million)).

14. Income tax

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

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

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

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

Tax expenses (income) for the three-month periods ended 31 March 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 31 March		For the three-month periods ended 31 March	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Interim corporate income tax charge	3,595	755	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	1,313	(2,145)	(455)	(1,340)
Tax expenses (income) reported in the statements of income	<u>4,908</u>	<u>(1,390)</u>	<u>(455)</u>	<u>(1,340)</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Audited)		(Audited)		(Audited)
Bank overdrafts	MOR	MOR	-	15,160	-	15,160
Short-term loans from financial institutions	MLR - 3.00, 2.90, 5.50, 11.25	MLR - 2.50, 2.90, 5.50, 11.25				
			<u>274,737</u>	<u>296,008</u>	<u>191,902</u>	<u>179,800</u>
Total			<u>274,737</u>	<u>311,168</u>	<u>191,902</u>	<u>194,960</u>

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

16. Bills of exchange

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	213,816	163,985
Add: Issuance of bills of exchange	60,000	10,000
Add: Amortisation of prepaid interest expenses	3,633	3,125
Less: Repayment	(60,000)	(10,000)
Less: Prepaid interest expenses	(1,892)	(370)
Balance as at 31 March 2018	<u>215,557</u>	<u>166,740</u>

(Unaudited but reviewed)

As at 31 March 2018, bills of exchange of the Company are subject to interest at rate of 6.75 percent to 8.25 percent per annum (31 December 2017: 6.75 percent to 8.25 percent per annum) and mature in April to September 2018. Bills of exchange are secured by mortgage of land of the Company's director, and the mortgage of the Company's land and a local subsidiary's investment properties, and the guarantee of the Company's director.

Bills of exchange of a local subsidiary company are subject to interest rate at 4.30 percent per annum (31 December 2017: 4.30 per annum) and mature in October 2018. There are no collateral on the bills of exchange.

17. Trade and other payables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	31 March	31 December	31 March	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade and other payables - related parties (Note 3)	26,464	26,061	32,649	35,422
Trade payables - unrelated parties	499,445	478,665	330,242	335,677
Other payables - unrelated parties	20,287	27,269	9,452	10,791
Accrued expenses	56,287	61,096	24,237	19,691
Total trade and other payables	<u>602,483</u>	<u>593,091</u>	<u>396,580</u>	<u>401,581</u>

18. Short-term loans from unrelated individuals

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. However, the Company made the repayment of these short-term loans during the period.

(Unaudited but reviewed)

19. Long-term loans

The outstanding balances of long-term loans as at 31 March 2018 and 31 December 2017 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(Audited)		(Audited)
Long-term loans - net of deferred financial service fee	611,942	647,963	453,357	479,407
Less: Current portion - net	(489,170)	(515,264)	(453,357)	(479,407)
Long-term loans - net of current portion - net	<u>122,772</u>	<u>132,699</u>	<u>-</u>	<u>-</u>

Movements in the long-term loans account during the three-month period ended 31 March 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2018	647,963	479,407
Less: Repayment	(36,104)	(26,050)
Add: Amortisation of deferred financial service fee	83	-
Balance as at 31 March 2018	<u>611,942</u>	<u>453,357</u>

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.

However, since 31 December 2017, the Company was unable to maintain a debt service coverage ratio (DSCR) in accordance with the agreements. As a result, the lender has the right to call the loans on demand and the Company has classified the full balance as current portion of long-term loans. Subsequently in April 2018, the Company obtained a letter granting a waiver for some conditions from the lender.

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

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

Long-term loan of an overseas subsidiary company was granted by an overseas commercial bank for credit facilities. Such loan is 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.

20. Convertible debentures/Options

On 29 January 2018, the Extraordinary Shareholder's Meeting of the Company passed a resolution to approve 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"> <li data-bbox="738 1294 1428 1435">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. <li data-bbox="738 1458 1428 1599">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. <li data-bbox="738 1621 1428 1762">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.

In March 2018, the Company issued and offered the first Convertible Debentures to Advance Opportunities Fund I in the amount of Baht 50 million and Advance Opportunities Fund I exercised the conversion right under the first Convertible in the amount of Baht 20 million. The number of shares to be issued for the exercise of conversion right is 7,153,336 shares at the par value of Baht 1 each, so the total paid up capital to be increased for exercises of conversion right is Baht 7,153,336.

The Company has registered the increase of the paid-up capital with the Ministry of Commerce on 28 March 2018.

(Unaudited but reviewed)

The convertible debentures and options are summarised below.

	(Unit: Thousand Baht)
Nominal value of issue of convertible debentures	50,000
Less: Transaction costs	(8,166)
Less: Exercise of conversion right	(20,000)
Add: Amortised - transaction cost	3,367
Balance as at 31 March 2018	<u>25,201</u>

	(Unit: Thousand Baht)
Nominal value of options	5,555
Less: Exercise of conversion right	(2,222)
Balance as at 31 March 2018	<u>3,333</u>

Subsequently on 19 April 2018, the Company offered and issued the convertible debentures pursuant to the Convertible Debentures Agreement for the second time, amounting to Baht 50 million, to Advance Opportunities Fund I. These convertible debentures will mature on 18 April 2021 unless Advance Opportunities Fund I exercises the conversion right before the maturity date.

21. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 March 2018 are as follows:

	(Unit: Thousand Baht)		
	Consolidated financial statements		
	Post-employment benefits from employee's retirement	Other long-term employee benefits plan	Total
Balances as at 1 January 2018	187,385	12,801	200,186
Current service cost	2,805	318	3,123
Interest cost	1,077	69	1,146
Benefits paid during the period	(472)	(13)	(485)
Balances as at 31 March 2018	<u>190,795</u>	<u>13,175</u>	<u>203,970</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Separate financial statements		
	Post-employment benefits from employee's retirement	Other long-term employee benefits plan	Total
Balances as at 1 January 2018	174,790	11,793	186,583
Current service cost	2,471	263	2,734
Interest cost	1,013	65	1,078
Balances as at 31 March 2018	178,274	12,121	190,395

The cumulative amount of actuarial gains recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 31 March 2018 amounted to Baht 36 million (The Company only: Baht 26 million) (31 December 2017: Baht 36 million, the Company only Baht 26 million).

22. Warrants

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 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. Subsequently on 8 February 2018, the Company issued the 25,594,557 units of PDJ-W2 to the existing shareholders of the Company. The warrants have an exercise period of 1 year from the date of issue, and are exercisable for one time on the date of the first anniversary of the issuance of the warrants. The first and the last exercise dates are on 7 February 2019.
- 2) 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. Subsequently on 8 February 2018, the Company issued the 25,594,557 units of PDJ-W3 to the existing shareholders of the Company. The warrants have an exercise period of 2 years from the date of issue, and are exercisable for one time on the date of the second anniversary of the issuance of the warrants. The first and the last exercise dates are on 7 February 2020.

- 3) 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. Subsequently on 8 February 2018, the Company issued the 51,190,390 units of PDJ-W4 to the existing shareholders of the Company. The warrants have an exercise period of 3 years from the date of issue, and are exercisable for one time on the date of the third anniversary of the issuance of the warrants. The first and the last exercise dates are on 7 February 2021.
- 4) 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.

23. Share capital

On 29 January 2018, the Extraordinary Shareholder's Meeting of the Company passed a resolution to approve 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. The Company registered to increase the registered capital with the Ministry of Commerce on 7 February 2018.

Reconciliation of number of ordinary shares

During the current period, the movements of paid-up capital and premium on ordinary shares of the Company are as follows:

	Number of ordinary shares (Thousand shares)	Paid-up capital (Thousand Baht)	Share premium (Thousand Baht)
<u>Issued and paid-up share capital</u>			
As at 1 January 2018	409,529	409,529	786,855
Increase in capital from exercising of the rights of the convertible debenture	7,153	7,153	12,847
As at 31 March 2018	<u>416,682</u>	<u>416,682</u>	<u>799,702</u>

24. 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.

25. Earnings per share

Basic earnings per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit (loss) for the period attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

(Unaudited but reviewed)

The following tables set forth the computation of basic and diluted earnings per share:

	For the three-month periods ended 31 March			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Basic earnings per share				
Loss attributable to equity holders of the Company				
(Thousand Baht)	(85,243)	(75,780)	(55,544)	(30,012)
Weighted average number of ordinary shares				
(Thousand shares)	406,989	398,947	406,989	398,947
Loss per share (Baht per share)	(0.2094)	(0.1900)	(0.1365)	(0.0752)

However, no calculation of diluted earnings per share for the three-month period ended 31 March 2018 was required for warrants and convertible debentures since the effect of diluted earnings per share is antidilutive (31 March 2017: No dilutive potential ordinary shares).

26. Financial instruments

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

(Unit: Million)

Foreign currencies	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
US Dollar	7	6	13	12	33	33	9	8
Euro	-	-	-	-	11	10	-	-
Pound Sterling	-	-	-	-	10	9	-	-

Foreign currencies	Average exchange rate as at	
	31 March 2018	31 December 2017
	(Baht per 1 foreign currency unit)	
US Dollar	31.19	32.64
Euro	38.38	38.98
Pound Sterling	43.76	43.92

(Unaudited but reviewed)

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

Consolidated financial statements as at 31 March 2018

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	2,010,396	31.32 - 31.44 Baht per US dollar	August 2018
Euro	17,881	39.37 Baht per Euro	July 2018

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

Separate financial statements as at 31 March 2018

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	2,010,396	31.32 - 31.44 Baht per US dollar	August 2018
Euro	17,881	39.37 Baht per Euro	July 2018

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

(Unaudited but reviewed)

27. Segment information

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

The following table presents revenues and profit (loss) information regarding the Company's and its subsidiaries' operating segments for the three-month periods ended 31 March 2018 and 2017.

(Unit: Million Baht)

For the three-month periods ended 31 March

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenues														
Revenues from external customers	342	491	113	202	252	252	-	-	707	945	-	-	707	945
Revenues from intersegment	188	269	-	1	62	76	-	1	250	347	(250)	(347)	-	-
Total revenues	<u>530</u>	<u>760</u>	<u>113</u>	<u>203</u>	<u>314</u>	<u>328</u>	<u>-</u>	<u>1</u>	<u>957</u>	<u>1,292</u>	<u>(250)</u>	<u>(347)</u>	<u>707</u>	<u>945</u>
Results														
Segment profit (loss)	(28)	3	(38)	(29)	11	20	(3)	(5)	(58)	(11)	20	(12)	(38)	(23)
Unallocated revenues and expenses														
Interest income													-	1
Other income													7	6
Loss on exchange rate													(36)	(29)
Share of profit from investment in associated company													1	1
Finance cost													(22)	(34)
Loss before income tax expenses													(88)	(78)
Tax income (expenses)													(5)	1
Loss for the period													<u>(93)</u>	<u>(77)</u>

28. Commitments and contingent liabilities

28.1 Capital commitments

As at 31 March 2018, an overseas subsidiary company had capital commitments totaling INR 10 million or approximately Baht 5 million, relating to building construction and building improvements.

28.2 Operating lease commitments

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

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

	(Unit: Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	As at			
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
Payable:				
In up to 1 year	33	36	-	-
In over 1 and up to 5 years	30	21	-	-
In over 5 years	7	8	-	-

28.2 Guarantees

28.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 31 March 2018, there were outstanding guarantees of Baht 381 million and USD 6 million (31 December 2017: Baht 381 million, USD 6 million), totaling of Baht 568 million (31 December 2017: Baht 577 million).

28.3.2 As at 31 March 2018, there was outstanding bank guarantee of Baht 21 million (31 December 2017: Baht 21 million) issued by a bank to meet obligations of the Company to the Revenue Department as described in Note 28.5.1 to the financial statements.

28.3.3 As at 31 March 2018, there were outstanding bank guarantees of Baht 7.9 million, (31 December 2017: Baht 7.9 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 (31 December 2017: Baht 7.7 million)).

28.3.4 As at 31 March 2018, the Company and its subsidiaries have outstanding standby-letters of credit of USD 14 million, or approximately Baht 421 million (31 December 2017: USD 14 million or totaling Baht 441 million) (The Company only: USD 7.5 million, totaling of Baht 234 million (31 December 2017: USD 7.5 million, or approximately Baht 245 million)).

28.4 Long-term service commitments

28.4.1 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 December 2015 to May 2018. The fees for the current period amounting to Baht 0.3 million (For the three-month period ended 31 March 2017: Baht 0.3 million) were recognised as expenses.

28.4.2 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.

28.5 Litigation

28.5.1 Tax assessment by the Revenue Department

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

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

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

28.5.2 Litigation of an overseas subsidiary

In December 2015, an overseas subsidiary company in France was jointly sued for infringement of models and unfair competition by two companies incorporated in Switzerland, claiming compensation of EUR 1.02 million, or approximately Baht 40 million.

Later, in March 2018, the Court in France issued a judgement that the subsidiary was guilty of unfair competition and dismissing the lawsuit relating to infringement of models, ordering the subsidiary to pay Euro 50,000 or approximately Baht 2 million in compensatory damages to the two companies incorporated in Switzerland. The subsidiary has recorded a provision for these damages in its accounts.

At present, the management is considering whether to appeal to the Court in France.

28.5.3 Tax assessments of an overseas subsidiary

In 2017, 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 March 2018, 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.

28.6 Service commitments

In 2017, 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.

29. Fair value hierarchy

As at 31 March 2018 and 31 December 2017, the Company and its subsidiaries had the assets and liabilities that were measured or disclosed at fair value using different levels of inputs as follows:

	(Unit: Million Baht)		
	Consolidated Financial Statements		
	As at 31 March 2018		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	33	-	33
Assets for which fair value are disclosed			
Investment property	-	708	708
Liabilities measured at fair value			
Options	3	-	3

	(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

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 March 2018		
	Level 1	Level 2	Total
Assets measured at fair value			
Held for trade investments			
Equity instruments	33	-	33
Assets for which fair value are disclosed			
Investment property	-	654	654
Liabilities measured at fair value			
Options	3	-	3

(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			
Equity instruments	36	-	36
Assets for which fair value are disclosed			
Investment property	-	654	654

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

30. Approval of interim financial statements

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 May 2018.