

**Pranda Jewelry Public Company Limited and its subsidiaries**

**Notes to interim consolidated financial statements**

**For the three-month and nine-month periods ended 30 September 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 standards 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 and a set of 5 standards related to financial instruments, which are effective for fiscal years beginning on or after 1 January 2020. Key principles of these standards 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.

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

### **Thai Financial Reporting Standards related to financial instruments**

The set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 9	Financial Instruments
TFRS 7	Financial Instruments: Disclosures

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are 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 debentures 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 periods ended 30 September		For the three-month periods ended 30 September		
	<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	-	-	169	233	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	79	82	With reference to market price
Loan interest income	-	-	1	1	Per loan agreement
Guarantee fee income	-	-	1	1	At 1 percent per annum
Service income	-	-	2	4	Agreed between the parties
Management fee income	-	-	5	7	Agreed between the parties
Service expenses	-	-	1	2	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	29	18	29	18	With reference to market price
Service income	1	1	1	1	Agreed between the parties

## (Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	For the three-month periods ended 30 September		For the three-month periods ended 30 September		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with the Company's directors/ related companies</u>					
Sales of goods	5	7	5	3	Normal business price close to those charged to other customers
Purchases of goods	12	10	-	-	With reference to market price
Loan interest income	1	1	-	-	Per loan agreement
Loan interest expenses	1	-	1	-	Per loan agreement
Purchase of machinery and equipment	1	1	-	-	Agreed between the parties

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September		
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries (eliminated from the consolidated financial statements)</u>					
Sales of goods	-	-	552	741	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	186	225	With reference to market price
Loan interest income	-	-	3	3	Per loan agreement
Guarantee fee income	-	-	3	3	At 1 percent per annum
Service income	-	-	6	7	Agreed between the parties
Management fee income	-	-	17	21	Agreed between the parties
Service expenses	-	-	3	5	Agreed between the parties
Purchases of machinery and equipment	-	-	-	2	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	66	139	66	139	With reference to market price
Service income	1	1	1	1	Agreed between the parties
<u>Transactions with the Company's directors/ related companies</u>					
Sales of goods	11	9	9	5	Normal business price close to those charged to other customers
Purchases of goods	29	39	3	-	With reference to market price
Loan interest income	2	1	-	-	Per loan agreement
Service income	1	1	1	1	Agreed between the parties
Service expenses	-	1	-	-	Agreed between the parties
Loan interest expenses	3	-	3	-	Per loan agreement
Purchase of machinery and equipment	1	1	-	-	Agreed between the parties

(Unaudited but reviewed)

As at 30 September 2018 and 31 December 2017, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Million Baht) Separate	
	financial statements	financial statements	financial statements	financial statements
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<b><u>Trade accounts receivable - related parties (Note 4)</u></b>				
Subsidiaries	-	-	875	785
Related companies (related by common directors)	43	37	42	36
Total	43	37	917	821
Less: Allowance for doubtful accounts	(30)	(29)	(216)	(212)
Total trade accounts receivable - related parties, net	13	8	701	609
<b><u>Other receivables - related parties (Note 4)</u></b>				
Subsidiaries	-	-	55	223
Related companies (related by common directors)	2	2	2	1
Subsidiary and related company's directors	13	11	8	5
Total	15	13	65	229
Less: Allowance for doubtful accounts	-	-	(25)	(180)
Total other receivables - related parties, net	15	13	40	49
<b><u>Accrued interest income - related parties (Note 4)</u></b>				
Subsidiaries	-	-	30	28
Related companies (related by common directors)	1	-	-	-
Total	1	-	30	28
Less: Allowance for doubtful accounts	-	-	(25)	(25)
Total accrued interest income - related parties, net	1	-	5	3
<b><u>Amounts due from related parties</u></b>				
Subsidiary and related company's directors	5	8	5	8
Total amounts due from related parties, net	5	8	5	8
<b><u>Trade and other payables - related parties (Note 17)</u></b>				
Subsidiaries	-	-	32	35
Associated companies	3	-	3	-
Related companies (related by common directors)	29	26	-	-
The Company's directors	1	-	1	-
Total trade and other payables - related parties	33	26	36	35

(Unaudited but reviewed)

### Loans to related parties

As at 30 September 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	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
<b><u>Short-term loans to related parties</u></b>				
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
<b><u>Long-term loans to related parties</u></b>				
<u>Subsidiaries</u>				
Long-term loans	-	-	541	561
Less : Allowance for doubtful accounts	-	-	(210)	(218)
Long-term loans, net of current portion	-	-	331	343

(Unit: Million Baht)

		Consolidated financial statements				
Short-term loans	Related by	Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	gain (loss) on	30 September
		2017	the period	the period	exchange	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	The Director is the Subsidiary's					
Ciptalogam	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.

(Unaudited but reviewed)

(Unit: Million Baht)

		Separate financial statements				
		Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	loss on	30 September
Short-term loans	Related by	2017	the period	the period	exchange	2018
Pranda & Kroll GmbH & Co. KG	Subsidiary	20	-	-	(1)	19
H.GRINGOIRE s.a.r.l	Subsidiary	28	-	-	-	28
PT Pranda Marketing Indonesia	Subsidiary	-	16	-	-	16
Total short-term loans		48	16	-	(1)	63

(Unit: Million Baht)

		Separate financial statements				
		Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	loss on	30 September
Long-term loans	Related by	2017	the period	the period	exchange	2018
Pranda & Kroll GmbH & Co. KG	Subsidiary	27	-	-	(1)	26
Pranda UK Ltd.	Subsidiary	338	-	-	(13)	325
H.GRINGOIRE s.a.r.l	Subsidiary	196	-	-	(6)	190
Total long-term loans		561	-	-	(20)	541

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 102 million of interest income under the long-term loan agreements were not recognised as income. Interest income for the nine-month periods ended 30 September 2018 and 2017 amounting to Baht 30 million and Baht 31 million, respectively).

During the current period, the Company and its subsidiary, Pranda & Kroll GmbH & Co. KG, made an agreement to cease interest calculation of all loans which the Company granted to the subsidiary. This agreement became effective since 1 April 2018 onwards.



**Short-term loans from related parties**

As at 30 September 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 December 2018.

**Directors and management's benefits**

During the three-month and nine-month periods ended 30 September 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 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	18.2	16.7	8.0	7.2
Post-employment benefits	0.2	0.2	0.1	0.1
Total	<u>18.4</u>	<u>16.9</u>	<u>8.1</u>	<u>7.3</u>

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term employee benefits	50.7	48.6	21.3	21.6
Post-employment benefits	0.7	0.3	0.4	0.4
Total	<u>51.4</u>	<u>48.9</u>	<u>21.7</u>	<u>22.0</u>

**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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	3,428	717	73,639	119,816
Past due				
Up to 3 months	2,335	2,864	89,664	83,791
3 - 6 months	2,724	2,100	89,999	128,599
6 - 12 months	3,029	1,433	209,789	90,133
Over 12 months	31,788	29,833	454,337	398,775
Total	43,304	36,947	917,428	821,114
Less: Allowance for doubtful debts	(29,927)	(28,671)	(216,751)	(212,391)
Total trade accounts receivable - related parties, net (Note 3)	13,377	8,276	700,677	608,723
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	226,207	195,416	149,397	88,243
Past due				
Up to 3 months	98,788	142,318	43,366	24,610
3 - 6 months	25,486	16,851	1,960	6,436
6 - 12 months	10,417	12,424	-	233
Over 12 months	34,591	46,357	27,559	28,373
Total	395,489	413,366	222,282	147,895
Less: Allowance for doubtful debts	(36,897)	(44,176)	(27,595)	(28,373)
Total trade accounts receivable - unrelated parties, net	358,592	369,190	194,687	119,522
Total trade accounts receivable, net	371,969	377,466	895,364	728,245

(Unaudited but reviewed)

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Audited)		(Audited)
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	15,224	12,532	64,927	229,101
Other receivables - unrelated parties	9,188	14,166	685	692
Accrued interest income - related parties (Note 3)	880	-	29,663	27,983
Accrued interest income	2,252	2,260	2,135	2,120
Total	27,544	28,958	97,410	259,896
Less: Allowance for doubtful debts	(5,433)	(4,794)	(52,260)	(207,437)
Total other receivables, net	22,111	24,164	45,150	52,459
Total trade and other receivables, net	394,080	401,630	940,514	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 nine-month periods ended 30 September 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	4,087	1,934
Less: Reversal of reduce cost to net realisable value of inventories	(7,710)	(2,476)
Balance as at 30 September 2018	214,662	161,545

As at 30 September 2018, the Company has pledged most of the Company's inventories to secure credit facilities from commercial banks amounting to Baht 500 million. In addition, an overseas subsidiary 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.

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, and the letter of guarantee issued by bank on behalf of subsidiary for electricity use.

**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	
	30 September 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
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	1,513,979	1,626,502
Less: Allowance for impairment of investments	(862,714)	(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.

**Subsidiary - Guangzhou Pangda Zhubao Shoushi Youxian Gongsi**

On 27 September 2013, a meeting of the Company's Board of Directors passed a resolution to dissolve a subsidiary, Guangzhou Pangda Zhubao Shoushi Youxian Gongsi, on 27 September 2013. This subsidiary is not a significant segment of the Group, therefore, there is no significant impact on the consolidated financial statements. In addition, the Company has made full allowance for impairment loss on investment in this subsidiary.

Subsequently on 27 June 2018, the subsidiary was liquidated. The Company write off net investment of this subsidiary and recorded gain on liquidation of subsidiary company of Baht 2 million in the consolidated income statement.

**9. Investment in associated company**

Company's name	(Unit: Thousand Baht)	
	Consolidated financial statements	
	Investment value - equity method	
	30 September 2018	31 December 2017
		(Audited)
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share of profit	5,691	5,379
Total carrying amounts based on equity method	9,291	8,979

Company's name	(Unit: Thousand Baht)					
	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
		(Audited)		(Audited)		(Audited)
KZ-Pranda Co., Ltd.	3,600	3,600	(3,600)	(3,600)	-	-

(Unaudited but reviewed)

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 30 September 2018 and 31 December 2017 are summarised below:

(Unit: Thousand Baht)

	Consolidated financial statements			
	30 September 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
				(Audited)
<b>Available-for-sale securities</b>				
Overseas marketable equity securities	97,979	25,182	97,979	35,677
Less: Deficit on changes in value of investments in securities available for sales	(72,797)		(62,302)	
	<u>25,182</u>		<u>35,677</u>	
<b>Other investments</b>				
Overseas non-marketable equity securities	14,490		14,490	
Total other long-term investments	<u>39,672</u>		<u>50,167</u>	

(Unit: Thousand Baht)

	Separate financial statements			
	30 September 2018		31 December 2017	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
				(Audited)
<b>Available-for-sale securities</b>				
Overseas marketable equity securities	97,979	25,182	97,979	35,677
Less: Deficit on changes in value of investments in securities available for sales	(72,797)		(62,302)	
	<u>25,182</u>		<u>35,677</u>	
<b>Other investments</b>				
Overseas non-marketable equity securities	13,350		13,350	
Total other long-term investments	<u>38,532</u>		<u>49,027</u>	

(Unaudited but reviewed)

## 11. Other receivables

The outstanding balances as at 30 September 2018 and 31 December 2017 are presented below.

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	30 September 2018	31 December 2017
		(Audited)
Promissory note	50,120	50,568
Less: Allowance for devaluation	(50,120)	(50,568)
Other receivable, net	-	-

## 12. Investment properties

Movements of the investment properties account during the nine-month period ended 30 September 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	(300)	-
Net book value as at 30 September 2018	589,273	577,552

The Company has mortgaged investment properties of the Company and a local subsidiary with a total net book value as at 30 September 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 nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	<u>financial statements</u>	<u>financial statements</u>
Net book value as at 1 January 2018	699,767	576,398
Acquisitions during the period - at cost	12,688	4,233
Disposals during the period - net book value as at disposal date	(376)	(78)
Depreciation for the period	(51,152)	(34,795)
Translation adjustment during the period	(6,506)	-
Net book value as at 30 September 2018	<u>654,421</u>	<u>545,758</u>

The Company and its subsidiaries have mortgaged their property, plant and equipment with a total net book value as at 30 September 2018 of approximately Baht 435 million (31 December 2017: Baht 458 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 379 million (31 December 2017: Baht 393 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.



(Unaudited but reviewed)

Tax expenses (income) for the three-month and nine-month periods ended 30 September 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the three-month periods ended 30 September		For the three-month periods ended 30 September	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	(717)	991	(4,222)	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	12,970	(114)	12,946	(362)
<b>Tax expenses (income) reported in the statements of income</b>	<u>12,253</u>	<u>877</u>	<u>8,724</u>	<u>(362)</u>

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	For the nine-month periods ended 30 September		For the nine-month periods ended 30 September	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	22,754	1,585	14,523	-
Income tax expenses resulting from tax assessment	10,604	-	10,604	-
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	35,241	(2,851)	34,090	(2,477)
<b>Tax expenses (income) reported in the statements of income</b>	<u>68,599</u>	<u>(1,266)</u>	<u>59,217</u>	<u>(2,477)</u>

(Unaudited but reviewed)

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

(Unit: Thousand Baht)

	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30 September	31 December	30 September	31 December	30 September	31 December
	2018	2017	2018	2017	2018	2017
		(Audited)		(Audited)		(Audited)
Bank overdrafts	MOR	MOR	-	15,160	-	15,160
Short-term loans from financial institutions	MLR - 2.75, 3.00, 5.25, 10.25	MLR - 2.50, 2.90, 5.50, 11.25	352,732	296,008	284,652	179,800
Total			352,732	311,168	284,652	194,960

Bank overdrafts and short-term loans from financial institutions of the Company are secured by pledges most of inventories of the Company, 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	Separate
	financial statements	financial statements
Balance as at 1 January 2018	213,816	163,985
Add: Issuance of bills of exchange	90,000	40,000
Add: Amortisation of prepaid interest expenses	8,335	6,814
Less: Repayment	(230,000)	(180,000)
Less: Prepaid interest expenses	(3,013)	(1,492)
Balance as at 30 September 2018	79,138	29,307

(Unaudited but reviewed)

As at 30 September 2018, bills of exchange of the Company are subject to interest at rate of 7.75 percent per annum (31 December 2017: 6.75 percent to 8.25 percent per annum) and mature in January 2019. Bills of exchange are secured by 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	
	30 September	31 December	30 September	31 December
	2018	2017	2018	2017
		(Audited)		(Audited)
Trade and other payables - related parties				
(Note 3)	32,944	26,061	35,922	35,422
Trade payables - unrelated parties	599,312	478,665	429,041	335,677
Other payables - unrelated parties	13,990	27,269	4,026	10,791
Accrued expenses	70,095	61,096	32,667	19,691
Total trade and other payables	<u>716,341</u>	<u>593,091</u>	<u>501,656</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 first quarter of 2018.

(Unaudited but reviewed)

## 19. Long-term loans

The outstanding balances of long-term loans as at 30 September 2018 and 31 December 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
			(Audited)	
Long-term loans - net of deferred financial service fee	230,915	647,963	91,184	479,407
Less: Current portion - net	(126,934)	(515,264)	(91,184)	(479,407)
Long-term loans - net of current portion - net	103,981	132,699	-	-

Movements in the long-term loans account during the nine-month period ended 30 September 2018 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2018	647,963	479,407
Less: Repayment	(417,273)	(388,223)
Add: Amortisation of deferred financial service fee	225	-
Balance as at 30 September 2018	230,915	91,184

The long-term loans of the Company are secured by pledges most of inventories of the Company, mortgage of land with structures, and investment properties and by fixed deposits pledged with the bank and the guarantee of the Company's directors. The loan agreements contain covenants as specified in the agreements that, among other things, require the Company to maintain certain debt to equity ratio and debt service coverage ratio (DSCR) prescribed in the agreements.

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. Therefore, the Company classified such loans in accordance with repayment schedule specified in the agreement.

Long-term loan of a local subsidiary company was 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, requires 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 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	<p>Not exceeding Baht 500 million divided into 3 tranches as follows:</p> <ol style="list-style-type: none"> <li data-bbox="715 1294 1441 1487">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> <li data-bbox="715 1509 1441 1702">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> <li data-bbox="715 1724 1441 1917">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.</li> </ol>

Issuance of convertible debentures	<p>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.</p> <p>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.</p>
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.

During the current period, the Company issued and offered the Convertible Debentures to Advance Opportunities Fund I and Advance Credit Fund SPC - Golden Fund SP in the amount of Baht 50 million and Baht 50 million, respectively. These funds exercised the conversion rights under the Convertible in the amount of Baht 40 million. The number of shares to be issued for the exercise of conversion rights is 15,110,788 shares at the par value of Baht 1 each, so the total paid up capital to be increased for exercises of conversion rights is Baht 15,110,788 and the Company has registered the increase of the paid-up capital with the Ministry of Commerce.

(Unaudited but reviewed)

The convertible debentures and options are summarised below.

	(Unit: Thousand Baht)
Nominal value of issue of convertible debentures	100,000
Less: Transaction costs	(16,341)
Less: Exercise of conversion rights	(35,778)
Add: Amortised - transaction cost	3,821
Balance as at 30 September 2018	<u>51,702</u>

	(Unit: Thousand Baht)
Nominal value of options	11,111
Less: Exercise of conversion rights	(4,444)
Balance as at 30 September 2018	<u>6,667</u>

## 21. Provision for long-term employee benefits

Provision for long-term employee benefits as at 30 September 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	8,465	954	9,419
Interest cost	3,231	207	3,438
Benefits paid during the period	(2,055)	(117)	(2,172)
Balances as at 30 September 2018	<u>197,026</u>	<u>13,845</u>	<u>210,871</u>

	(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	7,414	787	8,201
Interest cost	3,040	194	3,234
Balances as at 30 September 2018	<u>185,244</u>	<u>12,774</u>	<u>198,018</u>

The cumulative amount of actuarial gains recognised in other comprehensive income and taken as part of retained earnings of the Company and its subsidiaries as at 30 September 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 to purchase new ordinary shares of the Company**

### **22.1 Warrants to purchase new ordinary shares to existing shareholders**

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.



## 22.2 Warrants to purchase new ordinary shares of the Company issued to the directors and employees of the Company (ESOP)

On 29 January 2018, the Extraordinary Shareholder's Meeting of the Company passed a resolution to approve issuance and offering of the warrants to purchase ordinary shares of the Company to its directors and employees of the Company No.2 at the total number of 20,476,450 units at no cost and with the exercise price of Baht 4 per share and with the term not exceeding 3 years from issuance date of the warrants.

On 14 August 2018, the Board of Director Meeting of the Company passed a resolution to approve the allocation and determine any other detail regarding the issuance of the warrants to purchase ordinary shares of the Company to its directors and employees of the Company (PDJ ESOP-2). Details of the warrants are summarised below.

Warrants issuing date	14 August 2018
Term of warrants	3 years from the issuance date
Warrants expiring date	14 August 2021
Amount of warrants (Units)	20,476,450
Exercise ratio	One unit of the Warrants for Directors and Employees No. 2 for one ordinary share
Exercise price	Baht 4 per share unless the exercise ratio is otherwise adjusted pursuant to the conditions concerning the right adjustment.
Exercise period	Once a year on the date of each anniversary of the issuance of the Warrants.
First Exercise date	14 August 2019
Last Exercise date	14 August 2021
Proportion for Exercise	<p>The First Exercise: To exercise the accrued right not exceeding 25 percent of the Warrants which allocated to each holder by the Company.</p> <p>The Second Exercise: To exercise the accrued right not exceeding 50 percent of the Warrants which allocated to each holder by the Company (inclusive of first and second exercises).</p> <p>The Third Exercise: To exercise the accrued right not exceeding 100 percent of the Warrants which allocated to each holder by the Company. (inclusive of first to third exercises)</p>

The management of the Company is currently evaluating fair value of the warrants to purchase new ordinary shares of the Company issued to the directors and employees of the Company. Therefore, the Company has not recorded such transactions. However, the management of the Company believes that these transactions does not have any significant impact to the consolidated and separate financial statements.

### 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 for offering of the convertible debentures, warrants No.2, No.3, No.4 and warrants for its directors and employees No.2. 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 number of ordinary shares, paid-up capital and premium on ordinary shares of the Company are as follows:

	Number of ordinary shares <u>(Thousand shares)</u>	Paid-up capital <u>(Thousand Baht)</u>	Share premium <u>(Thousand Baht)</u>
<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	<u>15,111</u>	<u>15,111</u>	<u>25,111</u>
As at 30 September 2018	<u>424,640</u>	<u>424,640</u>	<u>811,966</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.

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

Consolidated financial statements					
For the three-month periods ended 30 September					
Loss for the period		Weighted average number		Loss per share	
		of ordinary shares			
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Loss attributable to equity holders of the Company					
<u>(44,687)</u>	<u>(35,423)</u>	<u>421,864</u>	<u>398,947</u>	<u>(0.1059)</u>	<u>(0.0888)</u>

However, no calculation of diluted earnings per share for the consolidated financial statements for the three-month period ended 30 September 2018 was required for warrants and convertible debentures since the effect of diluted earnings per share is antidilutive (30 September 2017: No dilutive potential ordinary shares).

Consolidated financial statements					
For the nine-month periods ended 30 September					
Profit (loss) for the period		Weighted average number		Earnings (loss) per share	
		of ordinary shares			
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company					
138,931	(127,723)	415,584	398,947	0.3343	(0.3202)
<b>Effect of potential ordinary shares</b>					
Warrants (PDJ-W2)	-	14,443	-		
Warrants (PDJ-W3)	-	14,443	-		
Warrants (PDJ-W4)	-	28,886	-		
Convertible debentures	(1,459)	48,425	-		
	<u>(1,459)</u>	<u>106,197</u>	<u>-</u>		
<b>Diluted earnings per share</b>					
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares and convertible debentures					
<u>137,472</u>	<u>(127,723)</u>	<u>521,781</u>	<u>398,947</u>	<u>0.2635</u>	<u>(0.3202)</u>

(Unaudited but reviewed)

Separate financial statements					
For the three-month periods ended 30 September					
Profit (loss) for the period		Weighted average number of ordinary shares		Earnings (loss) per share	
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company					
8,925	(11,470)	421,864	398,947	0.0212	(0.0288)
<b>Effect of potential ordinary shares</b>					
-	-	16,112	-		
-	-	16,112	-		
-	-	33,701	-		
(2,055)	-	66,739	-		
<u>(2,055)</u>	<u>-</u>	<u>132,664</u>	<u>-</u>		
<b>Diluted earnings per share</b>					
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares and convertible debentures					
<u>6,870</u>	<u>(11,470)</u>	<u>554,528</u>	<u>398,947</u>	<u>0.0124</u>	<u>(0.0288)</u>

Separate financial statements					
For the nine-month periods ended 30 September					
Profit (loss) for the period		Weighted average number of ordinary shares		Earnings (loss) per share	
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares)	(Baht)	(Baht)
<b>Basic earnings per share</b>					
Profit (loss) attributable to equity holders of the Company					
241,190	(21,899)	415,584	398,947	0.5804	(0.0549)
<b>Effect of potential ordinary shares</b>					
-	-	14,443	-		
-	-	14,443	-		
-	-	28,886	-		
(1,459)	-	48,425	-		
<u>(1,459)</u>	<u>-</u>	<u>106,197</u>	<u>-</u>		
<b>Diluted earnings per share</b>					
Profit (loss) of ordinary shareholders assuming the conversion of warrants to ordinary shares and convertible debentures					
<u>239,731</u>	<u>(21,899)</u>	<u>521,781</u>	<u>398,947</u>	<u>0.4594</u>	<u>(0.0549)</u>

(Unaudited but reviewed)

An exercise price of the warrants to purchase ordinary shares of the Company to its directors and employees of the Company (PDJ ESOP-2) were higher than the average market price of the Company's shares for the three-month and nine-month periods ended 30 September 2018. Therefore, the Company has not included the conversion of these warrants in the calculation of diluted earnings per share.

## 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	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
US Dollar	8	6	16	12	32	33	11	8
Euro	-	-	-	-	10	10	-	-
Pound Sterling	-	-	-	-	10	9	-	-

Foreign currencies	Average exchange rate as at	
	30 September 2018	31 December 2017
	(Baht per 1 foreign currency unit)	
US Dollar	32.36	32.64
Euro	37.67	38.98
Pound Sterling	42.32	43.92

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

### Consolidated financial statements as at 30 September 2018

Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
<u>Forward contracts to "Sell"</u>			
US Dollar	663,795	31.31 - 32.00 Baht per US dollar	November 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

(Unaudited but reviewed)

Separate financial statements as at 30 September 2018

<u>Foreign currencies</u>	<u>Amount</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
<u>Forward contracts to "Sell"</u>			
US Dollar	663,795	31.31 - 32.00 Baht per US dollar	November 2018

Separate financial statements as at 31 December 2017

<u>Foreign currencies</u>	<u>Amount</u>	<u>Contractual exchange rate</u>	<u>Contractual maturity date</u>
<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 and nine-month periods ended 30 September 2018 and 2017.

(Unit: Million Baht)

### For the three-month periods ended 30 September

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
<b>Revenues</b>														
Revenues from external customers	419	258	94	136	203	233	-	-	716	627	-	-	716	627
Revenues from intersegment	154	236	-	-	62	80	-	-	216	316	(216)	(316)	-	-
<b>Total revenues</b>	<b>573</b>	<b>494</b>	<b>94</b>	<b>136</b>	<b>265</b>	<b>313</b>	<b>-</b>	<b>-</b>	<b>932</b>	<b>943</b>	<b>(216)</b>	<b>(316)</b>	<b>716</b>	<b>627</b>
<b>Results</b>														
Segment profit (loss)	29	(27)	(36)	(43)	12	8	(2)	(1)	3	(63)	4	25	7	(38)
<b>Unallocated revenues and expenses</b>														
Interest income													2	1
Other income													8	10
Gain (loss) on exchange													(45)	4
Finance cost													(16)	(19)
Loss before income tax expenses													(44)	(42)
Tax expenses													(12)	(1)
<b>Loss for the period</b>													<b>(56)</b>	<b>(43)</b>



(Unaudited but reviewed)

(Unit: Million Baht)

**For the nine-month periods ended 30 September**

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<b>Revenues</b>														
Revenues from external customers	1,008	1,009	371	493	661	697	-	-	2,040	2,199	-	-	2,040	2,199
Revenues from intersegment	535	743	3	1	164	216	-	5	702	965	(702)	(965)	-	-
<b>Total revenues</b>	<u>1,543</u>	<u>1,752</u>	<u>374</u>	<u>494</u>	<u>825</u>	<u>913</u>	<u>-</u>	<u>5</u>	<u>2,742</u>	<u>3,164</u>	<u>(702)</u>	<u>(965)</u>	<u>2,040</u>	<u>2,199</u>
<b>Results</b>														
Segment profit (loss)	(23)	(34)	(96)	(111)	26	20	(6)	(11)	(99)	(136)	33	28	(66)	(108)
<b>Unallocated revenues and expenses</b>														
Interest income													4	3
Other income													25	24
Gain on liquidation of subsidiary company													2	-
Gain on sales of assets held for sales													334	-
Loss on exchange													(65)	(2)
Share of profit from investment in associated company													-	2
Finance cost													(57)	(64)
Profit (loss) before income tax expenses													177	(145)
Tax income (expenses)													(69)	1
<b>Profit (loss) for the period</b>													<u>108</u>	<u>(144)</u>

## 28. Commitments and contingent liabilities

### 28.1 Capital commitments

As at 30 September 2018, an overseas subsidiary company had capital commitments of INR 9 million, or Baht 4 million, relating to acquisition of 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)			
	Consolidated financial statements		Separate financial statements	
	As at			
	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Payable:				
In up to 1 year	31	36	-	-
In over 1 and up to 5 years	27	21	-	-
In over 5 years	7	8	-	-

### 28.3 Guarantees

28.3.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiaries. As at 30 September 2018, there were outstanding guarantees of Baht 287 million and USD 6 million (31 December 2017: Baht 381 million, USD 6 million), totaling of Baht 475 million (31 December 2017: Baht 577 million).

28.3.2 As at 30 September 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)).

28.3.3 As at 30 September 2018, the Company and its subsidiaries have outstanding standby-letters of credit of USD 17.5 million, or approximately Baht 566 million (31 December 2017: USD 14 million or totaling Baht 441 million) (The Company only: USD 11.5 million, totaling of Baht 372 million (31 December 2017: USD 7.5 million, or approximately Baht 245 million)).

#### **28.4 Long-term service commitments**

An overseas subsidiary company has entered into a license agreement with an overseas company for the use of a trademark. Under the conditions of the license agreement, the subsidiary is to pay a yearly license fee as stipulated in the agreement. The agreement period has started from March 2017 to December 2018.

#### **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.

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.

On 25 June 2018, the Supreme Court of tax department issued a judgement in the Revenue Department's favour, and ordered the Company to pay the tax amounting to Baht 11 million and surcharges amounting to Baht 10 million, totaling of approximately Baht 21 million to the Revenue Department. The Company recorded these expenses for this tax assessment in its account.

Subsequently on 24 August 2018, the Company paid the tax to the Revenue department and redeemed a bank guarantee issued by a bank on behalf of the Company in relation to the tax assessment on 27 September 2018.

### **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.

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 recorded provision for these damages in its accounts.

Later, in September 2018, the subsidiary paid the compensatory damages ordered by the French court. Two companies incorporated in Switzerland have submitted an appeal to the French court, to order prohibited the subsidiary to cease commercial activities and destroy all jewelry, production equipment and drawings which relate to disputed models and ordered the insertion of the judgement to come in publication. The case is currently on process of Court of Appeal 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 14 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 30 September 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.

(Unaudited but reviewed)

## 29. Fair value hierarchy

As at 30 September 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 30 September 2018			
Level 1	Level 2	Total	
<b>Assets measured at fair value</b>			
Held for trade investments			
Equity instruments	25	-	<b>25</b>
<b>Assets for which fair value are disclosed</b>			
Investment property	-	708	<b>708</b>
<b>Liabilities measured at fair value</b>			
Options	7	-	<b>7</b>

(Unit: Million Baht)

Consolidated Financial Statements			
As at 31 December 2017			
Level 1	Level 2	Total	
<b>Assets measured at fair value</b>			
Held for trade investments			
Equity instruments	36	-	<b>36</b>
<b>Assets for which fair value are disclosed</b>			
Investment property	-	708	<b>708</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate Financial Statements		
	As at 30 September 2018		
	Level 1	Level 2	Total
<b>Assets measured at fair value</b>			
Held for trade investments			
Equity instruments	25	-	<b>25</b>
<b>Assets for which fair value are disclosed</b>			
Investment property	-	654	<b>654</b>
<b>Liabilities measured at fair value</b>			
Options	7	-	<b>7</b>

(Unit: Million Baht)

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

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 12 November 2018.