

**Pranda Jewelry Public Company Limited and its subsidiaries**  
**Notes to interim consolidated financial statements**  
**For the three-month and six-month periods ended 30 June 2020**

**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 Coronavirus disease 2019 Pandemic**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries in terms of supply chains, consumer spending, limited or suspended production, operational delays, and more.

This situation significantly affects the Group’s business activities in terms of goods distribution as most distribution channels are unavailable, and this is significantly impacting the Group’s financial position, operating results, and cash flows at present, and is expected to do so in the future. However, the impact cannot be reasonably estimated at this stage. The Group’s management has continuously monitored ongoing developments and assessed the financial impact in respect of the valuation of assets, provisions and contingent liabilities, and will record the impact when it is possible to do so.

**1.3 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.

#### **1.4 Basis of consolidation**

These interim consolidated financial statements include the financial statements of the Group and have been prepared on the same basis as that applied for the consolidated financial statements for the year ended 31 December 2019. There were no changes in the composition of the Group during the current period.

#### **1.5 New financial reporting standards that became effective in the current period**

During the period, the Group has adopted the revised (revised 2019) and new financial reporting standards and interpretations which are effective for fiscal years beginning on or after 1 January 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The adoption of these financial reporting standards does not have any significant impact on the Group's financial statements. However, the new standard involves changes to key principles, which are summarised below:

##### **Financial reporting standards related to financial instruments**

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

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

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.

The impact of the adoption of these standards on the Group's financial statements is as follows.

- Recognition of credit losses - The Group is to recognise an allowance for expected credit losses on its financial assets, and it is no longer necessary for a credit-impaired event to have occurred. The Group applies the simplified approach to consider impairment of trade receivables.
- Recognition of initial measurement and subsequent measurement - The Group is to initially recognise a prepaid rental deposit at difference value between their present value of deposit and cash paid and amortise rental deposit by the effective rate method and amortise prepaid rental on a straight-line basis.
- Classification and measurement of investments in equity instruments of non-listed companies - The Group measures investments in equity instruments of non-listed companies at fair value and classifies the investments as financial assets at fair value, through other comprehensive income.

The Group adopted these financial reporting standards which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

### **TFRS 16 Leases**

TFRS 16 supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases.

The Group adopted these financial reporting standards using the modified retrospective method of initial adoption of which the cumulative effect is recognised as an adjustment to the retained earnings as at 1 January 2020, and the comparative information was not restated.

The cumulative effect of the change is described in Note 2.

## **Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic**

The Federation of Accounting Professions announced Accounting Guidance on Temporary Relief Measures for Accounting Alternatives in Response to the Impact of the Covid-19 Pandemic. Its objectives are to alleviate some of the impact of applying certain financial reporting standards, and to provide clarification about accounting treatments during the period of uncertainty relating to this situation.

On 22 April 2020, the Accounting Treatment Guidance was announced in the Royal Gazette and it is effective for the financial statements prepared for reporting periods ending between 1 January 2020 and 31 December 2020.

The Group has elected to apply the following temporary relief measures on accounting alternatives:

- Not to take into account forward-looking information when determining expected credit losses, in cases where the Group uses a simplified approach to determine expected credit losses.
- Not to account for any reduction in lease payments by lessors resulting from the COVID-19 situation as a lease modification, with the lease liabilities that come due in each period reduced in proportion to the reduction and depreciation of right-of-use assets and interest on lease liabilities recognised in each period reversed in proportion to the reduction, with any differences then recognised in profit or loss.

### **1.6 Significant accounting policies**

The interim financial statements are prepared by using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2019 except the changes in accounting policies related to financial instruments and leases.

#### **1.6.1 Financial instruments**

##### **Classification and measurement**

Financial assets that are debt instruments are measured at fair value through profit or loss, fair value through other comprehensive income, or amortised cost. Classification is driven by the Group's business model for managing the financial assets and the contractual cash flows characteristics of the financial assets.

Financial assets that are equity instruments are measured at fair value through profit or loss. In certain cases, the Group makes an election to measure them at fair value through other comprehensive income, with no subsequent recycling to profit or loss.

Financial liabilities are classified and measured at amortised cost. The Group has elected to measure liabilities at fair value through profit or loss when stipulated conditions are met.

Derivatives are classified and measured at fair value through profit or loss

### **Impairment of financial assets**

The Group recognises an allowance for expected credit losses on its financial assets measured at amortised cost without requiring a credit-impaired event to have occurred prior to the recognition. The Group accounts for changes in expected credit losses in stages, with differing methods of determining allowance for credit losses and the effective interest rate applied at each stage. An exception from this approach is that for trade receivables that do not contain a significant financing component, the Group applies a simplified approach to determine the lifetime expected credit losses.

## **1.6.2 Leases**

### ***Right-of-use assets***

The Group recognises right-of-use assets at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised through initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

Unless the Group is reasonably certain that it will obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis from the commencement date of the lease to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

### ***Lease liabilities***

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of the lease payments to be made over the lease term, discounted by the interest rate implicit in the lease or the Group's incremental borrowing rate. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification or reassessment.

### **Short-term leases and Leases of low-value assets**

Payments under leases that, have a lease term of 12 months or less at the commencement date, or are leases of low-value assets, are recognised as expenses on a straight-line basis over the lease term.

## **2. Cumulative effects of changes in accounting policies due to the adoption of new financial reporting standards**

As described in Note 1.5 to the financial statements, during the current period, the Group has adopted financial reporting standards related to financial instruments and TFRS 16. The cumulative effect of initially applying these standards is recognised as an adjustment to retained earnings as at 1 January 2020. Therefore, the comparative information was not restated.

The impacts on the beginning balance of retained earnings of 2020 from changes in accounting policies due to the adoption of these standards are presented as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			1 January 2020
	31 December 2019	The impacts of		
		financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Current investments	575	(575)	-	-
Trade and other receivables	440,850	(10,961)	-	429,889
Other current financial assets	-	575	-	575
<b>Non-current assets</b>				
Other non-current financial assets	-	24,353	-	24,353
Other long-term investments	16,083	(16,083)	-	-
Property, plant and equipment	596,032	-	215,072	811,104
Leasehold rights	13,200	-	(13,200)	-
Other non-current assets	21,895	(9,410)	-	12,485

(Unit: Thousand Baht)

## Consolidated financial statements

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	749,803	-	(226)	749,577
Current portion of lease liabilities	-	-	30,161	30,161
<b>Non-current liabilities</b>				
Lease liabilities, net of current portion	-	-	169,590	169,590
Other non-current financial liabilities	706	-	2,347	3,053
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	953,653	(12,101)	-	941,552

(Unit: Thousand Baht)

## Separate financial statements

	The impacts of			1 January 2020
	31 December 2019	Financial reporting standards related to financial instruments	TFRS 16	
<b>Statement of financial position</b>				
<b>Assets</b>				
<b>Current assets</b>				
Trade and other receivables	544,834	(10,961)	-	533,873
<b>Non-current assets</b>				
Other non-current financial assets	-	14,943	-	14,943
Other long-term investments	14,943	(14,943)	-	-



(Unit: Thousand Baht)

	Separate financial statements			
	The impacts of			1 January 2020
31 December 2019	Financial reporting standards related to financial instruments	TFRS 16		
<b>Liabilities and shareholders' equity</b>				
<b>Current liabilities</b>				
Trade and other payables	579,722	-	(226)	579,496
Current portion of lease liabilities	-	-	226	226
<b>Shareholders' equity</b>				
Retained earnings - unappropriated	1,021,985	(10,961)	-	1,011,024

## 2.1 Financial instruments

Details of the impact on retained earnings as at 1 January 2020 due to the adoption of financial reporting standards related to financial instruments are presented as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Recognition of an allowance for expected credit losses in financial asstes	(12,101)	(10,961)
Impacts on retained earnings due to the adoption of financial reporting standards related to financial instruments	(12,101)	(10,961)

The classifications, measurement basis and carrying values of financial assets in accordance with TFRS 9 as at 1 January 2020, and with the carrying amounts under the former basis, are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive income		Amortised cost
<b>Financial assets as at 1 January 2020</b>				
Cash and cash equivalents	547,748	-	547,748	547,748
Trade and other receivables	429,889	-	429,889	429,889
Short-term loans to related parties	44,596	-	44,596	44,596
Other current financial assets	575	-	575	575
Other current assets	39,988	-	39,988	39,988
Restricted bank deposits	31,845	-	31,845	31,845
Other non-current financial assets	24,353	14,943	9,410	24,353
Amounts due from related parties	1,586	-	1,586	1,586
Other non-current assets	12,485	-	12,485	12,485
<b>Total financial assets</b>	<b>1,133,065</b>	<b>14,943</b>	<b>1,118,122</b>	<b>1,133,065</b>

(Unit: Thousand Baht)

Separate financial statements

	Carrying amounts under the former basis	Classification and measurement in accordance with TFRS 9		
		Fair value through other comprehensive income	Amortised cost	Total
<b>Financial assets as at 1 January 2020</b>				
Cash and cash equivalents	388,392	-	388,392	388,392
Trade and other receivables	533,873	-	533,873	533,873
Short-term loans to related parties	14,943	-	14,943	14,943
Other current assets	9,504	-	9,504	9,504
Restricted bank deposits	26,476	-	26,476	26,476
Other non-current financial assets	14,943	14,943	-	14,943
Amounts due from related parties	1,586	-	1,586	1,586
Long-term loans to related parties	45,308	-	45,308	45,308
Other non-current assets	363	-	363	363
<b>Total financial assets</b>	<b>1,035,388</b>	<b>14,943</b>	<b>1,020,445</b>	<b>1,035,388</b>

As at 1 January 2020, the Group has not designated any financial liabilities at fair value through profit or loss except derivative liabilities of which fair value is Baht 4,333 thousand (Separate financial statements: Baht 4,333 thousand)

## 2.2 Leases

Upon initial application of TFRS 16 the Group recognised lease liabilities previously classified as operating leases at the present value of the remaining lease payments, discounted using the Group's incremental borrowing rate at 1 January 2020. For leases previously classified as finance leases, the Group recognised the carrying amount of the right-of-use assets and lease liabilities based on the carrying amounts of the lease assets and lease liabilities immediately before the date of initial application of TFRS 16.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Operating lease commitments as at 31 December 2019	68,209	117
Less: Short-term leases and leases of low-value assets	(3,584)	(117)
Add: Estimated to extend lease term	166,983	-
Less: Deferred interest expenses	(32,083)	-
Increase in lease liabilities due to TFRS 16 adoption	199,525	-
Liabilities under finance lease agreements as at 31 December 2019	226	226
Lease liabilities as at 1 January 2020	<u>199,751</u>	<u>226</u>
Comprise of:		
Current lease liabilities	30,161	226
Non-current lease liabilities	169,590	-
	<u>199,751</u>	<u>226</u>

The adjustments of right-of-use assets due to TFRS 16 adoption as at 1 January 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Buildings	9,661	-
Office condominium units and improvements	189,864	-
<b>Total right-of-use assets</b>	<u>199,525</u>	<u>-</u>

(Unaudited but reviewed)

### 3. Related party transactions

During the periods, the Group 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)

	For the three-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	71	125	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	18	34	With reference to market price
Loan interest income	-	-	-	1	Per loan agreement
Guarantee fee income	-	-	1	1	1 percent per annum
Service income	-	-	1	2	Agreed between the parties
Management fee income	-	-	-	4	Agreed between the parties
Service fee	-	-	1	-	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	8	26	8	26	With reference to market price
<u>Transactions with the Company's directors/related companies</u>					
Sales of goods	4	5	4	4	Normal business price close to those charged to other customers
Purchases of goods	-	7	-	-	With reference to market price
Loan interest income	1	1	-	-	Per loan agreement
Loan interest expenses	-	1	-	1	Per loan agreement
Service income	1	1	1	1	Agreed between the parties

(Unaudited but reviewed)

(Unit: Million Baht)

	For the six-month periods ended 30 June				Transfer pricing policy
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	229	262	Normal business price close to those charged to other customers
Purchases of goods and raw materials	-	-	103	96	With reference to market price
Loan interest income	-	-	-	2	Per loan agreement
Guarantee fee income	-	-	2	2	1 percent per annum
Service income	-	-	3	4	Agreed between the parties
Management fee income	-	-	-	9	Agreed between the parties
Service expenses	-	-	1	1	Agreed between the parties
<u>Transactions with associated company</u>					
Purchases of raw materials	27	50	27	50	With reference to market price
<u>Transactions with the Company's directors/related companies</u>					
Sales of goods	17	8	17	6	Normal business price close to those charged to other customers
Purchases of goods	12	21	6	-	With reference to market price
Loan interest income	2	2	-	-	Per loan agreement
Loan interest expenses	-	2	-	2	Per loan agreement
Service income	1	1	1	1	Agreed between the parties
Purchase of machinery and equipment	-	1	-	-	Agreed between the parties

(Unaudited but reviewed)

As at 30 June 2020 and 31 December 2019, the balances of the accounts between the Company and those related parties are as follows:

	Consolidated		(Unit: Million Baht)	
	financial statements		Separate	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<b><u>Trade accounts receivable - related parties (Note 4)</u></b>				
Subsidiaries	-	-	713	704
Related companies (related by common directors)	48	46	47	45
Total	48	46	760	749
Less: Allowance for expected credit losses/ allowance for doubtful accounts	(38)	(37)	(532)	(525)
Total trade accounts receivable - related parties, net	10	9	228	224
<b><u>Other receivables - related parties (Note 4)</u></b>				
Subsidiaries	-	-	72	76
Related companies (related by common directors)	3	2	2	2
Subsidiary and related company's directors	17	15	13	11
Total	20	17	87	89
Less: Allowance for expected credit losses/ allowance for doubtful accounts	(3)	(2)	(67)	(54)
Total other receivables - related parties, net	17	15	20	35
<b><u>Accrued interest income - related parties (Note 4)</u></b>				
Subsidiaries	-	-	23	28
Related companies (related by common directors)	4	2	-	-
Total	4	2	23	28
Less: Allowance for expected credit losses/ allowance for doubtful accounts	-	-	(23)	(27)
Total accrued interest income - related parties, net	4	2	-	1
<b><u>Amounts due from related parties</u></b>				
Subsidiary and related company's directors	-	2	-	2
Total amounts due from related parties - net	-	2	-	2
<b><u>Trade and other payables - related parties (Note 15)</u></b>				
Subsidiaries	-	-	30	55
Associated company	1	-	1	-
Related companies (related by common directors)	9	17	-	-
Total trade and other payables - related parties	10	17	31	55

(Unaudited but reviewed)

### Loans to related parties

As at 30 June 2020 and 31 December 2019, 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 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<b><u>Short-term loans to related parties</u></b>				
Subsidiaries	-	-	58	57
Related companies (related by common directors)	46	45	-	-
Total	46	45	58	57
Less: Allowance for expected credit losses/ allowance for doubtful accounts	-	-	(58)	(42)
Total short-term loans to related parties, net	46	45	-	15
<b><u>Long-term loans to related parties</u></b>				
<b><u>Subsidiaries</u></b>				
Long-term loans	-	-	489	495
Less: Allowance for expected credit losses/ allowance for doubtful accounts	-	-	(445)	(450)
Long-term loans, net of current portion	-	-	44	45

During this period, movements of loans to related parties were as follow:

(Unit: Million Baht)

		Consolidated financial statements				
Short-term loans	Related by	Balance as at 31 December 2019	Increase during the period	Decrease during the period	Unrealised gain on exchange	Balance as at 30 June 2020
A-List Corporate Co., Ltd.	The Director related to the Company's director	30	-	-	-	30
PT sumberkreasi Ciptalogam	The Director is the Subsidiary's director	15	-	-	1	16
Total short-term loans		45	-	-	1	46



(Unaudited but reviewed)

A local subsidiary (Pranda Lodging Co., Ltd.) granted a short-term loans to a related company, A-List Corporate Co., Ltd. These loans are subject to interest at rate of 7.5 percent per annum and secured by the director of the Company.

An overseas subsidiary (PT Pranda Marketing Indonesia) granted a short-term loan to a related company, PT Sumberkreasi Ciptalogam. This loan is subject to interest at rate of 7.5 percent per annum and unsecured.

(Unit: Million Baht)

		Separate financial statements				
		Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	gain on	30 June
Short-term loans	Related by	2019	the period	the period	exchange	2020
Pranda & Kroll GmbH & Co. KG	Subsidiary	17	-	-	1	18
H.GRINGOIRE s.a.r.l.	Subsidiary	25	-	-	-	25
PT Pranda Marketing Indonesia	Subsidiary	15	-	-	-	15
Total short-term loans		57	-	-	1	58

The short-term loans to three subsidiaries were unsecured and subject to interest at rate of 7.5 percent per annum. However, the Company has considered to fully record allowance for expected credit losses for short-term loans and accrued interest income to subsidiaries because of the uncertainty in receiving repayments.

(Unit: Million Baht)

		Separate financial statements				
		Balance as at	Increase	Decrease	Unrealised	Balance as at
		31 December	during	during	gain (loss) on	30 June
Long-term loans	Related by	2019	the period	the period	exchange	2020
Pranda & Kroll GmbH & Co. KG	Subsidiary	23	-	-	1	24
Pranda UK Ltd.	Subsidiary	303	-	-	(12)	291
H.GRINGOIRE s.a.r.l.	Subsidiary	169	-	-	5	174
Total long-term loans		495	-	-	(6)	489

(Unaudited but reviewed)

The long-term loans to three subsidiaries were unsecured and carries interest at 7.5 percent per annum. However, the Company has considered to fully record allowance for expected credit losses for long-term loans and accrued interest income to Pranda & Kroll GmbH & Co. KG and H. GRINGOIRE s.a.r.l. because of the uncertainty in receiving repayments.

#### Directors and management's benefits

During the three-month and six-month periods ended 30 June 2020 and 2019, the Group had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	7.8	15.8	4.7	7.1
Post-employment benefits	-	0.1	-	-
Total	<u>7.8</u>	<u>15.9</u>	<u>4.7</u>	<u>7.1</u>

(Unit: Million Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Short-term employee benefits	18.5	30.4	11.9	14.2
Post-employment benefits	0.1	15.2	-	15.1
Total	<u>18.6</u>	<u>45.6</u>	<u>11.9</u>	<u>29.3</u>

#### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 27.2.1 to the financial statements.

(Unaudited but reviewed)

**4. Trade and other receivables**

	Consolidated		(Unit: Thousand Baht) Separate	
	financial statements		financial statements	
	30 June	31 December	30 June	31 December
	2020	2019	2020	2019
		(Audited)		(Audited)
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	196	775	13,316	54,673
Past due				
Up to 3 months	1,541	2,569	38,483	35,244
3 - 6 months	705	3,885	21,589	19,242
6 - 12 months	6,612	176	48,119	83,244
Over 12 months	39,352	38,258	638,931	557,375
Total	48,406	45,663	760,438	749,778
Less: Allowance for expected credit losses/ allowance for doubtful accounts	(38,253)	(37,158)	(532,468)	(525,388)
Total trade accounts receivable - related parties, net (Note 3)	10,153	8,505	227,970	224,390
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	120,797	350,853	75,269	242,247
Past due				
Up to 3 months	82,628	49,492	75,922	39,124
3 - 6 months	13,378	3,043	7,551	133
6 - 12 months	11,814	7,725	3,281	1,951
Over 12 months	32,568	25,069	22,309	20,002
Total	261,185	436,182	184,332	303,457
Less: Allowance for expected credit losses/ allowance for doubtful accounts	(48,902)	(30,618)	(36,235)	(20,002)
Total trade accounts receivable - unrelated parties, net	212,283	405,564	148,097	283,455
Total trade accounts receivable, net	222,436	414,069	376,067	507,845
<u>Other receivables</u>				
Other receivables - related parties (Note 3)	19,689	17,495	86,704	89,040
Other receivables - unrelated parties	7,983	10,584	271	389
Accrued interest income - related parties (Note 3)	3,501	2,021	23,342	27,793
Accrued interest income - unrelated parties	1,235	1,097	1,077	1,054
Total	32,408	31,197	111,394	118,276
Less: Allowance for expected credit losses/ allowance for doubtful accounts	(4,580)	(4,416)	(91,267)	(81,287)
Total other receivables, net	27,828	26,781	20,127	36,989
Total trade and other receivables, net	250,264	440,850	396,194	544,834

(Unaudited but reviewed)

## 5. Reduce cost to net realisable value of inventories

Movements in the reduce cost to net realisable value of inventories account for the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Balance as at 1 January 2020	217,367	175,190
Add: Reduce cost to net realisable value of inventories	9,243	2,288
Less: Reversal of reduce cost to net realisable value of inventories	(1,390)	(1,365)
Balance as at 30 June 2020	<u>225,220</u>	<u>176,113</u>

As at 30 June 2020, the Company has pledged most of the Company's inventories to secure credit facilities from commercial banks amounting to Baht 477 million. In addition, a local subsidiary has pledged inventories of Baht 219 million and 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 13, Note 16 and Note 17 to the financial statements.

## 6. Restricted bank deposits

The outstanding balances represented the Company's deposits with bank pledged to secure the credit facilities, and the subsidiaries' deposits with banks, pledged to secure the bank overdraft, and the letter of guarantee issued by bank on behalf of subsidiary for electricity use.

## 7. Other non-current financial assets

Other non-current financial assets as at 30 June 2020 are summarised below:

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Investments in equity - fair value	9,095	9,095
Deposits	9,376	-
Total other non-current financial assets	<u>18,471</u>	<u>9,095</u>

**8. Investments in subsidiaries**

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

Company's name	(Unit: Thousand Baht)	
	Cost	
	30 June 2020	31 December 2019
		(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
Pranda & Kroll GmbH & Co. KG	573,303	573,303
Pranda Jewelry Private Limited	213,439	213,439
Total	1,665,726	1,665,726
Less: Allowance for impairment of investments	(1,092,618)	(1,092,618)
Investments in subsidiaries, net	573,108	573,108

**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 - Pranda Jewelry Private Limited**

On 27 December 2018, an Indian subsidiary, Pranda Jewelry Private Limited, issued and offered to the Company 34,000,000 units of fully compulsorily convertible debentures, unsubordinated and unsecured, with a par value of Indian Rupee 10 each, or a total of Indian Rupee 340 million. All Debentures are to be converted into fully paid up equity shares of the subsidiary on the expiry of 5 years from the date of issue of debenture. The conversion ratio will be calculated in accordance with related regulations in India.

(Unaudited but reviewed)

Under the debentures agreement, the subsidiary will pay interest on a quarterly basis at rates of 7.5 percent per annum. Moreover, the subsidiary has the right, under the agreement, to buy back the converted equity shares from the Company on or after the conversion date. In any case, if the subsidiary is unable to buy back such shares from the Company, the Company will offer some of the converted equity shares to the minority shareholder of the subsidiary in order to maintain the holding structure of the Company and the minority shareholder of the subsidiary.

However, the Company has considered to record this transaction for investments in subsidiaries because the debentures held by the investors shall automatically be converted into equity shares on the conversion date.

## 9. Investment in associated company

(Unit: Thousand Baht)

Company's name	Consolidated financial statements	
	Investment value - equity method	
	30 June 2020	31 December 2019
		(Audited)
KZ-Pranda Co., Ltd.		
- Cost	3,600	3,600
- Accumulated share of profit	7,002	6,490
Total carrying amounts based on equity method	10,602	10,090

(Unit: Thousand Baht)

Company's name	Separate financial statements					
	Cost		Allowance for impairment of investment		Carrying amounts based on cost method - net	
	30 June	31 December	30 June	31 December	30 June	31 December
	2020	2019	2020	2019	2020	2019
		(Audited)		(Audited)		(Audited)
KZ-Pranda Co., Ltd.	3,600	3,600	(3,600)	(3,600)	-	-

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

(Unaudited but reviewed)

## 10. Other receivables

The outstanding balances as at 30 June 2020 and 31 December 2019 are presented below.

	(Unit: Thousand Baht)	
	Consolidated / Separate financial statements	
	30 June 2020	31 December 2019
Promissory note	46,595	(Audited) 46,595
Less: Allowance for expected credit losses/ allowance for devaluation	(46,595)	(46,595)
Other receivable, net	-	-

## 11. Investment properties

Movements of the investment properties account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Net book value as at 1 January 2020	587,308	577,552
Depreciation for the period	(170)	-
Net book value as at 30 June 2020	587,138	577,552

The Company has mortgaged investment properties of the Company and a local subsidiary with a total net book value as at 30 June 2020 of approximately Baht 587 million (31 December 2019: Baht 587 million) as collateral against credit facilities which the Company received from commercial banks (The Company only: Baht 577 million (31 December 2019: Baht 577 million)).

(Unaudited but reviewed)

## 12. Property, plant and equipment

Movements of the property, plant and equipment account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
Net book value as at 31 December 2019	596,032	500,933
Adjustments of right-of-use assets		
due to TFRS 16 adoption	215,072	-
Acquisitions during the period - at cost	7,047	2,557
Adjustments from the lease modification		
net book value - as at modification date	(5,583)	-
Write-off during the period - net book value		
as at write-off date	(36)	(30)
Depreciation for the period	(46,820)	(18,472)
Translation adjustment during the period	(393)	-
Net book value as at 30 June 2020	<u>765,319</u>	<u>484,988</u>

The Group has mortgaged its property, plant and equipment with a total net book value as at 30 June 2020 amounting to approximately Baht 409 million (31 December 2019: Baht 417 million) as collateral against credit facilities received from commercial banks (The Company only: Baht 358 million (31 December 2019: Baht 366 million)).

## 13. Short-term loans from financial institutions

	(Unit: Thousand Baht)					
	Interest rate		Consolidated		Separate	
	(percent per annum)		financial statements		financial statements	
	30 June	31 December	30 June	31 December	30 June	31 December
	2020	2019	2020	2019	2020	2019
		(Audited)		(Audited)		(Audited)
Short-term loans from						
financial institutions	2.50 - 4.75	2.75 - 10.25	<u>488,992</u>	<u>491,399</u>	<u>430,000</u>	<u>391,400</u>
Total			<u>488,992</u>	<u>491,399</u>	<u>430,000</u>	<u>391,400</u>

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 and some assets of a local subsidiary company.



(Unaudited but reviewed)

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

#### 14. Bills of exchange

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2020	49,035
Add: Issuance of bills of exchange	50,000
Amortisation of prepaid interest expenses	1,040
Less: Repayment	(50,000)
Deferred interest expense	(1,520)
Balance as at 30 June 2020	<u>48,555</u>

Bills of exchange of a local subsidiary company are subject to interest rate at 4.30 percent per annum (31 December 2019: 4.30 percent per annum) and mature in March 2021. There are no collateral on the bills of exchange.

#### 15. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Audited)		(Audited)
Trade and other payables - related parties (Note 3)	10,293	17,472	31,472	54,956
Trade payables - unrelated parties	792,240	668,858	471,586	504,526
Other payables - unrelated parties	9,590	13,192	3,096	4,496
Accrued expenses	61,366	50,281	32,867	15,744
Total trade and other payables	<u>873,489</u>	<u>749,803</u>	<u>539,021</u>	<u>579,722</u>

**16. Restructured long-term loan**

In this period, an overseas subsidiary company, PT Pranda Marketing Indonesia, entered into debt restructuring agreements with the financial institution creditors. The debt repayment schedules and related interest rates are as follows:

1. Interest rates                      10.25 percent per annum
2. Repayment schedules
  - Principal                              Monthly, from January 2021 to June 2022
  - Accrued interest                      Within June 2022
  - Interest                                 Monthly

Details of long-term loan as 30 June 2020 are as follows:

	(Unit: Thousand) Consolidated financial statements
Long-term loan	23,349
Less: Current portion of long-term loan	(660)
Long-term loan, net of current portion	<u>22,689</u>

Movements in the long-term loan account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht) Consolidated financial statements
Balance as at 1 January 2020	-
Add: Restructured long-term loan	23,349
Balance as at 30 June 2020	<u>23,349</u>

Long-term 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.

(Unaudited but reviewed)

## 17. Long-term loans

The outstanding balances of long-term loans as at 30 June 2020 and 31 December 2019 are as follows:

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate financial statements	
	30 June 2020	31 December 2019	30 June 2020	31 December 2019
		(Audited)		(Audited)
Long-term loans - net of deferred financial service fee	155,372	169,258	67,500	75,000
Less: Current portion, net	(25,706)	(110,553)	(15,000)	(75,000)
Long-term loans, net of current portion - net	<u>129,666</u>	<u>58,705</u>	<u>52,500</u>	<u>-</u>

Movements in the long-term loans account during the six-month period ended 30 June 2020 are summarised below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
Balance as at 1 January 2020	169,258	75,000
Add: Addition of long-term loans	4,253	-
Amortisation of deferred financial service fee	147	-
Less: Repayment	(16,804)	(7,500)
Transfer to restructured long-term loan	(1,349)	-
Difference on translation of financial statements in foreign currency	(133)	-
Balance as at 30 June 2020	<u>155,372</u>	<u>67,500</u>

### Loans of the company

In 2019, the Company entered into a long-term loan agreement with a local commercial bank for credit facility of Baht 90 million, with a term of 3 years. This loan is subjected to an interest at a rate of MLR - 0.5 percent per annum and the principal is repayable every 3 months and the interest is payable monthly. The Company is not allowed to use some of the Company's land and its subsidiary's investment properties that secure the bills of exchange after the redemption to incur obligations.

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.

#### Loans of the subsidiaries

Long-term loan of a local subsidiary company, Primagold International Co., Ltd., 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, require the subsidiary to maintain certain debt to equity according to the agreement.

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

During the current period, an overseas subsidiary company, Pranda North America, Inc., entered into a long-term loan from the United States financial institution pursuant the US Small Business Administration's business loan program to relieve small businesses from the Coronavirus situation. The subsidiary is required to comply with the conditions under the loan agreements, which the subsidiary has fulfilled the conditions of the agreements and is in the process of submitting documents to be exempted from loan repayments.

**18. 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: 1) Tranche 1 Convertible debentures in the amount of not exceeding Baht 100 million divided into 20 equal sub-tranches, each of which is Baht 5 million. 2) Tranche 2 Convertible debentures in the amount of not exceeding Baht 200 million divided into 40 equal sub-tranches, each of which is Baht 5 million. 3) Tranche 3 Convertible debentures in the amount of not exceeding Baht 200 million divided into 20 equal sub-tranches, each of which is Baht 10 million.
Issuance of convertible debentures	The period to issue the convertible debentures pursuant to the relevant rules is one year from the date the shareholders' meeting approves to issue the convertible debentures. The Company will issue the convertible debentures when the Company has sold the redeemed shares not having been sold under the share redemption project disseminated by the Company on 14 October 2015 or upon expiration of the period of sale of the said redeemed shares.
Interest rate	1 percent per annum.
Maturity	Each tranche of the convertible debentures will have the period of 3 years upon the issuing date of the convertible debentures or any other period as determined by the Chairman of the Executive Committee or the person assigned by the Chairman of the Executive Committee depending on the market conditions at the time of issuing and offering of the convertible debentures each time.
Principal Repayment	Repayment in installments or in one installment upon maturity in accordance with the terms and conditions of the convertible debentures.

(Unaudited but reviewed)

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.
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In 2018, 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 61 million. The number of shares to be issued for the exercise of conversion rights is 28,280,336 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 28,280,336 and the Company has registered the increase of the paid-up capital with the Ministry of Commerce.

During the current period, Advance Opportunities Fund I exercised the conversion rights under the Convertible in the amount of Baht 4 million. The number of shares to be issued for the exercise of conversion rights is 4,446,322 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 4,446,322 and the Company has registered the increase of the paid-up capital with the Ministry of Commerce.

Movements of the convertible debentures and options for consolidated and separate financial statements are summarised below.

	(Unit: Thousand Baht)
Nominal value of issue of convertible debentures as at 1 January 2020	36,164
Less: Exercise of conversion rights	(3,843)
Add: Amortised - transaction cost	1,099
Balance as at 30 June 2020	<u>33,420</u>

	(Unit: Thousand Baht)
Nominal value of options as at 1 January 2020	4,333
Less: Exercise of conversion rights	(444)
Balance as at 30 June 2020	<u>3,889</u>

(Unaudited but reviewed)

## 19. Liabilities under lease agreements

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	30 June 2020	30 June 2020
Liabilities under lease agreements	206,746	69
Less: Deferred interest expenses	(27,254)	(28)
Total	179,492	41
Less: Portion due within one year	(30,880)	(41)
Liabilities under lease agreements - net of current portion	148,612	-

## 20. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after their retirement, was 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 2020	271,498	11,684	283,182
Current service cost	7,980	461	8,441
Interest cost	1,949	73	2,022
Actuarial losses	236	-	236
Benefits paid during the period	(2,188)	(90)	(2,278)
Balances as at 30 June 2020	279,475	12,128	291,603

(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 2020	257,989	10,832	268,821
Current service cost	6,988	373	7,361
Interest cost	1,855	68	1,923
Benefits paid during the period	(2,188)	-	(2,188)
Balances as at 30 June 2020	264,644	11,273	275,917

## **21. Warrants to purchase new ordinary shares of the Company**

### **21.1 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.



(Unaudited but reviewed)

On 7 February 2020, PDJ-W3 warrant holders exercised 24,314,017 warrants to purchase 24,314,017 newly issued ordinary shares with a par value of Baht 1, at an exercise price of Baht 1 per share. The Company received the cash of Baht 24,314,017 from the exercise of the warrants, and the Company registered the corresponding increase in its paid-up capital with the Ministry of Commerce 18 February 2020

Presented below is a summary of movement in the number of warrants as at 30 June 2020.

	Unit
Outstanding as at 1 January 2020	76,784,947
Exercised during the period	(24,314,017)
Expired during the period	(1,280,540)
Outstanding as at 30 June 2020	<u>51,190,390</u>

## **21.2 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 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	The First Exercise: To exercise the accrued right not

	<p>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>
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The average estimated fair value of each warrant granted is Baht 0.153. This was calculated by applying the Black-Scholes-Merton formula. The model inputs were the share price at price determination date of Baht 2.803, exercise price of Baht 4, expected volatility of 28.065 percent, contractual life of three years, and a risk-free interest rate of 1.578 - 1.961 percent.

As at 30 June 2020, the Company has the unissued warrants of ESOP totaling 1,490,000 units.

## 22. Share capital/Share premium

The movements of number of ordinary shares, paid-up capital and premium on ordinary shares of the Company for the six-month period ended 30 June 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	Issued and paid-up share capital		Share premium	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Balance as at 1 January	462,396	424,640	818,138	811,966
Increase in capital from exercising of the warrants to purchase ordinary shares to existing shareholders	24,314	24,586	-	-
Increase in capital from exercising of the rights of the convertible debenture	4,446	5,425	(159)	4,958
Total	28,760	30,011	(159)	4,958
Balance as at 30 June	491,156	454,651	817,979	816,924

**23. Sales****Disaggregated revenue information**

(Unit: Thousand Baht)

	For the three-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Type of goods:</b>				
Sale of finished goods	350,799	506,154	225,670	384,446
Sale of raw materials	135,519	-	135,519	-
Total sales	<u>486,318</u>	<u>506,154</u>	<u>361,189</u>	<u>384,446</u>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	486,318	506,154	361,189	384,446
Total sales	<u>486,318</u>	<u>506,154</u>	<u>361,189</u>	<u>384,446</u>

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated financial statements		Separate financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Type of goods:</b>				
Sale of finished goods	825,511	1,075,480	617,713	775,190
Sale of raw materials	260,134	-	260,134	-
Total sales	<u>1,085,645</u>	<u>1,075,480</u>	<u>877,847</u>	<u>775,190</u>
<b>Timing of revenue recognition:</b>				
Revenue recognised at a point in time	1,085,645	1,075,480	877,847	775,190
Total sales	<u>1,085,645</u>	<u>1,075,480</u>	<u>877,847</u>	<u>775,190</u>

**24. 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 and a 50% reduction of corporate income tax on income derived from the promoted operation for a period of 5 years after the tax-exemption period ends.

(Unaudited but reviewed)

Interim corporate income tax of the Company was calculated on 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 and six-month periods ended 30 June 2020 and 2019 are made up as follows:

	(Unit: Thousand Baht)			
	For the three-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	(13,721)	(2,534)	(13,872)	-
<b>Deferred tax:</b>				
Relating to origination of temporary differences	(2,424)	(7,557)	(2,062)	(12,193)
<b>Tax income reported in the profit or loss</b>	<u>(16,145)</u>	<u>(10,091)</u>	<u>(15,934)</u>	<u>(12,193)</u>

(Unaudited but reviewed)

(Unit: Thousand Baht)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Current income tax:</b>				
Interim corporate income tax charge	4,546	199	4,178	-
Adjustment in respect of income tax of previous year	-	(1,506)	-	(1,506)
<b>Deferred tax:</b>				
Relating to origination of temporary differences	<u>(2,911)</u>	<u>(4,129)</u>	<u>(2,523)</u>	<u>(10,988)</u>
<b>Tax expenses (income) reported in the profit or loss</b>	<u>1,635</u>	<u>(5,436)</u>	<u>1,655</u>	<u>(12,494)</u>

The amounts of income tax relating to each component of other comprehensive income for the three-month and six-month periods ended 30 June 2020 and 2019 are as follows:

(Unit: Thousand Baht)

	For the three-month and six-month periods ended 30 June	
	Consolidated financial statements	
	<u>2020</u>	<u>2019</u>
Deferred tax relating to actuarial loss	<u>(59)</u>	<u>-</u>

## 25. Earnings per share

Basic earnings per share is calculated by dividing 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 period.

For comparative purposes, basic earnings per share and diluted earnings per share for the three-month and six-month periods ended 30 June 2019 have been recalculated as follow;

Basic earnings per share is calculated by dividing 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 period multiplied by a factor calculated based on the fair value of ordinary shares before and after the exercise of share subscription rights.

(Unaudited but reviewed)

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

	For the three-month period ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Basic earnings per share</b>				
Loss attributable to equity holders of the Company				
(Thousand Baht)	(123,774)	(209,733)	(50,434)	(122,571)
Weighted average number of ordinary shares				
(Thousand shares)	493,226	458,736	493,226	458,736
Loss per share (Baht per share)	(0.2509)	(0.4572)	(0.1023)	(0.2672)

	For the six-month periods ended 30 June			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Basic earnings per share</b>				
Loss attributable to equity holders of the Company				
(Thousand Baht)	(153,991)	(281,112)	(64,360)	(174,169)
Weighted average number of ordinary shares				
(Thousand shares)	487,721	454,564	487,721	454,564
Loss per share (Baht per share)	(0.3157)	(0.6184)	(0.1320)	(0.3832)

However, no calculation of diluted earnings per share for the three-month and six-month periods ended 30 June 2020 and 2019 since the effect of diluted earnings per share is antidilutive.

(Unaudited but reviewed)

## 26. 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 six-month periods ended 30 June 2020 and 2019.

(Unit: Million Baht)

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

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<b>Revenues</b>														
Revenues from external customers	293	264	30	70	163	172	-	-	486	506	-	-	486	506
Revenues from intersegment	71	124	-	-	17	33	-	-	88	157	(88)	(157)	-	-
<b>Total revenues</b>	<b>364</b>	<b>388</b>	<b>30</b>	<b>70</b>	<b>180</b>	<b>205</b>	<b>-</b>	<b>-</b>	<b>574</b>	<b>663</b>	<b>(88)</b>	<b>(157)</b>	<b>486</b>	<b>506</b>
<b>Results</b>														
Segment loss	(38)	(102)	(13)	(54)	(38)	(28)	(2)	(2)	(91)	(186)	13	9	(78)	(177)
<b>Unallocated revenues and expenses</b>														
Interest income													-	3
Other income													3	11
Loss on exchange													(54)	(43)
Share of gain from investment in associated company													2	-
Finance income													2	-
Finance cost													(12)	(16)
Impairment loss on financial assets													(5)	-
Loss before income tax expenses													(142)	(222)
Tax income													16	10
<b>Loss for the period</b>													<b>(126)</b>	<b>(212)</b>

(Unaudited but reviewed)

(Unit: Million Baht)

## For the six-month periods ended 30 June

	Production		Distribution		Retail		Others		Total Segments		Eliminations		Consolidated	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>														
Revenues from external customers	655	529	71	141	359	405	-	-	1,085	1,075	-	-	1,085	1,075
Revenues from intersegment	228	258	-	-	101	92	-	-	329	350	(329)	(350)	-	-
<b>Total revenues</b>	<u>883</u>	<u>787</u>	<u>71</u>	<u>141</u>	<u>460</u>	<u>497</u>	<u>-</u>	<u>-</u>	<u>1,414</u>	<u>1,425</u>	<u>(329)</u>	<u>(350)</u>	<u>1,085</u>	<u>1,075</u>
<b>Results</b>														
Segment loss	(36)	(132)	(25)	(78)	(58)	(16)	(3)	(4)	(122)	(230)	(4)	4	(126)	(226)
<b>Unallocated revenues and expenses</b>														
Interest income													-	4
Other income													11	19
Loss on exchange													(8)	(60)
Share of gain from investment in associated company													1	-
Finance income													3	-
Finance cost													(31)	(30)
Impairment loss on financial assets													(14)	-
Loss before income tax expenses													(164)	(293)
Tax income (expenses)													(2)	5
<b>Loss for the period</b>													<u>(166)</u>	<u>(288)</u>



## **27. Commitments and contingent liabilities**

### **27.1 Capital commitments**

As at 30 June 2020, the Company and its oversea subsidiary had capital commitments of Baht 1 million and INR 12 million, totaling of Baht 5 million, relating to acquisition of computer software, building construction and building improvements (The Company only: Baht 1 million).

### **27.2 Guarantees**

27.2.1 The Company has issued guarantees to secure bank overdrafts and credit facilities of its subsidiary. As at 30 June 2020, there were outstanding guarantees of Baht 295 million and USD 14.5 million (31 December 2019: Baht 330 million, USD 8.5 million), totaling of Baht 742 million (31 December 2019: Baht 586 million).

27.2.2 As at 30 June 2020, there were outstanding bank guarantees of Baht 9.7 million, (31 December 2019: Baht 9.7 million) issued by banks on behalf of the Group to guarantee purchase of goods, electricity use, among others. (The Company only: Baht 9.5 million (31 December 2019: Baht 9.5 million)).

27.2.3 As at 30 June 2020, the Group has outstanding standby-letters of credit of USD 28.3 million, or approximately Baht 873 million (31 December 2019: USD 26.5 million or totaling Baht 798 million) (The Company only: USD 15 million, totaling of Baht 463 million (31 December 2019: USD 18 million, or approximately Baht 542 million)).

### **27.3 Litigation**

#### **27.3.1 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 paid for these damages in September 2018. 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.

During the current period, this case is under the consideration of the Court in France. The management of the subsidiary believes that no material damages will affect the subsidiary. The subsidiary has therefore not record any provision for damages in its accounts.

### **27.3.2 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. The appeal is currently under the consideration of the Tribunal.

In 2018, the Indian tax authorities assessed sales tax of approximately INR 1 million or approximately Baht 0.4 million (including penalty and interest), covering the years 2014 - 2016 against the subsidiary in India. The management of the subsidiary appealed this assessment.

In 2019, the Indian tax authorities assessed sales tax of approximately INR 43.8 million or approximately Baht 19 million (including penalty and interest), covering the years 2012 - 2013 against the subsidiary in India. The management of the subsidiary appealed this assessment. However, the subsidiary placed a bond of 10 percent of the assessed sale tax amounting to INR 2 million or approximately Baht 0.8 million. The appeal is currently under the consideration of the Tribunal.

During the current period, the Indian tax authorities assessed sale tax of approximately INR 88.4 million or approximately Baht 35.4 million (including interest), covering the years 2011 - 2012 against the subsidiary in India. The management of the subsidiary appealed this assessment.

The management of the subsidiary believes that no material damages will affect the subsidiary. The subsidiary has therefore not recorded any provision for these tax assessments.

(Unaudited but reviewed)

## 28. Fair value hierarchy

As at 30 June 2020 and 31 December 2019, the Group had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

Consolidated Financial Statements		
As at 30 June 2020		
Level 1	Level 2	Total
<b>Financial assets measured at fair value</b>		
Investments in equity designed at fair value through profit or loss	3	-
		<b>3</b>
Investments in equity designed at fair value through other comprehensive income	9	-
		<b>9</b>
<b>Assets for which fair value are disclosed</b>		
Investment properties	-	706
		<b>706</b>
<b>Liabilities measured at fair value</b>		
Options	4	-
		<b>4</b>
Derivative financial instruments	-	5
		<b>5</b>

(Unit: Million Baht)

Consolidated Financial Statements		
As at 31 December 2019		
Level 1	Level 2	Total
<b>Assets measured at fair value</b>		
Held for trade investments		
Equity instruments	15	-
		<b>15</b>
<b>Assets for which fair value are disclosed</b>		
Investment properties	-	706
		<b>706</b>
<b>Liabilities measured at fair value</b>		
Options	4	-
		<b>4</b>

(Unaudited but reviewed)

(Unit: Million Baht)

	Separate Financial Statements		
	As at 30 June 2020		
	Level 1	Level 2	Total
<b>Assets measured at fair value</b>			
Investments in equity designed at fair value through other comprehensive income	9	-	9
<b>Assets for which fair value are disclosed</b>			
Investment properties	-	654	654
<b>Liabilities measured at fair value</b>			
Options	4	-	4
Derivative financial instruments	-	5	5

(Unit: Million Baht)

	Separate Financial Statements		
	As at 31 December 2019		
	Level 1	Level 2	Total
<b>Assets measured at fair value</b>			
Held for trade investments			
Equity instruments	15	-	15
<b>Assets for which fair value are disclosed</b>			
Investment properties	-	654	654
<b>Liabilities measured at fair value</b>			
Options	4	-	4

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

## 29. Financial instruments

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

(Unit: Million)

Foreign currencies	Consolidated financial statements				Separate financial statements			
	Financial assets		Financial liabilities		Financial assets		Financial liabilities	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2020	2019	2020	2019	2020	2019	2020	2019
US Dollar	8	11	24	20	28	30	14	16
Euro	-	-	-	-	10	10	-	-
Pound Sterling	-	-	-	-	10	10	-	-
Indonesian Rupiah	-	1	-	-	-	1	-	-

(Unaudited but reviewed)

Foreign currencies	Average exchange rate as at	
	30 June 2020	31 December 2019
	(Baht per 1 foreign currency unit)	
US Dollar	30.84	30.11
Euro	34.64	33.68
Pound Sterling	37.93	39.44
Indonesian Rupiah	0.0022	0.0021

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

Consolidated/Separate financial statements as at 30 June 2020			
Foreign currencies	Amount	Contractual exchange rate	Contractual maturity date
	(million)	(Baht per 1 foreign currency unit)	
<u>Forward contracts to "Buy"</u>			
US dollar	4.5	31.00 - 32.93	14 October 2020 - 21 December 2020

As at 31 December 2019, the Group had no outstanding balance of forward contract to hedged foreign exchange risk.

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

### **30. Approval of interim financial statements**

These interim financial statements were authorised for issue by the Company's Board of Directors on 14 August 2020.