

Sor Lor 019/2017

May 15, 2017

Subject : Management's Discussion and Analysis for the first Quarter of 2017

To : The President

The Stock Exchange of Thailand (SET)

Pranda Jewelry Public Company Limited would like to notify the operating result stated in consolidated financial statements for the first-quarter period ended March 31, 2017 of which has changed over 20% compared to the same period of previous year.

For the operating result of Quarter 1 ended March 31, 2017 which changes more than 20% compared to the same period of 2016. There is a loss on equity holders of the company at the amount of Baht 75.78 million or decreased by 47.27% in comparison to the same period of previous year which has a loss on equity holders of the company at Baht 143.70 million. The Income Statement in brief is presented as followed:

Unit: Million Baht

	<b>January - March</b>		
	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>Change (%)</u></b>
Sales revenue	945.39	603.93	56.54%
Cost of sales	734.04	461.57	59.03%
Gross profit	211.35	142.36	48.46%
<b>Gross profit margin</b>	22.36%	23.57%	
Selling and administrative expenses	234.73	261.11	(10.10%)
<b>Operating profit (Loss)</b>	(23.38)	(118.75)	(80.31%)
Finance cost	33.81	16.68	102.70%
Gain (Loss) on exchange rate	(29.37)	(25.88)	13.49%
Other items	9.39	15.52	(39.50%)
Tax income (expenses)	1.39	2.09	(33.49%)
<b>Profit (Loss) on equity holders of the Company</b>	(75.78)	(143.70)	(47.27%)

In accordance with the consolidate Income Statement above, the company generates revenue of Baht 945.39 million increased by Baht 341.46 million or 56.54%, which indicates a strong growth both from Production base and Distribution base especially subsidiaries in USA. Nevertheless, the higher proportion in sales revenue of Production base has led to a slight decrease in gross margin from 23.57% to 22.36%.

Operating loss has decreased by Baht 95.37 million or 80.31% when compared to the same period of the previous year as there is significantly higher sales revenue, of which corresponds to the group's improved resources utilization that effect to a decrease in selling and administrative expenses of Baht 26.38 million.

The finance cost has increased by Baht 17.13 million or 102.70% as a result of the increase in loan from financial institution in second half of Year 2016 in pursuance of financing business operation, which complements with the steady hike in sales revenue.

Tax income decrease Baht 0.70 million or 33.49% agrees with the greater operating results.

In summary, Pranda Group has made loss on equity shareholders of the company at Baht 75.78 million, improved from previous year which had loss of Baht 143.70 million due to the growth in sales as a result of greater quantity sold.

Unit: Million Baht

**January – March**

<b>Separate Financial Statements</b>	<b>2017</b>	<b>2016</b>	<b>Change (%)</b>
Sales Revenue	748.77	446.36	67.75%
Gross Profit	81.51	52.89	54.11%
Operating Profit (Loss)	7.73	(53.58)	(114.43%)
Gain (Loss) on exchange rate	(40.76)	(24.88)	63.83%
<b>Other Income</b>	19.46	22.41	(13.16%)
<b>Profit (Loss) on equity holders of the Company</b>	(30.01)	(66.15)	(54.63%)

With regards to the table above, there is an operating profit of production base for the first-quarter period Baht 7.73 million, increased from a loss of Baht 53.58 million previous year due to the dramatic increase in sales from both domestic and overseas orders and also decreased selling and administrative expenses in amount of Baht 32.69 million. However, the impact from continued appreciation of Thai Baht has resulted in greater loss from exchange rate in amount of Baht 40.76 million. Therefore, the Company has loss on equity holders at Baht 30.01 million.

Please be informed accordingly.

Yours Sincerely

Chanat Sorakraikitikul

Chairman of Finance & Risk Management Committee

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