

Sor Lor 025/2017

August 15, 2017

Subject : Management's Discussion and Analysis for the second Quarter and six-month period 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 second Quarter and six-month period ended June 30, 2017 of which has changed over 20% compared to the same period of 2016.

For the operating result of second Quarter ended June 30, 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 16.52 million or decreased by 76.66% in comparison to the same period of previous year which has a loss on equity holders of the company at Baht 70.78 million. The Statement of Comprehensive Income in brief is presented as followed:

Unit: Million Baht

	April - June		
	<u>2017</u>	<u>2016</u>	<u>Change (%)</u>
Sales revenue	626.44	709.65	(11.73%)
Cost of sales	448.59	541.26	(17.12%)
Gross profit	177.85	168.39	5.62%
Gross profit margin	28.39%	23.73%	
Selling and administrative expenses	224.69	217.19	3.45%
Operating profit (Loss)	(46.84)	(48.80)	4.02%
Finance cost	10.46	18.84	(44.48%)
Gain (Loss) on exchange rate	23.37	(29.14)	(180.20%)
Other items	16.66	28.47	(41.48%)
Tax income (expenses)	0.75	(2.47)	(130.36%)
Profit (Loss) on equity holders of the Company	(16.52)	(70.78)	76.66%

Pranda Group has made revenue of Baht 626.44 million decreased by Baht 83.21 million or 11.73%, of which is a result of a slight fall in sales revenue of both Production base and Distribution base. This is owing to the current world economic situation which has led to a plunge in customers' purchasing power. However, the company's gross profit margin has risen from 23.73% to 28.39% considering the fact that there was an inventory clearance taken place last year.

Selling and Administrative expense are close to the same period of previous year. Nonetheless, there was a reduction in company's operating loss by 4.02% as a result of the improved gross profit margin.

Likewise, company's financial cost has decreased by 44.48% due to loan repayment along with maturity of Bill of Exchange.

Pranda Group had gain on exchange rate at Baht 23.37 million which has surged by 180.20% compared to same period of the previous year which has a loss on exchange rate at Baht 29.14 million as a consequence of the United Kingdom's decision to withdraw from the European Union or Brexit, of which has led to the depreciation in pound sterling.

Other items dropped by 41.48% as there was a gain from liquidation of subsidiary company during the same period of the previous year.

In summary, Pranda Group has made loss on equity holders of the company at Baht 16.52 million, improved from previous year which had loss of Baht 70.78 million due to improvement in gross profit margin.

For the operating results of six-month period ended June 30, 2017 which changes more than 20% compare to the same period of 2016, Pranda Group has made loss on equity holders of the company at the amount of Baht 92.30 million, or decreased by 56.97% with the Statement of Comprehensive Income presented as below.

Unit: Million Baht

	January - June		
	<u>2017</u>	<u>2016</u>	<u>Change (%)</u>
Sales revenue	1,571.83	1,313.58	19.66%
Cost of sales	1,182.63	1,002.83	17.93%
Gross profit	389.20	310.75	25.25%
Gross profit margin	24.76%	23.66%	
Selling and administrative expenses	459.42	478.30	(3.95%)
Operating profit (Loss)	(70.22)	(167.55)	58.09%
Finance cost	44.27	35.52	24.63%
Gain (Loss) on exchange rate	(6.00)	(55.02)	89.09%
Other items	26.05	43.99	(40.78%)
Tax income (expenses)	2.14	(0.38)	(663.16%)
Profit (Loss) on equity holders of the Company	(92.30)	(214.48)	56.97%

With regards to the table above, there was sales revenue of Baht 1,571.83 million for the six-month period ended 30 June 2017, increased from same period of the previous year by Baht 258.25 million or 19.66% due to a considerable growth in Production base sales revenue during the first half of the year. Gross profit margin has improved from 23.66% to 24.76% as a result of effective cost management.

Pranda Group has made operating loss of Baht 70.22 million or decreased by 58.09% compared to last year, this is due to the impact from sales growth and improved gross margin.

Finance cost has risen by 24.63% owing to the fact that there was an increase in loan from financial institution in second half of Year 2016.

Pranda Group has made loss on exchange rate at Baht 6.00 million, decreased by 89.09% as a consequence of depreciation in Pound Sterling due to impaction from Brexit in Year 2016.

Other items had declined by 40.78%, as there was a gain from liquidation of subsidiary company. Therefore has led to a loss on equity holders of the company at Baht 92.30 million.



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Please be informed accordingly.

Yours Sincerely

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