

Sor Lor 025/2019

May 14, 2019

Subject : Management's Discussion and Analysis for the first Quarter of 2019

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, 2019 compared to the same period of 2018.

For the operating result of first Quarter ended March 31, 2019 compared to the same period of 2018. There is a loss on equity holders of the company at the amount of Baht 71.37 million increased by compared to the same period of previous year at Baht 13.87 million or 16.27%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	January - March		Change
	2019	2018	(%)
Sales revenue	569.33	707.10	(19.48%)
Cost of sales	420.57	516.24	(18.53%)
Gross profit	148.76	190.86	(22.06%)
Gross profit margin	26.13%	26.99%	(0.86%)
Selling and administrative expenses	197.78	228.82	(13.57%)
Operating profit (Loss)	(49.02)	(37.96)	29.14%
Finance cost	14.54	22.20	(34.50%)
Gain (Loss) on exchange rate	(16.87)	(36.12)	(53.29%)
Other items	9.37	8.66	8.20%
Tax income (expenses)	(4.65)	(4.91)	(5.30%)
Non-controlling interests of the subsidiaries	4.34	7.29	(40.47%)
Profit (Loss) on equity holders of the Company	(71.37)	(85.24)	(16.27%)

Pranda Group has revenue of Baht 569.33 million decreased by compared to the same period of previous year Baht 137.77 million or 19.48% due to declining of world economy which directly affect to key customer of Pranda Group in production business which resulted in a decrease of 23%. Sale in distribution business decreased by 37% mainly from decline in sales with key customer in US operation. For sale in retail business decreased by 8% due to Thailand market decelerated and reduced spending in luxury goods.

As aforementioned above, resulted in gross profit margins slightly decreased from 26.99% to 26.13% due to first Quarter 2019, Pranda Group sold goods with gross profit margin slightly lower than the same period of the previous year. However, Pranda Group has improvement in production business unit productivity. Selling and Admin expenses decreased due to result of expense reduction from the subsidiary in distribution business that is being liquidated.

Pranda Group has operating loss at Baht 49.02 million by compared to the same period of previous year which has operating loss at Baht 37.96 million as a result of the analysis as aforementioned above.

Pranda Group has finance cost at Baht 14.54 million decreased by compared to the same period of previous year Baht 7.66 million or 34.50% which mainly due to repayment long-term loan in second quarter 2018.

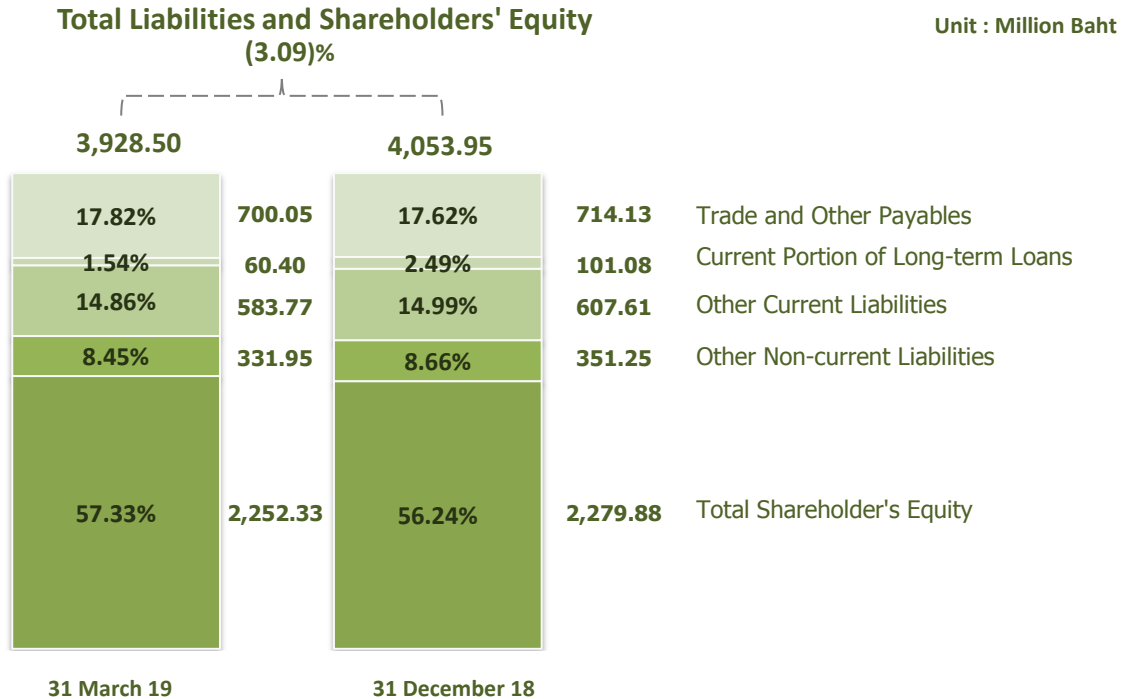
This first Quarter, loss on exchange rate at the amount of Baht 16.87 million while the same period of previous year which has loss on exchange rate at 36.12 million because appreciation on Baht has lower proportion compared with the same period of previous year which mainly came from working capital of subsidiary in foreign country.

In summary, Pranda Group has made loss on equity holders of the company at Baht 71.37 million, improved from previous year which has made loss of Baht 85.24 million.

For statement of financial position as at March 31, 2019, changes as compared to December 31, 2018 are as followed:

	Total Asset (3.09)%		Unit : Million Baht	
	31 March 19	31 December 18	31 March 19	31 December 18
	3,928.50	4,053.95		
Cash and cash equivalents	10.62%	417.14	9.79%	396.85
Trade and other receivables	7.87%	309.12	10.63%	430.96
Inventories	43.25%	1,699.04	41.81%	1,694.83
Other current asset	2.15%	84.58	2.43%	98.55
Investment Properties	15.00%	589.10	14.53%	589.18
Property, plant and equipment	16.06%	631.09	15.90%	644.57
Other non-current asset	5.05%	198.42	4.91%	199.01

The group's total asset as of March 31, 2019 was at Baht 3,928.50 million which has decreased by Baht 125.45 million or 3.09% as compared to December 31, 2018 primarily due to receiving payment from account receivable and other receivable which has more efficiency.



The group's total liabilities as of March 31, 2019 was at Baht 3,928.50 million, decreased by Baht 125.45 million or 3.09% as compared to December 31, 2018 in regards with the decrease in the bill of exchange as well as short-term and long-term loans.

Cash flow statement for the period ended March 31, 2019, Pranda Group has cash and cash equivalents decrease by Baht 76.30 million details as follow:

	Unit: Million Baht	
	2019	2018
Cash Flow from Operating Activities	63.70	131.51
Cash Flow from Investing Activities	(4.50)	(21.39)
Cash Flow from Financing Activities	(53.11)	(33.66)
Increase in Translation Adjustment	14.20	20.13
Net Cash Flow	20.29	96.59

The Company's Cash Inflow from Operating Activities during the three-month period ended March 31, 2019 is at Baht 63.70 million, decreased due to repayment trade and other payables per payment term as well as expense for long-term employee benefits.

Cash Outflow from Investing Activities during three-month period ended March 31, 2019 is at Baht 4.50 million generally due to fixed assets for operating working capital in Pranda Group.

Cash Outflow from Financing Activities during three-month period ended March 31, 2019 is at Baht 53.11 million; The group has been repaying its long-term loans amount Baht 49.40 million as well as Bills of exchange amount Baht 30 million. However, during the period there is cash inflow from proceeds ordinary shares issuance from exercised warrants at the amount of Baht 24.50 million as well as Pranda Group still repays its debt on schedule.

Please be informed accordingly.

Yours Sincerely

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Chairman of Finance & Risk Management Committee

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