

Sor Lor 009/2019

February 27, 2019

Subject : Management's Discussion and Analysis for the fourth Quarter and twelve-month period of 2018

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 fourth Quarter and twelve-month period ended December 31, 2018 of which has changed over 20% compared to the same period of 2018

For the operating result of fourth Quarter ended December 31, 2018 which changes more than 20% compared to the same period of 2017. There is a gain on equity holders of the company at the amount of Baht 28.75 million increased by compared to the same period of previous year at Baht 62.37 million or 185.51%. The Statement of Comprehensive Income in brief is presented as followed:

	Unit: Million Baht		
	October - December		
	2018	2017	Change (%)
Sales revenue	754.18	713.79	5.66%
Cost of sales	475.90	461.13	3.20%
Gross profit	278.28	252.66	10.13%
Gross profit margin	36.90%	35.40%	1.50%
Selling and administrative expenses	235.55	266.74	(11.69%)
Operating profit (Loss)	42.73	(14.08)	403.48%
Finance cost	14.46	20.66	(30.01%)
Gain (Loss) on exchange rate	3.46	(13.14)	126.33%
Other items	1.53	10.30	(85.14%)
Tax income (expenses)	(4.29)	1.16	(469.83%)
Non-controlling interests of the subsidiaries	(0.22)	2.80	(107.86%)
Profit (Loss) on equity holders of the Company	28.75	(33.62)	(185.51%)

Pranda Group has revenue of Baht 754.18 million increased by compared to the same period of previous year Baht 40.39 million or 5.66% and gross profit margins is increased from 35.40% to 36.90% as a result of sales and services concentration to higher margin customers and improvement in production business unit productivity. Selling expenses decreased due to result of expense reduction from the subsidiary in distribution business that is being liquidated.

Pranda Group has operating profit at Baht 42.73 million by compared to the same period of previous year which has operating loss at Baht 14.08 million as a result of the analysis as aforementioned above.

Pranda Group has finance cost at Baht 14.46 million decreased by compared to the same period of previous year Baht 6.20 million or 30.01% which mainly due to repayment long-term loan in second quarter 2018.

This fourth Quarter, gain on exchange rate at the amount of Baht 3.46 million while the same period of previous year which has loss on exchange rate at 13.14 million.

Other items at Baht 1.53 million decreased by compared to the same period of previous year Baht 8.77 million or 85.14% due to impairment on other long-term investments.

Tax expenses of the Group is at Baht 4.29 million while the same period of previous year has tax income at Baht 1.16 million due to the fact that there are tax on profit made by subsidiary company.

Non-controlling interests of the subsidiaries decreased by Baht 3.02 million or 107.86% compared to the same period of previous year due to loss from operation in distribution business unit Baht 12.14 million. However, in fourth quarter, distribution business unit has profit due to financial restructure.

In summary, Pranda Group has made profit on equity holders of the company at Baht 28.75 million, increased from previous year which has made loss of Baht 33.62 million.

For the operating results of twelve-month period ended December 31, 2018 which changes more than 20% compare to the same period of 2017, Pranda Group has made profit on equity holders of the company at the amount of Baht 167.68 million, while last year there was a loss on equity holders of the company at the amount of Baht 161.32 million with the Statement of Comprehensive Income presented as below.

	Unit: Million Baht		
	January - December		
	2018	2017	Change (%)
Sales revenue	2,793.85	2,912.86	(4.09%)
Cost of sales	1,912.54	2,084.36	(8.24%)
Gross profit	881.31	828.50	6.37%
Gross profit margin	31.54%	28.44%	3.10%
Selling and administrative expenses	904.54	951.09	(4.89%)
Operating profit (Loss)	(23.23)	(122.59)	81.05%
Finance cost	71.38	84.26	(15.29%)
Gain (Loss) on exchange rate	(61.69)	(15.09)	(308.81%)
Other items	366.62	39.31	832.64%
Tax income (expenses)	(72.89)	2.43	(3,099.59%)
Non-controlling interests of the subsidiaries	30.24	18.87	60.25%
Profit (Loss) on equity holders of the Company	167.68	(161.32)	(203.94%)

Pranda Group has made revenue of Baht 2,793.85 million decreased by compared to the same period of previous year Baht 2,912.86 million or 4.09% this is due to the fact that there was high sales revenue in Production business unit in Quarter 1 Year 2017 due to backlog from previous quarter. However in Year 2018, sales revenue and shipments has resumed to normal, therefore has resulted in higher sales revenue of last year when compared to the current year. Nonetheless, gross profit margin has improved from 28.44% to 31.54% as a result of improvement in gross profit margins from production business unit as mentioned above and gross profit margins from distribution business unit improved which relevance to decrease in discount sale when compared with previous year.

Operating Loss decreased from Baht 122.59 million to Baht 23.23 million as a result of the analysis as aforementioned above.

However, the Group is able to make positive earnings before interest, tax depreciation & amortization and one-time items expense compared with loss in previous year.

	Unit: Million Baht		
	January - December		
	2018	2017	Change (%)
Sales revenue	2,793.85	2,912.86	(4.09%)
Cost of sales	1,912.54	2,084.36	(8.24%)
Gross profit	881.31	828.50	6.37%
Gross profit margin	31.54%	28.44%	3.10%
Selling and administrative expenses	904.54	951.09	(4.89%)
<u>Less:</u>			
Depreciation and amortization	72.99	84.29	(13.41%)
Provision for LT employee benefits expenses	3.73	16.34	(77.17%)
Provision for the litigation of an overseas subsidiary	2.69	-	100.00%
Expenses incurred from tax assessment	10.60	-	100.00%
Profit (Loss) before interest, tax, depreciation & amortization	66.78	(21.96)	(404.10%)

The effect from the appreciation in Thai Baht as compared to the same period of previous year has resulting in the increase in loss on exchange rate which is at Baht 61.69 million mainly due to unrealized loss on exchange rate while last year only incurred a loss on exchange rate at Baht 15.09 million.

Other items have surged by Baht 366.62 million, which is owed to the gain on sales of land at the amount of Baht 334.57 million.

Tax expenses of the Group is at Baht 72.89 million, while there was a tax income of Baht 2.43 million during the same period of last year. This is due to the fact that there are taxes on profit made by subsidiary company and expenses incurred from tax assessment.

Non-controlling interests of the subsidiaries increased by Baht 11.37 million or 60.25% compared with the same period of previous year due to loss from operation in distribution business unit

In summary, Pranda Group has made profit on equity holders of the company at Baht 167.68 million, increased from previous year which has made loss of Baht 161.32 million.

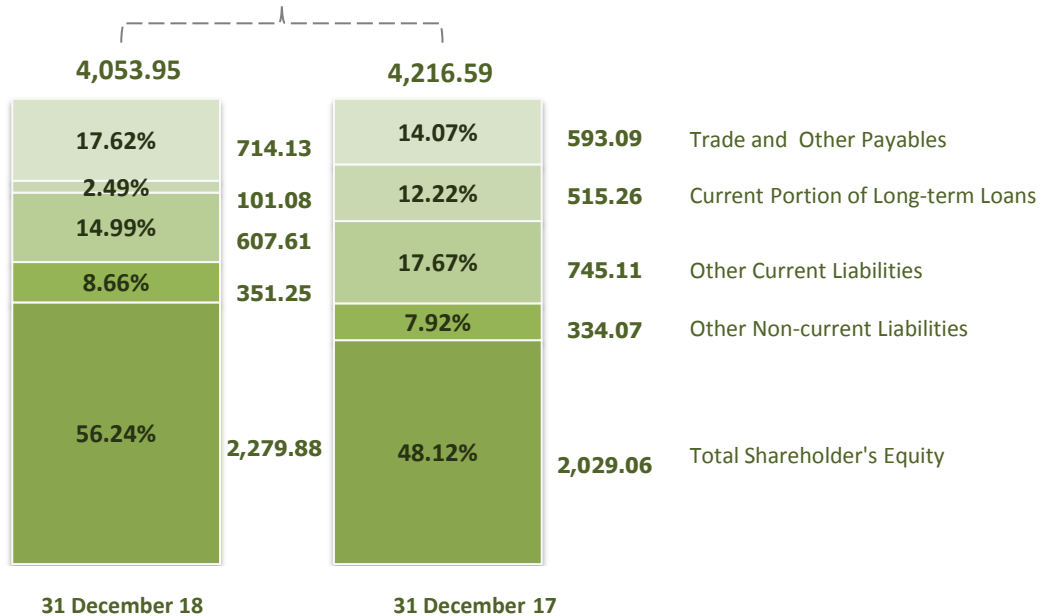
For statement of financial position as at December 31, 2018, changes as compared to December 31, 2017 are as followed:

	Total Asset (3.86)%		Unit : Million Baht
	31 December 18	31 December 17	
	4,053.95	4,216.59	
Cash and cash equivalents	9.79% 396.85	5.17% 218.02	
Trade and other receivables	10.63% 430.96	9.52% 401.63	
Inventories	41.81% 1,694.83	44.30% 1,867.79	
Other current asset	2.43% 98.55	3.77% 158.87	
Investment Properties	14.53% 589.18	13.98% 589.57	
Property, plant and equipment	15.90% 644.57	16.60% 699.77	
Other non-current asset	4.91% 199.01	6.66% 228.94	
	31 December 18	31 December 17	

The group's total asset as of December 31, 2018 was at Baht 4,053.95 million which has decreased by Baht 162.64 million or 3.86% as compared to December 31, 2017 primarily due to the sales of land which has been classified as Asset held for sales, also due to the decrease in Inventories being the outcome of the improvement in working capital management.

Total Liabilities and Shareholders' Equity
(3.86)%

Unit: Million Baht



The group's total liabilities as of December 31, 2018 was at Baht 4,053.95 million, decreased by Baht 162.64 million or 3.86% as compared to December 31, 2017 in regards with the decrease in the bill of exchange as well as short-term and long-term loans.

Total shareholders' equity as of December 31, 2018 was at Baht 2,279.88 million or increased by Baht 250.82 million or 12.36% as compared to December 31, 2017.

The statement of financial position stated above has indicated that Pranda Group has seen improvement on its financial liquidity as well as stronger financial position.

Cash flow statement for the twelve-month period ended December 31, 2018, Pranda Group has cash and cash equivalents increase by Baht 416.16 million details as follow:

	Unit: Million Baht	
	January - December	
	<u>2018</u>	<u>2017</u>
Cash Flow from Operating Activities	229.72	11.54
Cash Flow from Investing Activities	324.56	43.57
Cash Flow from Financing Activities	(432.05)	(309.69)
Increase in Translation Adjustment	56.59	17.24
Net Cash Flow	<u>178.82</u>	<u>(237.34)</u>

The Company's Cash Inflow from Operating Activities during the twelve-month period ended December 31, 2018 is at Baht 178.82 million, improved from last year as the company is able to improve its working capital management.

Cash Inflow from Investing Activities during twelve-month period ended December 31, 2018 is at Baht 324.56 million generally due to the cash received from the sales of asset held for sales.

Cash Outflow from Financing Activities during twelve-month period ended December 31, 2018 is at Baht 432.05 million; The group has been repaying its long-term loans amount Baht 451.82 million as well as Bills of exchange amount Baht 280 million. However, during the period there is cash inflow received from convertible debenture at the amount of Baht 100 million, together with the cash receipt from sales of treasury shares amount Baht 43.48 million as well as the group still repays its debt on schedule.

Please be informed accordingly.

Yours Sincerely

Chanat Sorakraikitikul
Chairman of Finance & Risk Management Committee

Corporate Secretary Office
Tel. 02-769-9999 Ext. 431, 403, 436
Fax: 02-398-2141