

Sor Lor 031/2561

May 14, 2018

Subject : Management's Discussion and Analysis for the first Quarter 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 first-Quarter period ended March 31, 2018 of which has changed over 20% compared to the same period of 2017.

For the operating result of Quarter 1 ended March 31, 2018 which changes more than 20% compared to the same period of 2017. There is a loss on equity holders of the company at the amount of Baht 85.24 million compared to the same period of previous year which has a loss on equity holders of the company at Baht 75.78 million. The Statement of Comprehensive Income in brief is presented as followed:

Unit: Million Baht

**January - March**

	<b>2018</b>	<b>2017</b>	<b>Change (%)</b>
Sales revenue	707.10	945.39	(25.21%)
Cost of sales	516.24	734.04	(29.67%)
Gross profit	<b>190.86</b>	<b>211.35</b>	<b>(9.69%)</b>
<b>Gross profit margin</b>	<b>26.99%</b>	<b>22.36%</b>	<b>20.71%</b>
Selling and administrative expenses	228.82	234.73	(2.52%)
<b>Operating profit (Loss)</b>	<b>(37.96)</b>	<b>(23.38)</b>	<b>62.36%</b>
Finance cost	22.20	33.81	(34.34%)
Gain (Loss) on exchange rate	(36.12)	(29.37)	22.98%
Other items	8.66	8.00	8.25%
Tax income (expenses)	(4.91)	1.39	(453.24%)
Non-controlling interests of the subsidiaries	7.29	1.39	424.46%
<b>Profit (Loss) on equity holders of the Company</b>	<b>(85.24)</b>	<b>(75.78)</b>	<b>12.48%</b>

Pranda Group has made revenue of Baht 707.10 million decreased by Baht 238.29 million or 25.21% this is due to the fact that there was high sales revenue in Production base in Quarter 1 Year 2017 due to backlog from previous quarter. However in Quarter 1 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, the Group's gross profit margin** has seen a significant improvement from 22.36% to 26.99% in line with the improved gross profit margin of Distribution base due to the fact that there is less discount sales compared to same period of last year.

Selling and Administrative expenses decreased by Baht 5.91 million or 2.52% considering the group's efficiency in controlling and managing both its selling and administrative expenses.

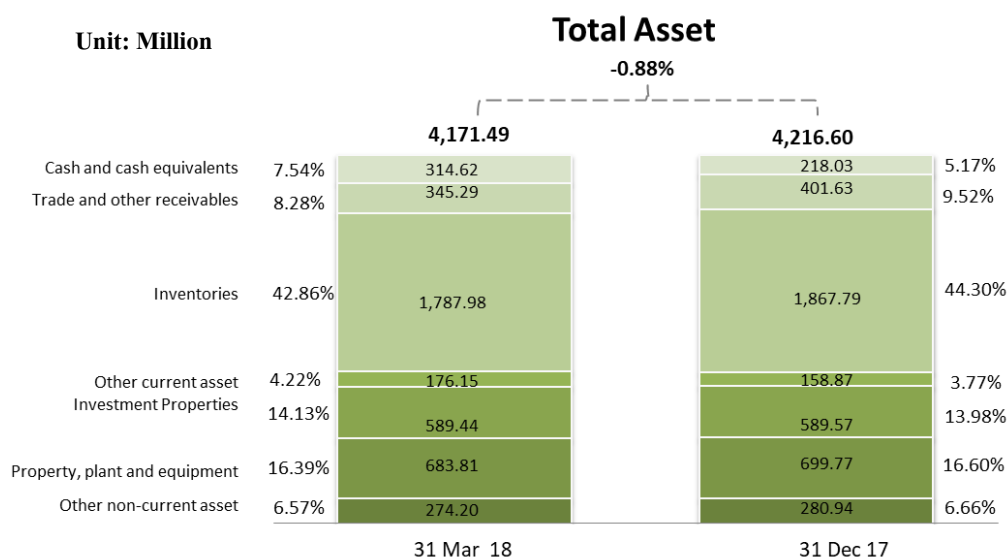
Finance Cost has declined by Baht 11.61 million or 34.34% which is due to the decrease in short-term loans and Bills of Exchange.

In light of the appreciation in Thai Baht during the period has resulted in the unrealized loss on exchange rate of the company's assets overseas, led to Pranda Group having made loss on exchange rate at Baht 36.12 million or increased by 22.98% when compared to same period of the previous year whereby the loss on exchange rate was at Baht 29.37 million.

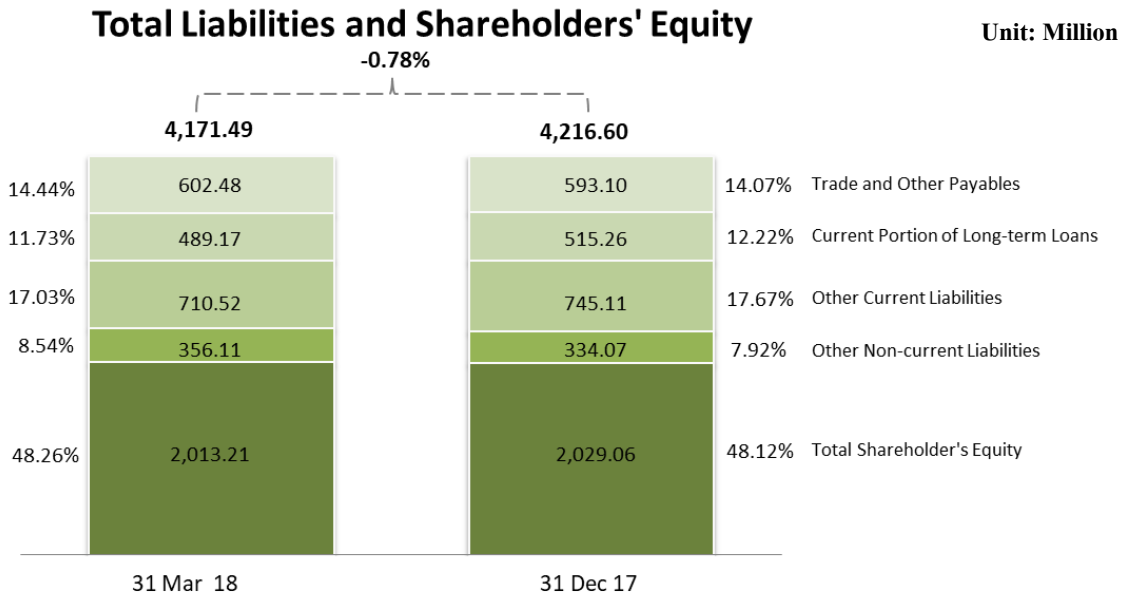
Tax expense is at Baht 4.91 million while there was tax income of Baht 1.39 million in comparison to previous year which is owing to the tax on profit made by subsidiary company.

In summary, Pranda Group has made loss on equity holders of the company at Baht 85.24 million, increased from previous year which has made loss of Baht 75.78 million.

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



The group's total asset as of March 31, 2018 was at Baht 4,171.49 million which has slightly decreased by Baht 45.11 million or 0.88% as compared to December 31, 2017 primarily due to the decrease in Trade and other receivables as well as Inventories being the outcome of the improvement in working capital management.



The group's total liabilities as of March 31, 2018 was at Baht 2,158.28 million, decreased by Baht 29.26 million or 1.34% as compared to December 31, 2017 in regards with the drop in short-term and long-term loans.

Total shareholders' equity as of March 31, 2018 was at Baht 2,013.21 million or decreased insignificantly by Baht 15.85 million or 0.78% 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 three-month period ended March 31, 2018, Pranda Group has cash and cash equivalents increase by Baht 96.59 million details as follow

Unit: Million Baht

	<b>January - March</b>	
	<b>2018</b>	<b>2017</b>
Cash Flow from Operating Activities	131.51	65.74
Cash Flow from Investing Activities	(21.39)	(11.15)
Cash Flow from Financing Activities	(33.66)	(271.68)
Increase in Translation Adjustment	20.13	22.98
<b>Net Cash Flow</b>	<b>96.59</b>	<b>(194.10)</b>

Company's Cash Inflow from Operating Activities during the 3 month period ended 31 March 2018 is at Baht 131.51 million, improved from last year as the company is able to improve its working capital management.

Cash Outflow from Investing Activities during 3 month period ended 31 March 2018 is at Baht 21.39 million generally due to the investment in relocation of factory facility of the group's affiliated company.

Cash Outflow from Financing Activities during 3 month period ended 31 March 2018 is at Baht 33.66 million while there was outflow of Baht 271.68 million in comparison with the same period of last year; during the first quarter of year 2018, there is cash inflow received from convertible debenture at the amount of Baht 50 million along with treasury stock amount Baht 43.48 million during the period; nonetheless, the group still repays its debt on schedule, having paid its short-term and long-term loans at the total of Baht 124.43 million during the first quarter, While the same period of previous year has seen cash outflow due to repaying its loans totaling Baht 271.53 million as well.

Please be informed accordingly.

Yours Sincerely

Chanat Sorakraikitikul

Chairman of Finance & Risk Management Committee

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