

15th August 2017

Subj Management Discussion and Analysis (MD&A) Q2/2017

Dear Managing Director of Stock Exchange of Thailand

We, Patum Rice Mill and Granary Public Company Limited and its subsidiaries, would like to present the Management Discussion and Analysis (MD&A) of Q2/2017 as follows:

Management Discussion and Analysis (MD&A)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

For the Three-month period and Six-month period ended 30th June 2017

1. Overall performance

Consolidated financial results of Patum Rice Mill and Granary Public Company Limited and its subsidiaries for the Three-month period and Six-month period ended 30 June 2017 are as follows:

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2017	2016	diff	%	2017	2016	diff	%
Total revenues	554	614	(60)	-10%	909	1,098	(189)	-17%
Total expenses	401	445	(43.36)	-9.8%	754	926	(171.09)	-18.5%
Cost of sales	311	356	(44.51)	-12.5%	584	736	(151.32)	-20.6%
Selling expenses	58	56	1.98	3.6%	107	113	(5.58)	-4.9%
Administrative expenses	31	32	(0.74)	-2.3%	59	73	(13.99)	-19.1%
Profit (loss) attributable to Equity holders of the Company	151.1	170.0	(19)	-11%	150.82	166.45	(16)	-9%
Earnings per share (THB/share)	0.25	0.28	(0)	-11%	0.25	0.28	(0.03)	7%

Financial results of 3-month ended period

- Comparing to result of Q1/2017, overall result of Q2/2017 were improved with total revenue of 554 million baht. However, the result still declined 60 million baht or 10%, comparing to same quarter of last year. The reasons are as follows;
 - Reduction in sales of rice in export market of 34 million baht, including 9.5 million baht decrease in government to government contract (G-G), comparing to same quarter of last year.
 - Moreover, sales of domestic market also declined of 26 million bath comparing to Q2/2016. These were results of declining in modern trade market of 16 million baht and traditional trade of 13 million baht. While HORECA (Hotel, restaurant, catering) channel presented improvement of 3 million baht, comparing to Q2/2016.
 - Average selling price of Q2/2017 reduced 17%, comparing to last year.
- The company presented net profit of Q2/2017 of 150 million baht, declining 16 million baht or 9%, comparing to same quarter of last year. Mainly were results of
 - Rice price gradually increase in ending Q2/2017, therefore, COGs per revenue slightly increase 1% to 82%, comparing to 81% of last year.
 - In addition, there were dividend received in Q2/2017, mainly are from MBK stock of 166 million baht.

Financial results of 6-month ended period

- Considering result in half year figure, total revenue still decreased 189 million baht or 17% to 909 million baht, comparing to last year. Reasons were as follows;
 - Declining in sales volume in government to government contract (G-G) 46% to 102 million baht. Moreover, Not only declining in export market 38% to 60 million baht but also domestic market of 16% to 381 million baht.
 - Restaurant and food service business were performed by maintaining sales of 182 million baht, reduce 3%, comparing to last year.
 - Increasing in rice price gradually in ending of Q2/2017, effected to COGs per revenue of half year of 0.5% to 81%.
 - Regarding to current situation, the company put all efforts in reducing operating cost such as
 - Marketing and promotion were reduced 6 million baht
 - Overhead and administrative cost also were decrease of 14 million baht.
- Therefore, half year net profit were 148 million baht.

2. Financial performance by segment.

2.1 Revenue by segment

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2017	2016	diff	%	2017	2016	diff	%
1. Processing and packaging of rice	291	350	(59)	-16.9%	544	730	-186	-25.5%
2. Manufacturing and distribution of plastic bag	-	9	(9)	-100%	0	27	-27	-100%
3. Food Center	89	91	(2)	-2.5%	182	188	-6	-3.4%
Less inter company balance	(0)	(0)	0	-73%		(5)	6	104%
Revenue from sales	380	450	(70)	-15.7%	726	940	-214	-22.8%

- In Q2/2017 declining in revenue from rice business of 59 million baht to 291 million baht, mainly, were from reducing in government to government contract.
- Expanding 1 branch of Sukiyaki at AC Saimai and renovation of Japanese restaurant maintained sales volume of food center during difficult economic condition. The segment declined only 2.5% to 89 million baht in Q2/2017.

2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2017	2016	diff	%	2017	2016	diff	%
1. Processing and packaging of rice	56	74	(18.01)	-24.3%	116	156	-40.74	-26.1%
2. Manufacturing and distribution of plastic bag	-	-	0.08	100%	-	0	-0.20	-100%
3. Food Center	11	10	1.10	11.4%	22	23	-0.53	-2.3%
Less inter company balance	0	0	(0.18)	-91%	0	0	-0	-91%
Revenue from sales	67	84	(17)	-19.9%	138	179	-41	-23%

- Decrease in gross profit by segment of 17 million baht or 20% mainly are from rice business.

Financial status analysis

Detail	2017	2016	diff	%
Total assets	8,639	8,410	229.45	2.7%
Trade and other receivable	130	95	34.89	36.7%
Inventories	172	248	(76.33)	-30.8%
Other current assets	47	50	(2.65)	-5.3%
Total Liabilities	1,911	1,899	11.72	0.6%
Bank overdrafts and short-term loans from banks	495	500	(5.19)	-1.0%
Trade and other payables	93	136	(42.59)	-31.4%
Other current liabilities	12	14	(1.67)	-11.8%
Total shareholders' equity	6,728	6,510	218	3%

- Increasing in total assets of 229 million baht mainly were from reflecting market price of investment value of listed securities (MBK) of 300 million baht and declining in stock value of 76 million baht.
- Declining of trade account payable of 42 million baht were from reimbursement of G to G account.

Please be informed accordingly

Kindly Regards

- *Signature* -

(Mr. Somkiat Makcayathorn)

Managing Director

Patum Rice Mill and Granary Public Company Limited