

14th November 2018.

Subj Management Discussion and Analysis (MD&A) Q3/2018

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 Q3/2018 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 Nine-month period ended 30th September 2018

1. Overall performance

Consolidated financial results of Patum Rice Mill and Granary Public Company Limited and its subsidiaries for the Three-month period and Nine-month period ended 30th September 2018 are as follows:

Unit: million baht

Detail	for 3-month period ended September				for 9-month period ended September			
	2018	2017	diff	%	2018	2017	diff	%
Total revenues	685	540	146	27%	1,953	1,455	467	34%
Revenue from sales	469	359	110	31%	1,531	1,081	451	42%
Revenue from service	20	6	14	232%	32	21	12	57%
Dividends	185	169	16	9%	370	335	35	11%
Total expenses	499	379	120	32%	1,613	1,140	473	41%
Cost of sales	385	295	90	30%	1,277	879	398	45%
Cost of services	16	3	13	401%	25	13	12	87%
Selling expenses	69	52	17	33%	199	160	39	24%
Administrative expenses	29	29	0	1%	113	88	25	28%
Profit (loss)	181	157	24	15%	328	306	22	7%
Profit (loss) attributable to Equity holders of the Company	187	158	29	18%	336	309	27	9%
Earnings per share (THB/share)	0.31	0.26	0.05	18%	0.56	0.52	0.04	9%

Financial results of 3-month ended period

- Overall results of Q3/2018 were improved 145 million baht or 27% with total revenue of 685 million baht. The reasons are, mainly, as follows:
 - Improving in domestic market, especially, in traditional trade 219% and also increase in revenue from government contract (G-G) 585%
 - Dividend revenue increase 16 million baht, mainly are from investment of MBK Plc 0.37 THB/share, comparing to 0.33 THB/shares of last year.
 - Rising in revenue from service contract of 14 million baht, including revenue from event at MBK center.

- Moreover, the company sold shares of one subsidiaries - MBK Food System 100% to MBK Plc, gained profit of 6.5 million baht.
- The company presented net profit of 181 million baht, rising of 24 million baht or 15%, comparing to same quarter of last year. The main impacts are from
 - Stagnant of market rice price Q3/2018, therefore, COGs per revenue keep 82%.
 - Gross profit from rental and services business of 3.3 million baht, increase of 0.64 million baht.
 - In addition, there were increasing in dividends received and profit from selling investment of subsidiaries, as mentioned before.

Financial results of 9-month ended period

- Considering result of 3 quarters, total revenue increase 497 million baht or 34% to 1,953 million baht, comparing to last year. Reasons were as follows;
 - Strategic focus in Thai White rice of domestic market and price adjustment, regarding to increasing in cost of goods.
 - Moreover, increase in sales volume from government contract (G-G) 55 million baht to 166 million baht, comparing to 9 month of last year.
 - Declining in tourists sector, sales of restaurant and food service business were declined of 41 million baht or 3% to 233 million baht.
- Although market price of Thai rice keep stagnant in Q3/2018, accumulated COGs per revenue ratio still presented at 83%.
- Increasing in selling expense increase of 39 million baht or 24%, mainly are from freight charges of G-G transactions.

2. Financial performance by segment.

2.1 Revenue by segment

Detail	for 3-month period ended June				for 9-month period ended June			
	2018	2017	diff	%	2018	2017	diff	%
Processing and packaging of rice	414	274	140	51%	1,331	828	503	61%
Food Center Less inter company balance	75	92	(17)	-19%	233	274	(41)	-15%
Revenue from sales	489	365	123	34%	1,564	1,101	462	42%

- Increase in revenue from rice business of 140 million baht in Q3/2018, mainly, were from rising in domestic market and government contract.
- Due to declining in tourist sector, sales of restaurant and food center business decline 18%, comparing to last year.

2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended June				for 9-month period ended June			
	2018	2017	diff	%	2018	2017	diff	%
Processing and packaging of rice	75	54	20	37%	226	174	52	30%
Food Center	13	13	0	4%	36	35	1.01	3%
Revenue from sales	88	67	21	31%	262	209	53	26%

- Increase in gross profit by segment of 31%, mainly are from rice business.
- Regarding to cost control and reduction, gross profit of restaurant and food center are delivered on par as last year.

3. Financial status analysis

Unit: million baht

Detail	30 th Sept 2018	31 st Dec 2017	diff	%
Total assets	14,486	10,900	3,587	33%
Trade and other receivable	294	277	17	6%
Inventories	448	240	208	87%
Other current assets	22	31	(9)	-29%
Total Liabilities	3,407	2,544	862	34%
Bank overdrafts and short-term loans from banks	905	704	201	29%
Trade and other payables	86	83	3	4%
Other current liabilities	20	18	2	12%
Total shareholders' equity	11,080	8,355	2,724	33%

- Increasing in total assets of 3,587 million baht mainly were from reflecting market price of investment value of listed securities (MBK) of 3,220 million baht and declining in stock value of 208 million baht.
- Increase in total liabilities of 862 million baht, mainly are reflecting deferred tax of increase in investment value of MBK stock and increase in bank OD of 201 million baht (regarding to stock increase of 208 million baht).

Please be informed accordingly

Kindly Regards

- Signature -

(Mr. Somkiat Makcayathorn)

Managing Director

Patum Rice Mill and Granary Public Company Limited