

15^h May 2017

Subj Management Discussion and Analysis (MD&A) Quarter 1/ 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) Quarter 1 of year 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 ended 31st March 2017****1. Overall performance**

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

Unit: million baht

	for 3-month period ended 31 st March			
	2017	2016	diff	%
Total revenues	355	484	(129)	-27%
Revenue from sales	344	475	(131)	-28%
Revenue from service	2	2	(0)	-5%
Other revenues	9	7	2	36%
Total expenses	353	481	(128)	-27%
Cost of sales	273	380	(107)	-28%
Cost of services	2	2	(0)	-7%
Selling expenses	50	57	(8)	-13%
Administrative expenses	28	42	(13)	-32%
Profit (loss) attributable to Equity holders of the Company	(1.5)	(11)	10	86%
	-	(9)	9	100%
Earnings per share (THB/share)	(0)	(4)	3	93%

Financial results of 3-month ended period (Q1/2017)

- Regarding to current economic condition, revenue for Q1/2017 decline 129 million baht or 27% to 355 million baht, comparing to same period of last year, due to
 - Decrease in sales of rice in export market, especially government to government contract (G-G) 73 million baht.
 - Decline in sales of domestic market of 50 million baht, referring to reducing in modern trade channel of 38 million baht and in traditional trade channel of 12 million baht.
- However, 3-month net profit are loss 1.5 million baht, improved of 10 million baht (86%), comparing to same period of last year of which due to
 - Reducing in average cost of goods of 107 million baht, reflecting in improving in common size of COGs/Rev of 1% to 79% in Q1/2017, comparing to 80% of 2016. This is because of reducing in price of rice market.
 - Decrease in selling expenses -- variable expenses, of 8 million baht, mainly are from reducing in transportation cost (G to G) of 3.7 million baht and trade promotion cost of 3.7 million baht.
 - Declining in administrative expenses of 13 million baht or 32% are comprised of reducing in loss from foreign exchange of 6.2 million baht and people cost increase 2.3 million baht. Moreover, financial result in Q1/2016 were reflected business cancellation of Japanese restaurant – BBQ of 9.3 million baht.

2. Unconsolidated financial results

Unit: million baht

	for 3-month period ended 31 st March			
	2017	2016	diff	%
Total revenues	307	394	(87)	-22%
Revenue from sales	302	388	(86)	-22%
Revenue from service	0	0	-	0%
Other revenues	4	6	(1)	-22%
Total expenses	301	386	(85)	-22%
Cost of sales	248	319	(71)	-22%
Cost of services	0	0	-	0%
Selling expenses	35	43	(9)	-20%
Administrative expenses	19	24	(6)	-24%
Profit (loss) of the period	(1.6)	(0.4)	(1.2)	-271%

- Unconsolidated net profit and loss is 1.6 million baht loss, decrease 1.2 million baht, comparing to same period of last year, mainly, due to declining in export sales of rice market.

3. Financial performance by segment.

3.1. Revenue by segment

Unit: million baht

segment	for 3-month period ended 31 st March			
	2017	2016	diff	%
1. Processing and packaging of rice	253	381	(127)	-32%
2. Manufacturing and distribution of plastic bag	-	18	(18)	-48%
3. Food Centre	93	97	(4)	1%
Less inter-segment revenue	(0)	(5)		
Revenue from sales	346	491	(145)	-28%

- Revenue of rice business declined 127 million baht to 253 million baht in Q1/2017, mainly are effect of declining in G-G business and fierce competition in domestic market – lower in domestic rice price of 15%.
- Food centers and restaurant have been effected by economic situation with low consumption and less tourists in MBK center led to lower sales revenue of 4 million baht to 93 million baht in Q1/2017.
- Moreover, because of company policy, cancelling plastic bag manufacturing business, there was no revenue contribution in Q1/2017.

3.2 Gross profit by segment

Unit: million baht

segment	for 3-month period ended 31 st March			
	2017	2016	diff	%
1. Processing and packaging of rice	59	82	(23)	-28%
2. Manufacturing and distribution of plastic bag	-	0	(0)	-100%
3. Food Centre	12	13	(2)	-12%
Less inter-segment revenue	1	(0)		
Gross profit by segment	71	95	(25)	-25%

- Declining in gross profit of 25 million baht are mainly from rice business.

4. Financial status analysis

Unit: million baht

	for 3-month period ended 31 st March			
	2017	2016	diff	%
Total assets	8,847	8,410	438	5%
Trade and other receivable	139	95	44	46%
Inventories	224	248	(24)	-10%
Other current assets	71	50	21	43%
Total Liabilities	2,021	1,899	122	5%
Bank overdrafts and short-term loans from banks	569	500	69	46%
Trade and other payables	107	136	(29)	-10%
Other current liabilities	14	14	(0)	43%
Total shareholders' equity	6,826	6,510	316	5%

- Total assets decrease 438 million baht are result of price increasing of investment stock in SET in amounting of 399 million baht, and G to G account receivable balance of 44 million baht.
- Bank overdrafts and short-term loans from banks increased 69 million baht are for working capital, eg. spot transaction of raw material and for payment to account payable.

Please be informed accordingly

Kindly Regards

- *Signature* -

(Mr. Somkiat Makcayathorn)

Managing Director

Patum Rice Mill and Granary Public Company Limited