

13th November 2017

Subj Management Discussion and Analysis (MD&A) Q3/2017

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 Q3/2017 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 Nine-month period ended 30th September 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 30th September 2017 are as follows:

Unit: million baht

Detail	for 3-month period ended September				for 9-month period ended September			
	2017	2016	diff	%	2017	2016	diff	%
Total revenues	538	477	61	13%	1,447	1,575	(128)	-8%
Sale revenues	359	465	(106)	-23%	1,081	1,379	(298)	-22%
Service revenues	2	2	(0.18)	-8.0%	6	7	(0.30)	-4.6%
Dividend revenues	169	3	166.24	5947.7%	335	169	166	98.6%
Total expenses	378	468	(90.28)	-19.3%	1,132	1,393	(261)	-18.7%
Cost of sales	295	374	(78.47)	-21.0%	879	1,109	(229)	-20.7%
Cost of service	2	2	(0.15)	-8.7%	5	5	(0.36)	-6.8%
Selling expenses	52	65	(12.30)	-19.0%	160	178	(17.88)	-10%
Administrative expenses	29	28	0.65	2.3%	88	101	(13.5)	-13.4%
Profit for the year	157	7	151	2174%	306	163	143	88%
Net loss for the year from discontinued operations.	-	-	-	-	-	(8)	8	100%
Profit (loss) attributable to Equity holders of the Company	158	9	149	1650%	309	176	134	76%
Earnings per share (THB/share)	0.26	0.02	0.25	1650%	0.52	0.29	0.22	76%

Financial results of 3-month ended period

- Although situation of Q3/2017 were depressed comparing to Q3/2016, the revenue of Q3 presented 61 million baht or 13% improved, comparing to same quarter of last year. Main reasons are as follows;
 - Dividend from investment of were received 1 quarter prior, comparing to last year of which were received in Q4/2016.
 - Moreover, regarding to depress in price competition, total export was declined of comprising of declining in G-G contract and other export contracts.
 - Sales of domestic market also declined comparing to Q3/2016. These were results of declining in modern trade market and HORECA (Hotel, restaurant, catering). While traditional trade presented improvement comparing to Q3/2016.
- The company presented net profit in Q3/2017 of 158.4 million baht, mainly are from dividend received. The effect of negative result is not only from declining in export sales volume but also from...
 - Continuing price increase of rice raw materials during Q3/2017, therefore, COGs per revenue still increase 2% to 82%, comparing to 80% of last year.
 - Regarding to fierce price competing, company faced with difficult situation in price adjustment, according to higher cost. Moreover, to keep market share, company needed to launch price promotion in vital channel.

Financial results of 9-month ended period

- Considering year to date result, total sales revenue still decreased, comparing to last year. Reasons were as follows;
 - Declining in sales volume in export market, comprising of declining in government to government contract (G-G) and declining in other export market.
 - Moreover, sales of domestic market also reduced comprising rate volume decline modern-trade, and traditional trade.
 - Restaurant and food service business were effected by economic situation.
- Regarding to sale results, the company put all efforts in reducing sell-related expenses and also operating cost as follows;
 - Reducing in marketing and promotion.
 - Decrease in selling and administration.
 - Therefore, 9-month net profit were 309 million baht.

2. Financial performance by segment.

2.1 Revenue by segment

Unit: million baht

Detail	for 3-month period ended September				for 9-month period ended September			
	2017	2016	diff	%	2017	2016	diff	%
1. Processing and packaging of rice	269	369	(100)	-27.1%	813	1,099	(286)	-26.0%
2. Manufacturing and distribution of plastic bag	-	-	-	-	-	23	(23)	-100.0%
3. Food Center	92	98	(6)	-6.3%	274	286	(13)	-4.4%
Less intercompany balance	-	-	-	-	-	-	-	-
Revenue from sales	361	467	(106)	-22.7%	1,087	1,408	(321)	-22.8%

2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended September				for 9-month period ended September			
	2017	2016	diff	%	2017	2016	diff	%
1. Processing and packaging of rice	52	81	(28)	-35.3%	168	236	(68.20)	-28.9%
2. Manufacturing and distribution of plastic bag	-	-	-	-	-	0.2	(0.20)	-100.0%
3. Food Center	13	12	1	8.8%	35	34	0.50	1.4%
Less intercompany balance	(0.02)	-	(0.02)	100%	(0.1)	1	(1)	-111%
Revenue from sales	65	92	(27)	-29.8%	203	271	(69)	-25.3%

3. Financial status analysis

Detail	2017	2016	diff	%
Total assets	10,602	8,410	2,192	26.1%
Trade and other receivable	116.7	95	21.6	22.7%
Inventories	140.8	248.1	(107.3)	-43.3%
Other current assets	43.7	50	(5.9)	-12.0%
Total Liabilities	2,236	1,899	336.6	17.7%
Bank overdrafts and short-term loans from banks	465	500	(35.16)	-7.0%
Trade and other payables	77	136	(58.54)	-43%
Other current liabilities	13	14	(0.86)	-6.1%
Total shareholders' equity	8,366	6,510	1,855	28%

- Increasing in total assets of 2,192 million baht mainly were from reflecting market price of investment value of listed securities (MBK) of 2,147 million baht, as a result, deferred tax payable increase of 403 million baht to 1,659 million baht.
- Declining in inventories of 107 million baht effected in reducing account payable of 58 million baht (mostly were G to G accounts) and reducing short-term loan of 35 million baht.

Please be informed accordingly

Kindly Regards

- *Signature* -

(Mr. Somkiat Makcayathorn)

Managing Director

Patum Rice Mill and Granary Public Company Limited