

20<sup>th</sup> February 2018

Subj Management Discussion and Analysis (MD&amp;A) of 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 2017 as follows:

### Management Discussion and Analysis (MD&A)

Patum Rice Mill and Granary Public Company Limited and its subsidiaries

For this year ended 31<sup>st</sup> December 2017

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#### Overall performance

Consolidated financial results of Patum Rice Mill and Granary Public Company Limited and its subsidiaries for this year ended 31<sup>st</sup> December 2017 are as follows:

*Unit: million baht*

Detail	for this year ended December			
	2017	2016	diff	%
Total revenues	1,995	2,191	(236)	-11%
Sale revenues	1,578	1,821	(243)	-13%
Service revenues	8	9	(0.11)	-1.2%
Dividend revenues	335	333	1.5	0.4%
Total expenses	1,718	1,858	(140)	-7.5%
Cost of sales	1,309	1,458	(149)	-10.2%
Cost of service	7	7	(0.29)	-4.1%
Selling expenses	218	240	(21)	-8.8%
Administrative expenses	130	153	(23)	-15.2%
Impairment loss in goodwill	53	-	53	100%
Profit for the year	225	308	(83)	-27%
Net loss for the year from discontinued operations.	-	(8)	8	100%
Profit (loss) attributable to Equity holders of the Company	232	333	(100)	-30%
Earnings per share (THB/share)	0.39	0.55	(0.16)	-29%

### Consolidated financial results of 12-month ended period

- Declining in sales revenue of 2017 of 236 M THB or 11%, mainly are from
  - Declining in average price per unit of finish goods and raw materials.
  - Declining in G-G contract of 224M THB.
  - Declining in sales of Restaurant and food center of 7.8M THB.
- Net profit 2017 decreased in amounting of 83M, mainly are from
  - COGs per revenue increase 3% to 83%, comparing to 80% of last year.
  - Reflecting impairment loss in good will of 53M THB
  - Decrease in selling expenses of 21M THB mainly are from declining in transportation cost of 16M THB and marketing promotion expenses of 1.6M THB.

### Unconsolidated financial results

Detail	for this year ended December			
	2017	2016	diff	%
Total revenues	1,621	1,881	(260)	-14%
Sale revenues	1,277	1,549	(272)	-18%
Service revenues	-	-	-	0%
Dividend revenues	331	313	18	5.9%
Total expenses	1,342	1,581	(238)	-15.1%
Cost of sales	1,061	1,259	(198)	-15.7%
Cost of service	-	-	-	0%
Selling expenses	151	180	(29)	-16.0%
Administrative expenses	79	86	(7)	-8.4%
Allowance for investment in subsidiary	52	56	(4)	-7.8%
Profit for the year	251	269	(18)	-7%
Earnings per share (THB/share)	0.42	0.45	(0.03)	-7%

### Financial performance by segment.

#### 2.1 Revenue by segment

Unit: million baht

Detail	for this year ended December			
	2017	2016	diff	%
1. Processing and packaging of rice	1,225	1,451	(226)	-15.6%
2. Manufacturing and distribution of plastic bag	-	23	(23)	-99.9%
3. Food Centre	362	369	(7)	-2.0%
Less intercompany balance	-	-	-	-
Revenue from sales	1,586	1,843	(256)	-13.9%

## 2.2 Net profit by segment

Unit: million baht

Detail	for this year ended December			
	2017	2016	diff	%
1. Processing and packaging of rice	(18)	52	(70)	-135.2%
2. Manufacturing and distribution of plastic bag	-	(8)	8	NA
3. Food Centre	(84)	(57)	(27)	-48.2%
Less intercompany balance	0.8	0.4	0.3	75.9%
Net profit by segment	(101)	(13)	(89)	-709.2%

Note: Net profit by segment are excluded dividend received of 334M THB

- Net profit by segment of 101MTHB are already reflected the impairment of loss in goodwill of Food Centre.

## 3. Financial status analysis

Detail	2017	2016	diff	%
Total assets	10,899	8,410	2,490	29.6%
Trade and other receivable	252	95	156	164.6%
Inventories	240	248	(8)	-3.3%
Other current assets	57	50	7	14.9%
Total Liabilities	2,544	1,899	645	33.8%
Bank overdrafts and short-term loans from banks	704	500	204	40.8%
Trade and other payables	83	136	(53)	-41.3%
Other current liabilities	18	14	4	27.9%
Total shareholders' equity	8,355	6,510	1,845	28%

- Increasing account receivable of 156M THB, mainly are from export business --- referring to par-boiled rice order at year end. The account will be collected by beginning of 2018.
- Increasing in bank OD and short-term loan of 204M THB is a result of payment to normal A/P and export business at year end.

Please be informed accordingly

Kindly Regards

- *Signature* -

(Mr. Somkiat Makcayathorn )

Managing Director

Patum Rice Mill and Granary Public Company Limited