

10th August 2018.

Subj Management Discussion and Analysis (MD&A) Q2/2018

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 Q2/2018 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 Three-month period ended 30th June 2018

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 June 2018 are as follows:

1. Consolidated financial results

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2018	2017	diff	%	2018	2017	diff	%
Total revenues	800	558	242	43%	1,267	916	352	38%
Revenue from sales	606	378	229	61%	1,062	721	341	47%
Revenue from services	5	8	(3)	-34%	13	15	(2)	-14%
Dividends	185	166	19	12%	185	166	19	12%
Total expenses	652	405	247	61%	1,114	761	353	46%
Cost of sales	519	311	208	67%	892	584	308	53%
Cost of services	4	5	(2)	-35%	8	10	(2)	-17%
Selling expenses	74	58	17	29%	129	107	22	20%
Administrative expenses	55	31	25	80%	84	59	25	42%
Profit (loss) of the period	145	150	(5)	-3%	147	149	(1)	-1%
Profit (loss) attributable to Equity holders of the Company	146	151	(5)	-4%	149	151	(2)	-1%
Earnings per share (THB/share)	0.24	0.25	(0.01)	-4%	0.25	0.25	(0.00)	-1%

- Total revenue of Q2/2018 increased 61% are results of volume impact from rice business of both export market (Government to Government) and domestic market and also selling price adjustment to trade, regarding to raw material cost increase.
- Total expenses increase 61% are mainly reflected by increasing in cost of goods sold and selling expenses, (reflecting increase in sales eg. freight expenses).
- Administrative expenses increase 80% mainly are from reserve of contingent losses of 17.5 million baht (in full set of estimated losses) of being sued by Public Warehouse Organization.

1.1 Unconsolidated financial results

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2018	2017	diff	%	2018	2017	diff	%
Total revenues	679	480	199	41%	1,035	787	249	32%
Revenue from sales	501	301	200	66%	855	604	251	42%
Dividends	175	175	1	0%	175	175	1	0%
Total expenses	555	307	247	81%	911	609	303	50%
Cost of sales	434	247	188	76%	732	495	237	48%
Selling expenses	58	40	18	45%	99	75	23	31%
Administrative expenses	42	20	22	110%	62	39	23	60%
Profit (loss) of the period	19	-	-	NA	19	-	-	NA
Profit (loss) attributable to Equity holders of the Company	118	166	(48)	-29%	110	164	(54)	-33%
Earnings per share (THB/share)	0.20	0.28	(0.08)	-29%	0.18	0.27	(0.09)	-33%

- Total revenue of Q2/2018 increased 66%, comparing to last year, mainly are results of volume impact from export market (Government to Government), domestic market and also selling price adjustment to trade, regarding to raw material cost increase.
- During ending period of Q2/2018, price of rice, (raw material), were quoted moderately to adjusted level. However, referring to accumulative impact during first half of the year, company's COGs/revenue ratio of Q2/2018 are at high level of 87%, comparing to 82% of same quarter of last year.
- Moreover, the company decided to set up investment provision of 19.4 million baht in Q2/2018, to prepare for internal investment restructuring in Q3/2018.

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			
	2018	2017	diff	%	2018	2017	diff	%
1. Processing and packaging of rice	538	297	241	81%	917	554	363	65%
2. Food Center & Restaurant	73	89	(16)	-17%	158	182	(24)	-13%
Revenue from sales	612	386	226	59%	1,075	736	339	46%

- As a results of declining in economics situation, sales revenue of Food Center and restaurant declined 17%, in Q2/2018.

2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2018	2017	diff	%	2018	2017	diff	%
1. Processing and packaging of rice	78	58	20	34%	152	119	32	27%
2. Food Center & Restaurant	11	11	1	6%	23	22	1	3%
Gross profit	89	69	20	29%	174	142	33	23%

- Referring to increase in sales value and retail prices adjustment led to improve in gross profit, comparing to same quarter in last year.
- Regarding to well-prepared in cost and internal control, gross profit of food centre and restaurant business are lined with last year.

3. Financial status analysis

Unit: million baht

Detail	June 2018	Dec 2017	diff	%
Total assets	12,084	10,899	1,184	11%
Trade and other receivable	342	277	64	23%
Inventories	295	240	55	23%
Other current assets	21	31	(10)	-33%
Total Liabilities	2,886	2,544	341	13%
Bank overdrafts and short-term loans from banks	757	704	52	7%
Trade and other payables	135	83	53	64%
Other current liabilities	32	18	14	79%
Total shareholders' equity	9,198	8,355	843	10%

- Increase in total assets of 1,184 million baht are from increasing in market price in investment of 2.2 baht/share from 19.30 baht/share to 21.50 baht/share.
- Account receivables increase 64 million baht mainly are from G-G transactions in Q2/2018 of 106 million baht.
- Rising in inventories are also a results of stock adjustment of subsidiary.
- Reducing in other current assets of 10 million baht are results of success in claiming of withholding tax from revenue department.
- Increasing in bank overdraft and short-term loan account and account payable are impact of G-G transaction and also internal stock adjustment.
- Increase in other account payable of 14 million baht are direct impact of contingency losses set up on pending case with Public Warehouse Organization.

Please be informed accordingly

Kindly Regards

- Signature -

(Mr. Somkiat Makcayathorn)

Managing Director

Patum Rice Mill and Granary Public Company Limited