

(Translation)

PRG.MD. 040/2019

May 14th, 2019

Subject: Management Discussion and Analysis (MD&A) Q1/2019

Attention: Managing Director of the 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 Q1/2019 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 31st March 2019

1. Overall performance

Consolidated financial results of Patum Rice Mill and Granary Public Company Limited and its subsidiaries for the Three-month period ended 31st March 2019 are as follows:

Unit : million baht

Detail	for 3-month period ended March			
	2019	2018	diff	%
Total revenues	503	467	36	8%
Sale revenues	485	456	29	6%
Service revenues	13	7	6	86%
Total expenses	508	462	46	10%
Cost of sales	423	374	49	13%
Cost of service	12	5	7	141%
Selling expenses	46	55	(9)	(16%)
Administrative expenses	29	28	1	1%
Profit for the year	(11)	2	(13)	(650%)
Profit (loss) attributable to Equity holders of the Company	(11)	3	(14)	(467%)
Earnings per share (THB/share)	(0.02)	0.01	(0.03)	(300%)

- Total revenue of Q1/2019 increased mainly are results of rising in revenue of rice business, while, revenue from food chain and restaurant declined. The main reasons are less travelers in the shopping center.
- Reflecting to new TFRS 15, the company acknowledged less revenue concerning to reclassification of discount & allowance and sales promotion items.
- Total expenses increase are mainly reflected by increasing in cost of goods sold of, while, selling expenses declined – regarding to increase in sales value, cost control in sales and promotion expenses.

Financial results of 3-month ended period

Unit: million baht

Detail	for 3-month period ended March			
	2019	2018	diff	%
Total revenues	367	356	11	3%
Sale revenues	362	354	8	2%
Total expenses	367	357	10	3%
Cost of sales	317	297	20	7%
Selling expenses	32	40	(8)	(20%)
Administrative expenses	19	20	(1)	(5%)
Profit for the year	(10)	(7)	(3)	(43%)
Earnings per share (THB/share)	(0.02)	(0.01)	(0.01)	100%

- Referring to stagnant in market price of rice (raw material), COGs/revenue ratio of Q1/2019 are at high level. This is because of high stock level carried over Q4/2018.
- Increase in cost of sales of are main impact to minus in bottom line.

Financial performance by segment.

2.1 Revenue by segment

Unit: million baht

Detail	for 3-month period ended March			
	2019	2018	diff	%
Processing and packaging of rice	428	379	49	13%
Food Center	71	85	(14)	(16%)
Less intercompany balance	(0.2)	(0.2)	-	-
Revenue from sales	498	463	35	8%

- As a results of downturn in economics condition and lower in tourists, sales revenue of Restaurant and Food Centre reduce.

2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended March			
	2019	2018	diff	%
Processing and packaging of rice	53	74	(21)	(28%)
Restaurant and food Center	11	11	-	-
Less intercompany balance	(0.09)	(0.02)	(0.07)	(350%)
Net profit by segment	64	85	(21)	(25%)

- Due to business adjustment and cost control, gross margin of the restaurant and food chain business are still in line with last year. However, rice business has been effected directly by increasing in cost of raw material.

3. Financial status analysis

Unit: million baht

Detail	Mar. 2019	Dec. 2018	diff	%
Total assets	11,850	11,823	27	0.2%
Trade and other receivable	334	334	-	-
Inventories	487	540	(53)	(10%)
Other current assets	24	24	-	-
Total Liabilities	2,995	3,037	(42)	(1%)
Bank overdrafts and short-term loans from banks	969	956	13	1%
Trade and other payables	112	184	(72)	(39%)
Other current liabilities	21	24	(3)	(13%)
Total shareholders' equity	8,855	8,786	68	1%

- Declining in inventory are results of delaying in recruiting raw material of rice in Q1/2019. Moreover, reimbursement on payment due to trade payable resulted in reducing in account payable and increase in bank OD and short-term loan.

Please be informed accordingly.

Sincerely yours,

- Signature -

(Mr. Somkiat Makcayathorn)
Managing Director
Patum Rice Mill and Granary Public Company Limited