

13th August 2019.

Subj Management Discussion and Analysis (MD&A) Q2/2019

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 Q2/2019 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 Six-month period ended 30th June 2019

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 June 2019 are as follows:

Unit: million baht

Detail	for 3-month period ended June					for 6-month period ended June				
	2019 (TFRS15)	2019	2018	diff	%	2019 (TFRS15)	2019	2018	diff	%
Total revenues	684	687	800	(113)	-14%	1,187	1,194	1,267	(73)	-6%
Sale revenues	484	488	606	(118)	-20%	969	977	1,062	(85)	-8%
Service revenues	5	5	5	0	0%	18	18	13	6	-45%
Total expenses	514	517	652	(135)	-21%	1,022	1,029	1,114	(85)	-8%
Cost of sales	424	419	519	(100)	-19%	846	839	892	(53)	-6%
Cost of service	5	5	4	1	40%	16	16	8	8	98%
Selling expenses	52	60	74	(14)	-19%	98	113	129	(16)	-14%
Administrative expenses	33	33	55	(23)	-41%	61	61	84	(23)	-27%
Profit for the year	167	167	145	22	15%	156	156	147	8	6%
Profit (loss) attributable to Equity holders of the Company	167	167	146	21	14%	156	156	149	7	5%
Earnings per share (THB/share)	0.28	0.28	0.24	0.03	14%	0.26	0.26	0.25	0.01	5%

Note: The new financial reporting standards were reflected in company's result of 2019

- Total revenue of Q2/2019 decreased 14% are results of no volume from G to G contracts of rice business in Q2/2019, declining in OEM of rice business and also closing food court at 5th floor MBK center.

- Total expenses decrease 21% are directly impacted by lower sales revenue. Moreover, changing in business mix strategy, eg. Closing 1 of 2 food court at 5th floor MBK center, released company from certain operating expenses.
- Regarding to costs control in raw material, promotional and selling expenses and administration expenses, company delivered significant improvement in profit of half year of 15%.

Financial results of 3-month ended period

Unit: million baht

Detail	for 3-month period ended June					for 6-month period ended June				
	2019 (TFRS15)	2019	2018	diff	%	2019 (TFRS15)	2019	2018	diff	%
Total revenues	558	561	679	(118)	-17%	925	932	1,035	(103)	-10%
Sale revenues	362	365	501	(136)	-27%	724	731	855	(124)	-15%
Total expenses	357	378	555	(177)	-32%	742	749	911	(162)	-18%
Cost of sales	315	310	434	(124)	-29%	632	624	732	(108)	-15%
Selling expenses	35	43	58	(15)	-27%	67	81	99	(18)	-18%
Administrative expenses	23	23	42	(20)	-47%	41	41	62	-21	-33%
Profit for the year	175	175	118	58	49%	165	165	110	55	50%
Earnings per share (THB/share)	0.29	0.29	0.20	(0.10)	49%	0.28	0.28	0.18	0.09	50%

Note: The new financial reporting standards were reflected in company's results of 2019

- Increasing in profit of 49% mainly are from costs controlling in Q2/2019. However, there are also impact of reservation of contingency loss in court case of last year.

2. 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			
	2019	2018	diff	%	2019	2018	diff	%
Processing and packaging of rice	426	539	(113)	-21%	853	917	(64)	-7%
Food Center	64	73	(9)	-13%	135	158	(23)	-15%
Less intercompany balance	0	0	0	0%	0	0	0	0%
Revenue from sales	490	612	(122)	-20%	988	1,075	(87)	-8%

- As a results of downturn in economics condition and closing 1 of 2 food court at MBK center at 5th floor, sales revenue of Restaurant and Food Centre reduce 13%.

2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2019	2018	diff	%	2019	2018	diff	%
Processing and packaging of rice	51	79	(27)	-35%	104	152	(48)	-7%
Restaurant and Food Center	10	11	(1)	-10%	22	23	(1)	-15%
Less intercompany balance	0	0	0	0%	0	0	0	0%
Net profit by segment	61	90	(28)	-32%	125	174	(49)	-8%

- Declining in sales revenue of rice business is a major impact in declining in gross profit.
- Due to business adjustment and cost control, gross margin of the Restaurant and Food Centre business are still in line with last year.

3. Financial status analysis

Unit: million baht

Detail	2019	2018	diff	%
Total assets	12,198	11,823	375	3%
Trade and other receivable	213	334	(121)	-36%
Inventories	347	540	(193)	-36%
Other current assets	26	24	2	7%
Investment in parent company available-for-sale security	10,934	10,235	699	7%
Total Liabilities	2,877	3,037	(160)	-5%
Bank overdrafts and short-term loans from banks	750	956	(206)	-22%
Trade and other payables	87	184	(97)	-53%
Other current liabilities	20	24	(4)	-19%
Total shareholders' equity	9,321	8,786	535	6%

- Increase in total assets of 3% are results of increasing in value of investment in parent company of 7%.
- Declining in account receivable and lower stock policy -- to be in lined with market condition – are main reasons of lower in total liabilities of 5%.

Please be informed accordingly

Kindly Regards

(Mr. Somkiat Makcayathorn)

Managing Director

Patum Rice Mill and Granary Public Company Limited