

(Translation)

Pef. MD 033/2020

14th August 2020.

Subj Management Discussion and Analysis (MD&A) Q2/2020

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 Q2/2020 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 2020

● **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 2020 are as follows:

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2020	2019	diff	%	2020	2019	diff	%
Total revenues	706	684	22	3%	1,149	1,187	(38)	-3%
Sale revenues	489	484	5	1%	919	969	(50)	-5%
Service revenues	4	5	(1)	-25%	11	18	(7)	-39%
Total expenses	493	514	(21)	-4%	932	1,022	(90)	-9%
Cost of sales	426	424	2	1%	795	846	(51)	-6%
Cost of service	3	5	(2)	-47%	7	16	(9)	-56%
Selling expenses	45	52	(7)	-14%	86	98	(12)	-12%
Administrative expenses	20	33	(13)	-40%	43	61	(18)	-30%
Profit for the year	212	167	45	27%	213	156	57	37%
Profit (loss) attributable to Equity holders of the Company	213	167	46	28%	214	156	58	38%
Earnings per share (THB/share)	0.35	0.28	0.07	28%	0.36	0.26	0.10	38%

Note: The new financial reporting standards were reflected in company's result of 2020

- Due to COVID 19, revenue increased 3% from rice business and dividend received for 3 month period ended June.
- However, revenue from food court and restaurant declined significantly for 3-month period ended June, is a result of...
 - Closing of restaurants and food courts.
 - Public policy regarding COVID 19, by temporary closing Shopping Centre.
- 6-month period ended June profit increase 37% are results of business adjustment, cost control and some business cancellation.

Financial results of 3-month ended period

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2020	2019	diff	%	2020	2019	diff	%
Total revenues	625	558	67	12%	972	925	47	5%
Sale revenues	420	362	58	16%	761	724	37	5%
Total expenses	420	375	45	12%	742	761	(19)	3%
Cost of sales	365	315	50	16%	652	632	20	3%
Selling expenses	37	35	2	6%	72	67	5	9%
Administrative expenses	16	23	(7)	-29%	35	41	(6)	-16%
Profit for the year	200	175	25	14%	201	165	36	21%
Earnings per share (THB/share)	0.33	0.29	(0.04)	14%	0.33	0.28	0.05	21%

Note: The new financial reporting standards were reflected in company's results of 2020

- COVID 19 impacted positively to revenue in rice business of 16% for 3-month period ended June, via modern trade channel and export channel.
- Profit of rice business for 3-month period ended June increase of 14% are mainly from increase in sales, COGs and stock control, and wel-managed in administrative expenses.
- Administrative expense for 3-month period ended June reduced significantly are results of mutual separate program in 2019 and concentrate in all administrative expenses.

- **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			
	2020	2019	diff	%	2020	2019	diff	%
Processing and packaging of rice	483	426	57	14%	870	853	17	2%
Food Centre	9	64	(55)	-86%	61	135	(74)	-55%
Less intercompany balance	0	(0.2)	0.2	0%	(0.1)	(0.4)	0.3	0%
Revenue from sales	492	490	2	0.6%	930	988	(58)	-6%

- Considering revenue by business, rice business is performed with 14% increase, comparing to last year.
- However, revenue from the Restaurant and Food Centre business are declined significantly of 86%, main impacts are...
 - Public policy of temporary shut down all shopping Centre due to COVID 19, of which impacted directly to sales revenue of food court at 6th floor located in MBK Centre.
 - Corporate policy of permanently closed all loss generated business e.g.
 - Food court at 5th floor in MBK Centre
 - Suki Yaki restaurant business
 - Central kitchen business

- 2.2 Gross profit by segment

Unit: million baht

Detail	for 3-month period ended June				for 6-month period ended June			
	2020	2019	diff	%	2020	2019	diff	%
Processing and packaging of rice	68	51	17	34%	133	104	29	28%
Restaurant and food Centre	(4)	10	(-14)	-141%	(5)	22	(27)	-123%
Less intercompany balance	0	(0.1)	0.1	0%	(0.1)	(0.2)	0.1	0%
Net profit by segment	64	61	3	5%	128	125	3	2%

- Regarding to COVID 19 situation, it impacted in both positive and negative to group company, the total gross profit for 3-month period ended June, therefore, are still 5% performed against last year.

3. Financial status analysis

Unit: million baht

Detail	2020	2019	diff	%
Total assets	8,128	11,741	(3,613)	-31%
Trade and other receivable	249	198	51	26%
Inventories	276	291	(15)	-5%
Other current assets	23	24	(1)	-4%
Other non-current financial assets	6,898	-	6,898	100%
Investment in parent company available-for-sale security	0	10,534	(10,534)	-100%
Property, plant and equipment	519	211	308	146%
Investment properties	105	92	13	14%
Prepaid rental fee	-	299	(299)	-100%
Other non-current assets	3	9	(6)	-62%
Total Liabilities	2,030	2,725	(695)	-26%
Bank overdrafts and short-term loans from banks	693	687	6	1%
Trade and other payables	110	87	23	27%
Other current liabilities	17	22	(5)	-25%
Provision for long-term employee benefits	22	21	1	8%
Deferred tax liabilities	1,169	1,898	(729)	-38%
Other non-current liabilities	9	9	0	0%
Total shareholders' equity	6,098	9,016	(2,918)	-32%

- Total assets decline of 31% mainly are results of decrease in other non-current of financial assets of 35% (the account has been reclassified from investment in parent company – available-for-sales securities account).
- Increase in account receivable of 26% are direct result of increase in revenue of rice business for 3-month period ended June.

- Property, plant and equipment increase of 146% mainly are from ...
 - Reclassifying account regarding to TFRS 16, by including value of prepaid rental fee and right-of-used assets contract.
 - Enforcement of land guarantee against trading contract receivable.
- The investment property increase from development in Patumthani property.

Please be informed accordingly

- Signature -

(Mr. Somkiat Makcayathorn)

Managing Director

Patum Rice Mill and Granary Public Company Limited