

-TRANSLATION-

February 20, 2014

Subject : Management Discussion and Analysis for 2013

Attention : Managing Director of the Stock Exchange of Thailand.

An Overview of The Results in the passing throughout the year 2013

The summary of the results throughout the passing year, The company and its subsidiaries have the total revenue from sales in amount of Baht 8,480.8 Million which is reducing from the year 2012 at equivalence of Baht 1,285.8 Million or approximately by 13 % reducing. These caused by the impact effect from the economy slowdown throughout the world, both inbound and abroad continuously from the second half of the year 2012. Therefore, these make the company and subsidiaries had sale revenue reached the decrease of Baht 1,319.1 Million in the first half year of 2013. Anyhow, since the second half of the year 2013, The world economic is likely to be rebounded, which sends the good signs to the sale total revenue of the company as close as the result of the year 2012, which increasing by Baht 33.2 Million from the year of 2012

However, as the global economics has remained unstable, the company has to closely monitor and plan the management closely for a consequent effect, control the production and productivity effectively and consistently with the situation and the market demand.

As the company has expanded the production capacity for 2 projects at Saraburi plant; including laminated flooring production with production capacity of 4,147,200 square meters per year , which the production has been launched and the products are currently available in the markets, and Particleboards production project with production capacity of 240,000 cubic meters per year, which the production has been launched and the products are currently available in the market since quarter 4 of the year 2013.

Analysis of Profit (Loss) of Company and Subsidiaries

In 2003, the company and its subsidiaries have net loss of Baht 214.9 million as compared to the year 2012. The company and its subsidiaries have net profit Baht 283.8 million, the net profit has decrease Baht 498.7 million or 176% for the following main reasons;

1. The total sales has decreased Baht 1,285.8 million, due to sales volume of MDF Boards and Particleboards have decreased by 2% and 11% respectively. The average price of MDF Board and Particleboard have decreased by 15% and 9% respectively.
2. Cost of sales Baht 7,240.8 million, a decrease of Baht 678.1 million or 9%, mainly due to lower sales volumes.
3. Selling expenses Baht 945.7 million, a decrease Baht 115.2 million due to lower sales volumes.
4. Administrative expenses Baht 280.4 million, increase Baht 5.7 million mainly due to increase of Saraburi plants' working departments.
5. Financial cost Baht 233.1 million, decrease Baht 29.4 million due to a decrease in the principal amount of the loan repayment schedule.
6. Gross profit has decrease from the year 2012, a decrease in selling expenses, financial cost, and increase in administrative expenses, results that the net profit of the company and its subsidiaries have decrease Baht 498.7 million as previously stated.

Financial status

Total assets

As of 31 December 2013, the company and its subsidiaries have the total assets valued Baht 13,091.0 million, as compared to the year 2012, Baht 14,089.8 million, decrease Baht 998.8 million as below detailed.

1. Cash and cash equivalent items reduces Baht 198.0 million.
2. Trade and other receivable decreases Baht 156.9 million.
3. Net inventory reduces by Baht 630.0 million, mainly caused by a decrease in finished goods Baht 634.7 million.

Total Liabilities

As of 31 December 2013, company and its subsidiaries have the total liabilities valued Baht 7,087.7 million, compared to the year 2012, Baht 7,754.0 million, decrease by Baht 666.3 million from the past year, mainly caused by decrease overdrafts and short-term loans from financial institutions Baht 415.2 million, trade and other payable Baht 12.0 million, long-term loans from financial institutions Baht 458.8 million, increase of advance received from customers Baht 179.2 million and employee benefits obligations Baht 38.1 million.

Total shareholder's equity

As of 31 December 2013, company and its subsidiaries have the total shareholder's equity valued Baht 6,003.3 million, as compared to the year 2012, Baht 6,335.7 million, decrease Baht 332.5 million from the past year, due to pay dividend in year 2013 amount Baht 117.5 million and loss from operating in year 2013.

In 2013, the company and its subsidiaries have debt to equity ratio is 1.18:1, compared to the year 2012, 1.22:1, decrease by 0.04 times, due to decrease of short-term loans and long-term from financial institutions.

Liquidity

Cash flow

In 2013, the company and its subsidiaries have cash flow from operating activities accounts for Baht 1,743.2 million, cash flow used investing activities Baht 304.3 million, cash flow used financing activities Baht 529.3 million, cash and cash equivalent items as of the ended 31 December 2013 is Baht 529.3 million, increased by Baht 198.0 million as summarized.

1. Net cash flow received from operating activities is Baht 1,743.2 million, increase by Baht 670.8 million from the previous year because of decrease in trade and other receivable, decrease in the inventories, decrease in revenue department receivable, decrease trade and other payable, increase advance received from customers.

2. Net cash flow used in investing activities is Baht 304.3 million, reduced by Baht 345.4 million, because the year 2013, decrease of investment in property, plant and equipment for expansion project for the laminated flooring and the Particleboards.
3. Net cash flow used in financing activities is Baht 1,240.9 million, increase by 875.5 million from the previous year as resulted of repayment due to the overdrafts and short-term loans and long-term from financial institutions, decrease of long-term loan from financial institutions for expansion project for the laminated flooring and Particleboards.

Please be acknowledged for your information.

Sincerely Your,

(Mr.Wanthana Jaroennawarat)

Director