

-TRANSLATION-

May 14, 2014

Subject : Management Discussion and Analysis for Q1/2014

Attention : Managing Director of the Stock Exchange of Thailand.

An overview of the results in the passing throughout the Q1/2014

The summary of the results throughout the passing Q1/2014, The company and its subsidiaries have the total revenue from sales in amount of Baht 2,291.1 million which is increasing from the year 2013 at equivalence of Baht 286.8 million or approximately by 14%. These caused, the world economic is likely to be rebounded, which the sale total revenue of the company increasing from the year 2013.

Analysis of Profit of company and subsidiaries

In Q1/2014, the company and its subsidiaries have net profit of Baht 68.0 million as compared to the Q1/2013. The company and its subsidiaries have net loss Baht 116.9 million, the net profit has increase Baht 184.9 million or 158% for the following main reasons;

1. The total sales has increased Baht 286.8 million, due to sales volume of MDF Boards has increased by 10%. The average price of MDF Board and Particleboards have increased by 8% and 3% respectively.
2. Cost of sales Baht 1,854.5 million, increase of Baht 89.3 million, mainly due to higher sales volumes.
3. Selling expenses Baht 226.3 million is decreasing for Baht 10.5 million by the reason of Particleboards in aboard decrease 18%.
4. Administrative expenses Baht 78.0 million, increase of Baht 10.8 million mainly due to a loss of the replacement asset for one of the subsidiary of approximately Baht 8.5 million.
5. Financial cost Baht 53.9 million, decrease of Baht 4.5 million due to a decrease in the principal amount of the loan repayment schedule.
6. Gross profit has increase from the Q1/2013, a decrease in selling expenses, financial cost, and increase in administrative expenses, results that the net profit of the company and its subsidiaries have increase Baht 184.9 million as previously stated.

## Financial status

### Total assets

As of 31 March 2014, the company and its subsidiaries have the total assets valued Baht 13,213.3 million, as compared to the Q1/2013, Baht 14,517.6 million, decrease Baht 1,304.2 million as below detailed.

1. Cash and cash equivalent items reduces Baht 342.4 million.
2. Trade and other receivable decreases Baht 182.5 million.
3. Net inventory reduces by Baht 218.0 million, mainly caused by a decrease in finished goods Baht 437.4 million, increase of raw material Baht 142.2 million and supplies Baht 93.9 million.

### Total Liabilities

As of 31 March 2014, company and its subsidiaries have the total liabilities valued Baht 7,142.0 million, compared to the Q1/2013, Baht 8,282.4 million, decrease by Baht 1,140.4 million, mainly caused by decrease overdrafts and short-term loans from financial institutions Baht 412.3 million, trade and other payable Baht 59.6 million, long-term loans from financial institutions Baht 701.3 million and increase employee benefits obligations Baht 41.6 million.

### Total shareholder's equity

As of 31 March 2014, company and its subsidiaries have the total shareholder's equity valued Baht 6,071.3 million, as compared to the Q1/2013, Baht 6,235.1 million, decrease Baht 163.8 million, due to loss from operating in Q1/2013.

In Q1/2014, the company and its subsidiaries have debt to equity ratio is 1.18:1, compared to the Q1/2013 is 1.33:1, decrease by 0.15 times, due to decrease of short-term loans and long-term from financial institutions.

## Liquidity

### Cash flow

In Q1/2014, the company and its subsidiaries have cash flow used operating activities Baht 246.8 million, cash flow used investing activities Baht 52.2 million, cash flow used financing activities Baht 5.8 million, cash and cash equivalent items as of the ended 31 March 2014 is Baht 224.6 million, decreased from Q1/2013 by Baht 342.4 million as summarized.

1. Net cash flow used operating activities is Baht 246.8 million, decrease by Baht 329.4 million from the previous year because of decrease in revenue department receivable by Baht 56.1 million, increase in the inventories by Baht 301.6 million, increase trade and other payable by Baht 28.4 million and increase advance received from customers by Baht 185.0 million.

2. Net cash flow used in investing activities is Baht 52.2 million, reduced by Baht 48.0 million, because the Q1/2014, the cost of investment in capital project decreased.
3. Net cash flow used in financing activities is Baht 5.8 million, decrease by 259.0 million from the previous year as resulted of repayment due to the overdrafts and short-term loans by Baht 9.5 million and long-term from financial institutions by Baht 42.5 million, decrease of long-term loan from financial institutions by Baht 200.0 million for expansion project for the laminated flooring and Particleboards.

Please be acknowledged for your information.

Sincerely Your,

(Mr.Wanthana Jaroennawarat)

Director