

-TRANSLATION-

August 14, 2014

Subject : Management Discussion and Analysis for Q2/2014

Attention : Managing Director of the Stock Exchange of Thailand.

An overview of the results in the passing throughout the Q2/2014

The summary of the results throughout the passing Q2/2014, The company and its subsidiaries have the total revenue from sales in amount of Baht 2,588.2 million which is increasing from the year 2013 at equivalence of Baht 651.5 million or approximately by 34%. 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 Q2/2014, the company and its subsidiaries have net profit of Baht 126.4 million as compared to the Q2/2013. The company and its subsidiaries have net loss Baht 164.5 million, the net profit has increase Baht 290.9 million or 177% for the following main reasons;

1. The total sales has increased Baht 651.5 million, due to sales volume of Particleboards has increased by 59%. The average price of MDF Board has increased by 10%.
2. Cost of sales Baht 2,035.0 million, increase of Baht 291.0 million, mainly due to higher sales volumes.
3. Selling expenses Baht 297.8 million, increase of Baht 67.1 million, mainly due to higher sales volumes.
4. Financial cost Baht 55.9 million, decrease of Baht 4.0 million due to a decrease in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 30 June 2014, the company and its subsidiaries have the total assets valued Baht 13,524.9 million, as compared to the Q2/2013, Baht 13,572.0 million, decrease Baht 47.1 million as below detailed.

1. Cash and cash equivalent items reduces Baht 78.8 million.
2. Trade and other receivable decreases Baht 502.7 million.
3. Net inventory reduces by Baht 128.3 million, mainly caused by a decrease in finished goods Baht 200.4 million, decrease of supplies Baht 26.7 million, increase of work in process Baht 259.1 million, increase of raw material Baht 74.1 million and goods in transit Baht 22.1 million.

Total Liabilities

As of 30 June 2014, the company and its subsidiaries have the total liabilities valued Baht 7,327.2 million, compared to the Q2/2013, Baht 7,618.9 million, decrease by Baht 291.7 million, mainly caused by decrease long-term loans from financial institutions Baht 793.8 million, increase of overdrafts and short-term loans from financial institutions Baht 137.8 million, trade and other payable Baht 260.9 million, revenue department receivable Baht 68.3 million and employee benefits obligations Baht 43.5 million.

Total shareholder's equity

As of 30 June 2014, the company and its subsidiaries have the total shareholder's equity valued Baht 6,197.7 million, as compared to the Q2/2013, Baht 5,953.1 million, increase Baht 244.6 million, due to net profit from operating in Q3/2013 until as of in Q2/2014.

In Q2/2014, the company and its subsidiaries have debt to equity ratio is 1.18:1, compared to the Q2/2013 is 1.28:1, decrease by 0.10 times, due to decrease of long-term from financial institutions.

Liquidity

Cash flow

In Q2/2014, the company and its subsidiaries have cash flow used operating activities Baht 41.4 million, cash flow used investing activities Baht 117.3 million, cash flow used financing activities Baht 149.9 million, cash and cash equivalent items as of the ended 30 June 2014 is Baht 220.7 million, decreased from Q2/2013 by Baht 78.8 million as summarized.

1. Net cash flow used operating activities is Baht 41.4 million, increase by Baht 689.7 million from the previous year because of increase in trade and other receivable by Baht 659.3 million, revenue department receivable by Baht 73.5 million, increase in the inventories by Baht 649.4 million, increase trade and other payable by Baht 298.5 million and decrease advance received from customers by Baht 110.9 million.
2. Net cash flow used in investing activities is Baht 117.3 million, reduced by Baht 41.9 million, because the Q2/2014, the cost of investment in capital project decreased.
3. Net cash flow used in financing activities is Baht 149.9 million, decrease by 371.1 million from the previous year as resulted of decrease of the overdrafts and short-term loans by Baht 578.5 million and increase of long-term loan from financial institutions by Baht 65.00 million.

Please be acknowledged for your information.

Sincerely Your,

(Mr.Wanthana Jaroennawarat)

Director