

-TRANSLATION-

February 26, 2015

Subject : Management Discussion and Analysis for year 2014

Attention : Managing Director of the Stock Exchange of Thailand.

An overview of the results in the passing throughout the year 2014

The summary of the results throughout the passing year 2014, The company and its subsidiaries have the total revenue from sales in amount of Baht 10,750.7 million which is increasing from the year 2013 at equivalence of Baht 2,270.0 million or approximately by 27%. These caused, the world economic is likely to be rebounded, which the total revenue from sales of the company increasing from the year 2013.

Analysis of Profit of company and subsidiaries

In the year 2014, the company and its subsidiaries have net profit of Baht 752.1 million as compared to the year 2013. The company and its subsidiaries have net loss Baht 214.9 million, the net profit has increase Baht 967.0 million or 450% for the following main reasons;

1. Total revenue from sales has increased Baht 2,270 million, due to sales volume of MDF board and Particleboard have increased by 4% and 44% respectively. The average price of MDF Board and Particleboard have increased by 9% and 4% respectively.
2. Cost of sales Baht 8,337.6 million, increase of Baht 1,096.8 million, mainly due to higher sales volumes.
3. Selling expenses Baht 1,111.6 million, increase of Baht 165.9 million, due to higher sales volumes.
4. Financial cost Baht 213.0 million, decrease of Baht 20.1 million due to a decrease in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 31 December 2014, the company and its subsidiaries have the total assets valued Baht 13,344.9 million, as compared to the year 2013, Baht 13,091.0 million, increase Baht 253.9 million as below detailed.

1. Cash and cash equivalent items increases by Baht 163.0 million.
2. Trade and other receivable increases by Baht 122.1 million.
3. Net inventory increases by Baht 439.2 million, mainly caused by increases in finished goods Baht 300.8 million, work in process Baht 71.9 million, raw material Baht 73.4 million, supplies Baht 26.6 million and decrease of goods in transit Baht 33.6 million.

Total Liabilities

As of 31 December 2014, the company and its subsidiaries have the total liabilities valued Baht 6,618.1 million, compared to the year 2013, Baht 7,087.7 million, decrease by Baht 469.6 million, mainly caused by decrease of short-term loans from financial institutions Baht 79.7 million, long-term loans Baht 505.0 million and advance received from customers Baht 83.8 million, increase of trade and other payable Baht 182.5 million and employee benefits obligations Baht 17.7 million.

Total shareholder's equity

As of 31 December 2014, the company and its subsidiaries have the total shareholder's equity valued Baht 6,726.4 million, as compared to the year 2013, Baht 6,003.3 million, increase Baht 723.1 million, due to net profit from operating in Q3/2013 until as of 31 December 2014.

In year 2014, the company and its subsidiaries have debt to equity ratio is 0.98:1, compared to the year 2013 is 1.18:1, decrease by 0.20 times, due to decrease of short-term loans and long-term loans from financial institutions.

Liquidity

Cash flow

As of 31 December 2014, the company and its subsidiaries have cash flow received operating activities Baht 1,313.7 million, cash flow used investing activities Baht 325.1 million, cash flow used financing activities Baht 825.6 million, cash and cash equivalent items as of the ended 31 December 2014 is Baht 692.3 million, increase from year 2013 by Baht 163.0 million as summarized.

1. Net cash flow received operating activities is Baht 1,313.7 million, decrease by Baht 429.5 million from the previous year because of increase of profit from operation before change in operating assets and liabilities by Baht 1,023.3 million, increase of inventories by Baht 1,073.5 million, increase of trade and other receivable by Baht 278.3 million, increase of revenue department receivable by Baht 43.6 million, increase of trade and other payable by Baht 181.9 million and decrease advance received from customers by Baht 263.1 million.
2. Net cash flow used in investing activities is Baht 325.1 million, decreased by Baht 9.9 million, because the year 2014, the cost of investment in capital project decreased.

3. Net cash flow used in financing activities is Baht 825.6 million, decreased by Baht 384.5 million from the previous year as resulted of decrease of the short-term loans by Baht 323.4 million, increase of long-term loans from financial institutions by Baht 101.8 million, decrease of interest expenses by Baht 18.3 million, decrease of dividend paid by Baht 88.5 million, increase of long-term loans from financial institutions by Baht 148.0 million.

Please be acknowledged for your information.

Sincerely Your,

(Mr.Wanthana Jaroennawarat)

Director