

-TRANSLATION-

11 November 2015

Subject : Management Discussion and Analysis for Q3/2015

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing throughout the Q3/2015

The summary of the results throughout the passing Q3/2015, The company and its subsidiaries have the total revenue from sales in amount of Baht 2,846.6 million which is decreasing from the 2014 at equivalence of Baht 158.4 million or approximately by 5%. As a result, decreased sales volume of MDF Board and Particleboard by about 2% and 21% respectively, as compared to the 2014.

Analysis of Profit of company and subsidiaries

In Q3/2015, the company and its subsidiaries have net profit of Baht 465.5 million as compared to the Q3/2014, the company and its subsidiaries have net profit Baht 364.9 million, the net profit has increased Baht 100.6 million or 28% for the following main reasons;

1. The total sales has decreased Baht 158.4 million, due to sales volume of MDF Board and Particleboard have decreased by 2% and 21% respectively. The average price of MDF Board has increased by 2%.
2. Cost of sales Baht 1,937.7 million, decreased of Baht 309.3 million, due to decreased sales volume and cost of sales per unit of MDF Board and Particleboard have decreased, due to the raw material price in manufacturing has decreased, as compared to the 2014.
3. Financial cost Baht 40.4 million, decreased of Baht 12.9 million, due to a decrease in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 30 September 2015, the company and its subsidiaries have the total assets valued Baht 13,269.2 million, as compared to 2014, Baht 13,592.5 million, decreased Baht 323.3 million as below detailed.

1. Cash and cash equivalent items increased Baht 34.2 million.
2. Trade and other receivable decreased Baht 270.1 million.
3. Revenue Department receivable decreased Baht 22.0 million.

4. Net inventory increased Baht 214.5 million, mainly caused by increased of finished goods Baht 216.2 million, raw material Baht 60.3 million and supplies Baht 18.6 million, decreased of work in process Baht 50.0 million and goods in transit Baht 30.7 million.
5. Maintenance supplies increased Baht 17.7 million.
6. Property, Plant and equipment decreased Baht 244.5 million.
7. Deferred tax assets decreased Baht 54.6 million.

Total Liabilities

As of 30 September 2015, the company and its subsidiaries have the total liabilities valued Baht 6,054.4 million, compared to the 2014, Baht 7,029.9 million, decreased Baht 975.5 million as below detailed.

1. Overdrafts and short-term loans from financial institutions decreased Baht 49.6 million.
2. Trade and other payable decreased Baht 76.9 million.
3. Long-term loans from financial institutions decreased Baht 851.4 million.
4. Employee benefit obligations increased Baht 15.3 million.

Total shareholder's equity

As of 30 September 2015, the company and its subsidiaries have the total shareholder's equity valued Baht 7,214.8 million, as compared to the 2014, Baht 6,562.5 million, increased Baht 652.3 million, due to increased of retained earnings Baht 1,345.3 million and decreased from paid interim dividend in Q4/2014 was Baht 29.0 million and during the year 2015 to 30 September 2015 paid dividend and interim dividend total Baht 673.8 million.

In 2015, the company and its subsidiaries have debt to equity ratio is 0.84:1, compared to the 2014 is 1.07:1, decreased by 0.23 times, due to decreased of long-term loans from financial institutions and increased of shareholders' equity, due to increased of retained earnings.

Liquidity

Cash flow

The period ended 30 September 2015, the company and its subsidiaries have cash flow received from operating activities Baht 1,785.3 million, cash flow used investing activities Baht 456.6 million, cash flow used financing activities Baht 1,410.6 million, cash and cash equivalent items as of the ended 30 September 2015 is Baht 610.4 million, decreased from the 2014 Baht 34.2 million as summarized.

1. Net cash flow received operating activities is Baht 1,785.3 million, increased Baht 1,029.8 million from the previous year, because of increased of profit from operation before change in operating assets and liabilities Baht 603.0 million, decreased of trade and other receivable Baht 391.0 million, revenue department receivable Baht 62.0 million, inventories Baht 230.1 million, trade and other payable Baht 318.3 million and increase of received from customers Baht 87.3 million.
2. Net cash flow used in investing activities is Baht 456.6 million, increased Baht 241.3 million. In 2015, the company have invested in expansion projects of Laminated Flooring, Laminated Particleboard and the project change to production line of Particleboard as MDF Board.
3. Net cash flow used in financing activities is Baht 1,410.6 million, increased Baht 917.4 million from the previous year, because of increased of long-term loans from financial institutions Baht 346.4 million, paid dividend Baht 673.8 million and decreased interest Baht 97.9 million.

Please be acknowledged for your information.

Sincerely Your,

(Mr.Wanthana Jaroennawarat)

Director