

-TRANSLATION-

26 February 2016

Subject : Management Discussion and Analysis for 2015

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing throughout the 2015

The summary of the results throughout the passing 2015, The company and its subsidiaries have the total revenue from sales in amount of Baht 10,792.9 million which is increasing from the 2014 at equivalence of Baht 42.1 million or approximately by 0.39%. As a result, increased sales volume of MDF Board by about 8% and decreased sales volume of Particleboard by about 15%, as compared to the 2014.

Analysis of Profit of company and subsidiaries

In 2015, the company and its subsidiaries have net profit of Baht 1,426.4 million as compared to the 2014, the company and its subsidiaries have net profit Baht 752.1 million, the net profit has increased Baht 674.3 million or 90% for the following main reasons;

1. The total sales has decreased Baht 42.1 million, due to sales volume of MDF Board has increased by 8% and Particleboard has decreased by 15%. The price of MDF Board and Particleboard are approximate to the 2014.
2. Cost of sales Baht 7,648.9 million, decreased of Baht 688.7 million, due to average 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 171.7 million, decreased of Baht 41.3 million, due to a decrease in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 31 December 2015, the company and its subsidiaries have the total assets valued Baht 13,683.3 million, as compared to the 2014, Baht 13,344.9 million, increased Baht 338.3 million as below detailed.

1. Cash and cash equivalent items decreased Baht 168.7 million.
2. Trade and other receivable decreased Baht 24.5 million.
3. Revenue Department receivable increased Baht 23.5 million.

4. Net inventory increased Baht 255.2 million, mainly caused by increased of finished goods Baht 173.9 million, work in process Baht 23.7 million, raw material Baht 56.2 million, goods in transit Baht 9.5 million and decreased of supplies Baht 8.0 million.
5. Maintenance supplies increased Baht 34.9 million.
6. Property, Plant and equipment increased Baht 276.2 million.
7. Deferred tax assets decreased Baht 63.9 million.

Total Liabilities

As of 31 December 2015, the company and its subsidiaries have the total liabilities valued Baht 6,194.5 million, compared to the 2014, Baht 6,618.1 million, decreased Baht 423.6 million as below detailed.

1. Overdrafts and short-term loans from financial institutions increased Baht 34.5 million.
2. Trade and other payable increased Baht 84.5 million.
3. Long-term loans from financial institutions decreased Baht 537.3 million.
4. Employee benefit obligations increased Baht 15.7 million.

Total shareholder's equity

As of 31 December 2015, the company and its subsidiaries have the total shareholder's equity valued Baht 7,488.8 million, as compared to the 2014, Baht 6,726.9 million, increased Baht 761.9 million, due to increased of retained earnings Baht 752.6 million and decreased from paid interim dividend in Q3/2015 was Baht 282.1 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 0.83:1, compared to the 2014 is 0.98:1, decreased by 0.16 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 31 December 2015, the company and its subsidiaries have cash flow received from operating activities Baht 2,209.5 million, cash flow used investing activities Baht 1,038.1 million, cash flow used financing activities Baht 1,340.1 million, cash and cash equivalent items as of the ended 31 December 2015 is Baht 523.6 million, decreased from the 2014 Baht 168.7 million as summarized.

1. Net cash flow received operating activities is Baht 2,209.5 million, increased Baht 895.8 million from the previous year, because of increased of profit from operation before change in operating assets and liabilities Baht 635.0 million, decreased of trade and other receivable Baht 146.6 million, revenue department receivable Baht 16.4 million, inventories Baht 169.2 million, trade and other payable Baht 107.5 million and increase of received from customers Baht 81.2 million.
2. Net cash flow used in investing activities is Baht 1,038.1 million, increased Baht 713.0 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 1,340.1 million, increased Baht 514.5 million from the previous year, because of increased of long-term loans from financial institutions Baht 32.3 million, paid dividend Baht 673.8 million and decreased interest Baht 45.7 million.

Please be acknowledged for your information.

Sincerely Your,

(Mr.Wanthana Jaroennawarat)

Director