

-TRANSLATION-

13 May 2016

Subject : Management Discussion and Analysis for Q1/2016

Attention : President

The Stock Exchange of Thailand

An overview of the performance of the past Q1/2016.

The performance in the Q1/2016, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,591.0 million which is increasing from the 2015 at equivalence of Baht 59.5 million or approximately by 2%. These caused, revenue from sales of export increased by about 6%, revenue from sales of domestic decreased by about 5%.

Analysis of Profit of company and subsidiaries

In Q1/2016, the company and its subsidiaries have net profit of Baht 319.9 million as compared to the 2015, the company and its subsidiaries have net profit Baht 269.1 million, the net profit has increased Baht 50.8 million or 19% for the following main reasons;

1. The total sales has increased Baht 59.5 million, due to sales volume of MDF Board and Particleboard have increased by 5% and by 13% respectively. The average price of MDF Board and Particleboard have decreased by 4%
2. Cost of sales Baht 1,874.5 million, increased of Baht 33.7 million, due to higher sales volumes.
3. Selling expenses Baht 260.2 million, decreased of Baht 22.8 million, mainly due to sales abroad, shipment abroad a big lot each time, selling expenses has decreased.
4. Financial cost Baht 35.5 million, decreased of Baht 9.8 million, due to a decrease in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 31 March 2016, the company and its subsidiaries have the total assets valued Baht 13,823.3 million, as compared to the 2015, Baht 13,431.0 million, increased Baht 392.3 million as below detailed.

1. Cash and cash equivalent items decreased Baht 125.4 million.
2. Trade and other receivable increased Baht 11.7 million.
3. Revenue Department receivable increased Baht 27.1 million.

4. Net inventory increased Baht 2.8 million, mainly caused by increased of finished goods Baht 23.3 million, raw material Baht 44.3 Baht , supplies Baht 3.3 million, decreased work in process Baht 22.6 million and goods in transit Baht 45.5 million.
5. Maintenance supplies increased Baht 51.9 million.
6. Property, Plant and equipment increased Baht 471.9 million.
7. Deferred tax assets decreased Baht 54.0 million.

#### Total Liabilities

As of 31 March 2016, the company and its subsidiaries have the total liabilities valued Baht 6,014.6 million, compared to the 2015, Baht 6,435.0 million, decreased Baht 420.4 million as below detailed.

1. Overdrafts and short-term loans from financial institutions decreased Baht 13.1 million.
2. Trade and other payable decreased Baht 17.9 million.
3. Advance receivable for customers increased Baht 16.2 million.
4. Long-term loans from financial institutions decreased Baht 427.3 million.
5. Employee benefit obligations increased Baht 16.2 million.

#### Total shareholder's equity

As of 31 March 2016, the company and its subsidiaries have the total shareholder's equity valued Baht 7,808.7 million, as compared to the 2015, Baht 6,996.0 million, increased Baht 812.7 million, due to net profit from operating.

In Q1/2016, the company and its subsidiaries have debt to equity ratio is 0.77:1, compared to the 2015 is 0.92:1, decreased by 0.15 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

In Q1/2016, the company and its subsidiaries have cash flow received from operating activities Baht 438.0 million, cash flow used investing activities Baht 304.4 million, cash flow used financing activities Baht 109.7 million, cash and cash equivalent items as of the ended 31 March 2016 is Baht 547.4 million, decreased from the Q1/2015 by Baht 125.4 million as summarized.

1. Net cash flow received operating activities is Baht 438.0 million, increased by Baht 151.3 million, because of increased of profit from operation before change in operating assets and liabilities by Baht 7.8 million, decreased of trade and other receivable by Baht 36.5 million , revenue department receivable by Baht 3.6 million , maintenance supplies by Baht 17.0 million, increased of inventories by Baht 247.5 million , decreased of trade and other payable by Baht 86.1 million and increased of received from customers by Baht 18.8 million.
2. Net cash flow used in investing activities is Baht 304.4 million, increased by Baht 177.8 million. In 2016, have invested change to production line of Particleboard - Line 1 as MDF Board at Surat Thani Plant.
3. Net cash flow used in financing activities is Baht 109.7 million, decreased by Baht 69.8 million , because of decreased of short-term loans from financial institutions by Baht 47.1 million , long-term loans from financial institutions by Baht 110.0 million and decreased interest by Baht 6.8 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director