

-TRANSLATION-

11 August 2016

Subject : Management Discussion and Analysis for Q2/2016

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing throughout the Q2/2015

The performance in the Q2/2016, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,822.6 million which is decreasing from the 2015 at equivalence of Baht 5.8 million or approximately by 0.2%. These caused, revenue from sales of domestic increased by about 6%, revenue from sales of export decreased by about 4%.

Analysis of Profit of company and subsidiaries

In Q2/2016, the company and its subsidiaries have net profit of Baht 456.2 million as compared to the 2015, the company and its subsidiaries have net profit Baht 417.2 million, the net profit has increased Baht 39.0 million or 9% for the following main reasons;

1. The total sales has decreased Baht 5.8 million, due to sales volume of MDF Board has increased by 9%, Particleboard has decreased by 2%. The average price of MDF Board and Particleboard have decreased by 9% and 6 respectively.
2. Cost of sales Baht 1,967.0 million, increased Baht 5.7 million, due to higher sales volumes.
3. Selling expenses Baht 279.4 million, decreased Baht 35.4 million, mainly due to sales abroad, shipment abroad a big lot each time, selling expenses has decreased.
4. Financial cost Baht 33.7 million, decreased Baht 9.4 million, due to a decreased in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 30 June 2016, the company and its subsidiaries have the total assets valued Baht 13,841.1 million, as compared to 2015, Baht 13,378.2 million, increased Baht 462.8 million as below detailed.

1. Cash and cash equivalent items increased Baht 91.2 million.
2. Trade and other receivable decreased Baht 137.9 million.
3. Revenue Department receivable increased Baht 43.0 million.
4. Net inventory decreased Baht 210.0 million, mainly caused by decreased of finished goods Baht 133.7 million, work in process Baht 62.7 million, raw material Baht 4.9 million, goods in transit Baht 28.5 million and increased supplies Baht 19.7 million.
5. Maintenance supplies increased Baht 53.2 million.
6. Property, Plant and equipment increased Baht 675.8 million.
7. Deferred tax assets decreased Baht 56.8 million.

Total Liabilities

As of 30 June 2016, the company and its subsidiaries have the total liabilities valued Baht 6,044.2 million, compared to the 2015, Baht 6,356.2 million, decreased Baht 312.0 million as below detailed.

1. Short-term loans from financial institutions increased Baht 102.2 million.
2. Trade and other payable decreased Baht 126.4 million.
3. Advance receivable for customers decreased Baht 79.7 million.
4. Long-term loans from financial institutions decreased Baht 263.5 million.
5. Employee benefit obligations increased Baht 16.6 million.

Total shareholder's equity

As of 30 June 2016, the company and its subsidiaries have the total shareholder's equity valued Baht 7,796.9 million, as compared to the 2015, Baht 7,022.1 million, increased Baht 774.8 million, due to net profit from operating.

As of 30 June 2016, the company and its subsidiaries have debt to equity ratio is 0.78:1, compared to the 2015 is 0.91:1, decreased by 0.13 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 June 2016, the company and its subsidiaries have net cash received from operating activities Baht 1,340.2 million, net cash used investing activities Baht 586.5 million, net cash used financing activities Baht 576.3 million, cash and cash equivalent items as of the ended 30 June 2016 is Baht 700.9 million, increased Baht 91.2 million from the 2015 as summarized;

1. Net cash received operating activities is Baht 1,340.2 million, increased Baht 225.3 million, because of increased of profit from operation before change in operating assets and liabilities Baht 23.3 million, decreased of trade and other receivable Baht 111.7 million and inventories Baht 470.7 million, increased of revenue department receivable Baht 19.5 million and maintenance supplies Baht 18.3 million, decreased of trade and other payable Baht 237.7 million and decrease of received from customers Baht 77.0 million.
2. Net cash used in investing activities is Baht 586.5 million, increased Baht 308.0 million. In 2016, the have invested change to production line of Particleboard – Line 1 as MDF Board at Surat Thani Plant and invested in expansion projects of Laminated Flooring at Saraburi Plant.
3. Net cash used in financing activities is Baht 576.3 million, decreased Baht 342.7 million, because of increased of short-term loans from financial institutions Baht 80.0 million, long-term loans from financial institutions Baht 273.8 million, dividend paid Baht 31.3 million and decreased interest Baht 20.3 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director