

-TRANSLATION-

12 May 2017

Subject : Management Discussion and Analysis for Q1/2017

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q1/2017, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,680.9 million which is increasing from the 2016 at equivalence of Baht 89.9 million, about 3%. These caused, revenue from sales of domestic and export increased about 1% and 3% respectively.

Analysis of Profit of company and its subsidiaries

The Q1/2017, the company and its subsidiaries have profit for the period of Baht 267.4 million as compared to the 2016 , the company and its subsidiaries have profit for the period of Baht 319.9 million, decreased Baht 52.6 million or 16% for the following main reasons;

1. The total sales has increased Baht 89.9 million, due to sales volume of MDF Board has increased by 8%, Particleboard has decreased by 12%. The average price of MDF Board has decreased by 2%, Particleboard has increased by 18%.
2. Cost of sales Baht 1,975.0 million , increased of Baht 100.5 million. Because the increasing cost of raw material in manufacturing.
3. Financial cost Baht 33.5 million, decreased of Baht 2.0 million, due to a decrease in the principal amount of the loan repayment schedule.

Financial status

Total assets

As of 31 March 2017, the company and its subsidiaries have the total assets valued Baht 14,660.4 million, as compared to the 2016, Baht 13,823.3 million, increased Baht 837.1 million as below detailed;

1. Cash and cash equivalent items decreased Baht 163.3 million.
2. Trade and other receivable increased Baht 215.8 million.
3. Revenue Department receivable decreased Baht 13.0 million.

4. Inventories increased Baht 150.3 million, mainly caused by increased of finished goods Baht 179.2 million, raw materials Baht 48.5 Baht, supplies Baht 6.1 million, goods in transit Baht 3.3 million and decreased work in process Baht 86.7 million.
5. Maintenance supplies increased Baht 44.3 million.
6. Property, Plant and equipment increased Baht 608.2 million.
7. Deferred tax assets decreased Baht 7.2 million.

Total Liabilities

As of 31 March 2017, the company and its subsidiaries have the total liabilities valued Baht 6,069.4 million, compared to the 2016, Baht 6,014.6 million, increased Baht 54.8 million as below detailed;

1. Short-term loans from financial institutions increased Baht 366.8 million.
2. Trade and other payable increased Baht 129.2 million.
3. Advances received from customers decreased Baht 47.5 million.
4. Accrued income tax payable increased Baht 52.8 million.
5. Long-term loans from financial institutions decreased Baht 498.1 million.
6. Employee benefit obligations increased Baht 50.5 million.

Total shareholder's equity

As of 31 March 2017, the company and its subsidiaries have the total shareholder's equity valued Baht 8,591.0 million, as compared to the 2016, Baht 7,808.7 million, increased Baht 782.3 million, due to net profit from operating.

As of 31 March 2017, the company and its subsidiaries have debt to equity ratio is 0.71:1, compared to the 2016 is 0.77:1, decreased by 0.06 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 Q1/2017, the company and its subsidiaries have cash flow used in operating activities Baht 77.6 million, cash flow used in investing activities Baht 282.5 million and cash flow received from financing activities Baht 287.1 million, cash and cash equivalent items as of the ended 31 March 2017 is Baht 384.1 million, decreased from the Q1/2016 by Baht 163.3 million as summarized;

1. Net cash used in operating activities is Baht 77.6 million, increased by Baht 515.5 million, because of decreased of profit from operation before change in operating assets and liabilities by Baht 2.5 million, increased operating assets Baht 539.7 million and increased operating liabilities Baht 26.2 million.
2. Net cash used in investing activities is Baht 282.5 million, decreased by Baht 21.9 million, because the Q1/2017, as the investment payment in projects decreased.
3. Net cash received from financing activities is Baht 287.1 million, increased by Baht 396.8 million, because of increased of short-term loans from financial institutions by Baht 182.5 million, long-term loans from financial institutions by Baht 212.0 million and decreased of interest payment by Baht 2.3 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director