

-TRANSLATION-

11 August 2017

Subject : Management Discussion and Analysis for Q2/2017

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q2/2017, the company and its subsidiaries have the total revenue from sales in amount of Baht 3,199.0 million which is increasing from the 2016 at equivalence of Baht 379.4 million, about 13%. These caused, revenue from sales of export increased about 31% and revenue from sales of domestic decreased about 22%.

Analysis of Profit of company and its subsidiaries

The Q2/2017, the company and its subsidiaries have profit for the period of Baht 300.6 million as compared to the 2016 , the company and its subsidiaries have profit for the period of Baht 421.9 million, decreased Baht 121.3 million or 29% for the following main reasons;

1. The total sales has increased Baht 379.4 million, due to sales volume of MDF Board has increased by 29%, Particleboard has decreased by 11%. The average price of MDF Board has changed slightly, Particleboard has increased by 19%.
2. Cost of sales Baht 2,392.5 million, increased of Baht 425.5 million. Because the increasing cost of raw material in manufacturing.

Financial status

Total assets

As of 30 June 2017, the company and its subsidiaries have the total assets valued Baht 14,921.7 million, as compared to the 2016, Baht 13,841.1 million, increased Baht 1,080.6 million as below detailed;

1. Cash and cash equivalent items decreased Baht 275.6 million.
2. Trade and other receivable increased Baht 289.4 million.
3. Revenue Department receivable decreased Baht 26.4 million.
4. Inventories increased Baht 291.3 million, mainly caused by increased of finished goods Baht 249.0 million, raw materials Baht 82.8 million, decreased of work in process Baht 6.9 million, supplies Baht 13.4 million and goods in transit Baht 20.2 million.

5. Maintenance supplies increased Baht 51.8 million.
6. Property, Plant and equipment increased Baht 740.0 million.
7. Deferred tax assets increased Baht 7.1 million.

Total Liabilities

As of 30 June 2017, the company and its subsidiaries have the total liabilities valued Baht 6,498.0 million, compared to the 2016, Baht 6,044.2 million, increased Baht 453.8 million as below detailed;

1. Short-term loans from financial institutions increased Baht 380.2 million.
2. Trade and other payable increased Baht 315.7 million.
3. Advances received from customers decreased Baht 21.7 million.
4. Accrued income tax payable increased Baht 3.2 million.
5. Long-term loans from financial institutions decreased Baht 276.1 million.
6. Employee benefit obligations increased Baht 51.5 million.

Total shareholder's equity

As of 30 June 2017, the company and its subsidiaries have the total shareholder's equity valued Baht 8,423.7 million, as compared to the 2016, Baht 7,796.9 million, increased Baht 626.8 million, due to net profit from operating.

As of 30 June 2017, the company and its subsidiaries have debt to equity ratio is 0.77:1, compared to the 2016 is 0.78:1, decreased by 0.01 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 2017, the company and its subsidiaries have cash flow received from operating activities Baht 698.9 million, cash flow used in investing activities Baht 744.8 million and cash flow received from financing activities Baht 14.1 million, cash and cash equivalent items as of the ended 30 June 2017 is Baht 425.2 million, decreased from the 2016 by Baht 275.6 million as summarized;

1. Net cash received from operating activities is Baht 698.9 million, decreased by Baht 641.3 million, because of decreased of profit from operation before change in operating assets and liabilities by Baht 88.0 million, increased operating assets Baht 754.1 million and increased operating liabilities Baht 234.5 million.
2. Net cash used in investing activities is Baht 744.8 million, increased by Baht 158.3 million, because has invested in expansion project of MDF Board at surat thani plant.
3. Net cash received from financing activities is Baht 14.1 million, increased by Baht 590.5 million, because of increased of short-term loans from financial institutions by Baht 198.9 million, increased of long-term loans from financial institutions by Baht 434.0 million, increased of dividend payment by Baht 47.0 million and decreased of interest payment by Baht 2.4 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director