

-TRANSLATION-

15 May 2018

Subject : Management Discussion and Analysis for Q1/2018

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q1/2018, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,301.2 million which is decreasing from the 2017 at equivalence of Baht 379.7 million, about 14%. These caused, revenue from sales of domestic and export decreased about 20% and 12% respectively.

Analysis of Profit of company and its subsidiaries

The Q1/2018, the company and its subsidiaries have loss for the period of Baht 174.4 million as compared to the 2017, the company and its subsidiaries have profit for the period of Baht 267.4 million, decreased Baht 441.8 million or 165% for the following main reasons;

1. The total sales has decreased of Baht 379.7 million, due to sales volume of MDF Board and Particleboard have decreased by 4% and 11% respectively. The average price of MDF Board and Particleboard have decreased by 8% and 20% respectively.
2. Cost of sales of Baht 1,917.3 million, decreased of Baht 57.7 million, due to decreased sales volume.
3. A foreign exchange loss of Baht 140.3 million mainly resulting from loss result of the forward contract (FX Forward) in order to hedge foreign exchange risk of transactions payments of raw material and machinery purchases in foreign currency.

Financial status

Total assets

As of 31 March 2018, the company and its subsidiaries have the total assets valued Baht 15,669.6 million, as compared to the 2017, Baht 14,660.4 million, increased Baht 1,009.2 million as below detailed;

1. Cash and cash equivalent items increased Baht 104.0 million.
2. Trade and other receivable decreased Baht 270.6 million.
3. Revenue Department receivable increased Baht 45.7 million.

4. Inventories increased Baht 25.9 million, mainly caused by increased of finished goods Baht 48.1 million, supplies Baht 13.5 million, goods in transit Baht 6.4 million, decreased work in process Baht 5.8 million and raw materials Baht 36.3 Baht.
5. Maintenance supplies increased Baht 50.8 million.
6. Property, Plant and equipment increased Baht 1,048.4 million.
7. Deferred tax assets decreased Baht 6.7 million.

#### Total Liabilities

As of 31 March 2018, the company and its subsidiaries have the total liabilities valued Baht 7,201.6 million, compared to the 2017, Baht 6,069.4 million, increased Baht 1,132.2 million as below detailed;

1. Short-term loans from financial institutions increased Baht 68.5 million.
2. Trade and other payable increased Baht 73.5 million.
3. Advances received from customers decreased Baht 41.7 million.
4. Accrued income tax payable decreased Baht 26.6 million.
5. Long-term loans from financial institutions increased Baht 1,023.9 million.
6. Employee benefit obligations increased Baht 17.5 million.
7. Deferred tax liabilities increased Baht 17.2 million.

#### Total shareholder's equity

As of 31 March 2018, the company and its subsidiaries have the total shareholder's equity valued Baht 8,468.0 million, as compared to the 2017, Baht 8,591.0 million, decreased Baht 123.0 million, due to net loss from operating.

As of 31 March 2018, the company and its subsidiaries have debt to equity ratio is 0.85:1, compared to the 2017 is 0.71:1, increased by 0.14 times, due to increased of long-term loans from financial institutions and decreased of shareholders' equity, due to net loss from operating.

#### Liquidity

##### Cash flow

The Q1/2018, the company and its subsidiaries have cash flow received from operating activities Baht 17.1 million, cash flow used in investing activities Baht 422.0 million and cash flow received from financing activities Baht 560.8 million, cash and cash equivalent items as of the ended 31 March 2018 is Baht 488.1 million, increased from the Q1/2017 by Baht 104.0 million as summarized;

1. Net cash received from operating activities is Baht 17.1 million, increased by Baht 94.6 million, because of decreased of profit from operation before change in operating assets and liabilities by Baht 482.7 million, decreased operating assets Baht 590.2 million and decreased operating liabilities Baht 12.2 million.
2. Net cash used in investing activities is Baht 422.0 million, increased by Baht 139.4 million, because has invested in expansion project of MDF Board at Surat Thani Plant.
3. Net cash received from financing activities is Baht 560.8 million, increased by Baht 136.3 million, because of decreased of short-term loans from financial institutions by Baht 248.0 million, increased of long-term loans from financial institutions by Baht 391.3 million and decreased of interest payment by Baht 7.0 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director