

August 9, 2018

Subject : Management Discussion and Analysis for six-month and 2nd quarter ended June 30, 2018

Attention : President

The Stock Exchange of Thailand

1. Operating Performance

1.1 Revenues

(Thousands Baht)								
	Six-month		Change		2 nd Quarter		Change	
	2561	2560	Amount	%	2561	2560	Amount	%
Revenue from sales	740,665	742,524	-1,859	-0.25%	372,742	414,841	-42,099	-10.15%
Other income	12,728	7,320	5,408	73.88%	3,583	4,674	-1,091	-23.34%
Total Revenue	753,393	749,844	3,549	0.47%	376,325	419,515	-43,190	-10.30%

Company total revenue of six-months on year 2018 slightly increased 0.47 percent from the same period of last year. Revenue from sales of first half on 2018 decreased 0.25 percent due to the effect of Thai Baht appreciation even though sale volume and sale in CNF incoterm increased from first half on 2017. Other income increased 73.88 percent from year 2017 due to higher received interest from the bank and higher gain from exchange rate.

Company total revenue of 2nd quarter decreased 10.30 percent from the same period of last year. Revenue from sales of 2nd quarter on 2018 decreased 10.15 percent due to the effect of Thai Baht appreciation and slightly decreasing in sale volume. Other income of 2nd quarter on 2018 decreased 23.34 percent due to loss from exchange rate.

1.2 Cost of goods sold and expenses

(Thousands Baht)								
	Six-month		Change		2 nd Quarter		Change	
	2561	2560	Amount	%	2561	2560	Amount	%
Cost of goods sold	-516,619	-503,573	-13,046	2.59%	-272,478	-272,471	-7	0.00%
Selling expenses	-101,809	-83,019	-18,790	22.63%	-46,885	-51,645	4,760	-9.22%
Administrative expenses	-40,970	-34,801	-6,169	17.73%	-21,259	-13,224	-8,035	60.76%
Finance Costs	-172	-15,530	15,358	-98.89%	-98	-7,000	6,902	-98.60%
Total	-659,570	-636,923	-22,647	3.56%	-340,720	-344,340	3,620	-1.05%

Cost of goods sold of six-months on year 2018 slightly increased 2.59 percent from six-months on year 2017, due to higher sale volume. For 2nd quarter on year 2018 comparing to the same period last year, COGS slightly increased as sale volume slightly decreased due to increasing in price of wood material.

Selling expenses of six-months on year 2018 increased 22.63 percent from six-months on year 2017, due to higher transportation cost from higher sale volume and higher freight cost from higher sales volume in CNF incoterm. However on 2nd quarter of 2018, selling expenses slightly decreased 9.22 percent from the same period of last year due to lower sale volume and lower sale commission.

Administration expense of six-months and 2nd quarter on year 2018 increased 17.73 and 60.76 percent respectively from the same period of last year, due to additional administrative expense from expanding in MDF second line production.

Financial cost of six-months and 2nd quarter on year 2018 decreased 98.89 and 98.60 percent from the same period last year, due to the repayment of long term loan.

As a result, cost of goods sold and expenses of six-months on year 2018 slightly increased by 3.56 percent from the same period last year. And 2nd quarter on year 2018 slightly decreased by 1.05 percent from the same period of last year.

1.3 Profit

(Thousands Baht)								
	Six-month		Change		2 nd Quarter		Change	
	2561	2560	Amount	%	2561	2560	Amount	%
Gross profit	224,046	238,951	-14,905	-6.24%	100,264	142,370	-42,106	-29.58%
Profit before income tax	93,823	112,921	-19,098	-16.91%	35,605	75,175	-39,570	-52.64%
Net profit for period	82,926	103,712	-20,786	-20.04%	31,606	71,615	-40,009	-55.87%

From revenues, cost of goods sold and expenses factors, company net profit of six-month ended June 30, 2018 was 82.93 million baht decreased 20.04 percent from the same period of last year. And net profit of 2nd quarter was 31.61 million baht decreased 55.87 percent from the same period of last year.

Sincerely Yours,

(Ms.Orawan Sangwongkit)

Chief Financial Officer