

-TRANSLATION-

14 August 2018

Subject : Management Discussion and Analysis for Q2/2018

Attention : President

The Stock Exchange of Thailand

An overview of the results in the passing

The performance in the Q2/2018, the company and its subsidiaries have the total revenue from sales in amount of Baht 2,790.35 million which is decreasing from the 2017 at equivalence of Baht 410.98 million, about 13%. These caused, revenue from sales of domestic and export decreased about 14% and 12% respectively.

Analysis of Profit of company and its subsidiaries

The Q2/2018, the company and its subsidiaries have profit for the period of Baht 14.95 million as compared to the 2017, the company and its subsidiaries have profit for the period of Baht 300.55 million, decreased Baht 285.60 million or 95% for the following main reasons;

1. The total sales has decreased of Baht 410.98 million, due to sales volume of MDF Board has decreased by 15%. The average price of MDF Board and Particleboard have decreased by 3% and 22% respectively.
2. Cost of sales of Baht 2,288.82 million, decreased of Baht 103.73 million, due to decreased sales volume.

Financial status

Total assets

As of 30 June 2018, the company and its subsidiaries have the total assets valued Baht 16,172.09 million, as compared to the 2017, Baht 14,921.67 million, increased Baht 1,250.42 million as below detailed;

1. Cash and cash equivalent items increased Baht 42.05 million.
2. Trade and other receivable decreased Baht 84.0 million.
3. Revenue Department receivable increased Baht 30.79 million.
4. Inventories increased Baht 328.87 million, mainly caused by increased of finished goods Baht 275.25 million, work in process Baht 1.25 million, raw materials Baht 16.69 Baht, supplies Baht 29.55 million and goods in transit Baht 6.13 million.

5. Maintenance supplies increased Baht 66.64 million.
6. Property, Plant and equipment increased Baht 873.25 million.
7. Deferred tax assets decreased Baht 6.62 million.

#### Total Liabilities

As of 30 June 2018, the company and its subsidiaries have the total liabilities valued Baht 8,159.28 million, compared to the 2017, Baht 6,497.98 million, increased Baht 1,661.30 million as below detailed;

1. Short-term loans from financial institutions increased Baht 795.01 million.
2. Trade and other payable increased Baht 121.63 million.
3. Advances received from customers decreased Baht 35.53 million.
4. Accrued income tax payable decreased Baht 45.15 million.
5. Long-term loans from financial institutions increased Baht 794.60 million.
6. Employee benefit obligations increased Baht 16.52 million.
7. Deferred tax liabilities increased Baht 15.25 million.

#### Total shareholder's equity

As of 30 June 2018, the company and its subsidiaries have the total shareholder's equity valued Baht 8,012.81 million, as compared to the 2017, Baht 8,423.70 million, decreased Baht 410.89 million, because the results of operations have retained earnings decrease.

As of 30 June 2018, the company and its subsidiaries have debt to equity ratio is 1.02:1, compared to the 2017 is 0.77:1, increased by 0.25 times, due to increased of loans from financial institutions and decreased of shareholders' equity, because the results of operations have retained earnings decrease.

#### Liquidity

##### Cash flow

The period ended 30 June 2018, the company and its subsidiaries have cash flow received from operating activities Baht 112.15 million, cash flow used in investing activities Baht 734.67 million and cash flow received from financing activities Baht 757.64 million, cash and cash equivalent items as of the ended 30 June 2018 is Baht 467.30 million, increased from the 2017 by Baht 42.05 million as summarized;

1. Net cash received from operating activities is Baht 112.15 million, decreased by Baht 586.75 million, because of decreased of profit from operation before change in operating assets and liabilities by Baht 769.68 million, decreased operating assets Baht 112.17 million and increased operating liabilities Baht 71.09 million.
2. Net cash used in investing activities is Baht 734.67 million, decreased by Baht 10.17 million, because has invested in expansion project of MDF Board at Surat Thani Plant decreased.
3. Net cash received from financing activities is Baht 757.64 million, increased by Baht 743.51 million, because of increased of short-term loans from financial institutions by Baht 449.99 million, increased of cash received from long-term loans from financial institutions by Baht 178.0 million, decreased of cash paid for long-term loans from financial institutions by Baht 107.40 million and decreased of interest payment by Baht 10.33 million.

Please be acknowledged for your information.

Sincerely Yours,

(Mr.Wanthana Jaroennawarat)

Director