

5 August 2016

Subject : Management's Discussion and Analyst of Operating Results of 2nd Quarter in 2016

Attn : Managing Director and Manager of Stock Exchange of Thailand

From the results of the second quarter ended 30 June 2016, the Company's net profit was 54 million baht - an increase of 29.6 million baht or 120% due to

1. Gross profit of 2016 increased 21.6 million baht, a 18.8% compared with 2015 due to an increasing of demand of air-conditioner and refrigerator, consequently sales quantity was increased 8.3% whereas LME price was lower than 2015. Hence sales amount was shown less than 2015

<u>Unit : Million baht</u>	<u>2016</u>	<u>2015</u>	<u>Increase / (Decrease)</u>
Sales amount	1,436	1,478	(41) – Demand of air-conditioner and refrigerator increased but LME price is lower than 2015.
Cost of good sold	1,304	1,374	(70.6) – Material management control. Due to good control of material and continuous production cost reduction policy including a decreasing of depreciation.

2. A decreasing of exchange gain 7.5 million baht or 80.5% compared with the previous year as the result of more strength of Thai baht.
3. Operating expenses of 2016 decreased 14 million baht, a 18% compared with 2015 due to

<u>Unit : Million baht</u>	<u>2016</u>	<u>2015</u>	<u>Increase / (Decrease)</u>
Operating expenses	56	54	2-Selling expense increased due to sales quantity increased.
Loss on Hedging cost of material	9	25	(16)-Customer absorbs in delivery month.

4. Interest paid in 2016 reduced 1 million baht from 2015 due to cash management policy in Furukawa group.

For your information

Sincerely yours,

(Mr. Takashi Yamamoto and Mr. Makoto Kasuga)
Director