

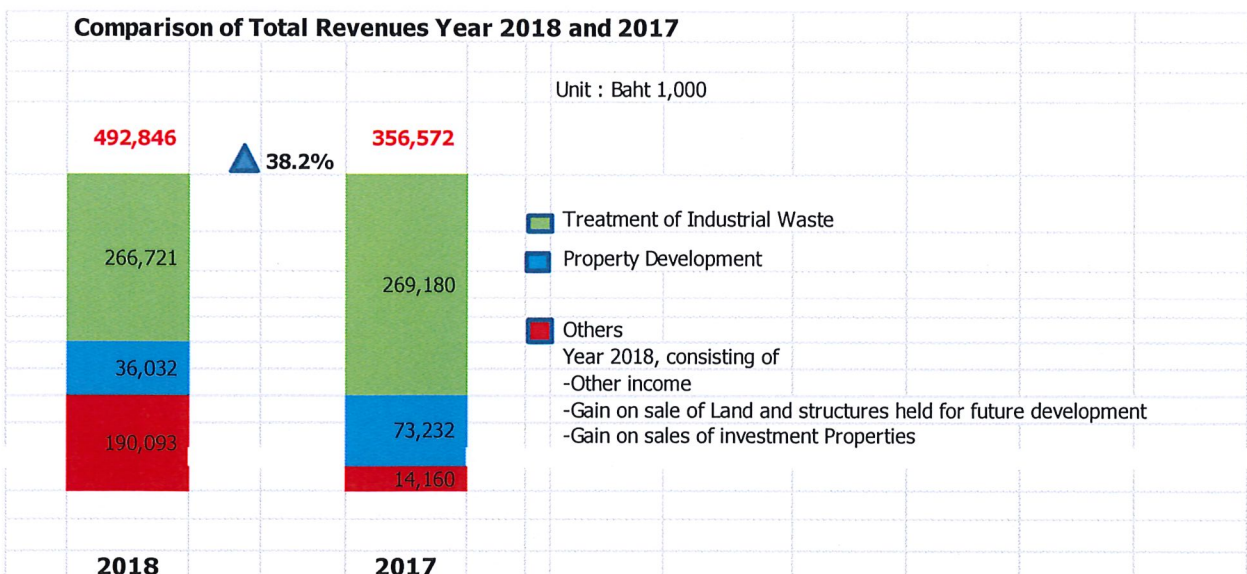
## Management Discussion and Analysis for the Year 2018

### 1. Operating Results (Company and Subsidiaries)

Consolidated revenue for the twelve months of year 2018 of both treatment of industrial waste business division and property development business division totally 302.8 million Baht compared with same period of year 2017 amounted 342.4 million Baht, decreased the amount of 39.6 million Baht or 11.56 percent. For other income amounted 18.1 million Baht compared previously year 14.2 million Baht. In Year 2018, Gain on sale of land and structures held for future development in the amount of 167.8 million Baht and Gain on sale of Investment Properties in the amount of 4.2 million Baht. Table below shows the share of revenues in 2018 comprised of Treatment of industrial waste business division represented 54.12%, Property development business division represented 7.31% and other income represented 38.57%. Year 2017, shares were Treatment of industrial waste business division represented 75.49%, Property development business division represented 20.54% and other income represented 3.97%. (See more details from Section 1 and Section 2)

**Table 1: Shared Comparison of revenues between year 2018 and 2017**

| Year | Treatment of Industrial Waste | Property Development | Other Income | Total Revenues |
|------|-------------------------------|----------------------|--------------|----------------|
| 2018 | 54.12%                        | 7.31%                | 38.57%       | 100.00%        |
| 2017 | 75.49%                        | 20.54%               | 3.97%        | 100.00%        |



**(1) Revenue from Treatment of Industrial Waste Business Division (Disposal, Landfill, and Transportation)**

Service income for twelve months of year 2018 amounted 266.7 million Baht compared same period last year amounted 269.2 million Baht, decreased the amount of 2.5 million Baht or 0.92%. Decrease in service income since some large customers have their own waste treatment system and some customers had reduced production in the first half of 2018.

Cost of goods for year 2018 was 73.26% of revenue when compared with same period last year was 67.38%, thus year 2017.

**(2) Revenue from Property Development Business Division**

Revenue from property development (real estate) business division for year 2018 amounted 36.0 million Baht compared same period last year was amounted 73.2 million Baht, decreased the amount of 37.2 million Baht. Real estate revenue was lower than last year. Due to the stable domestic economy and there is no policy from the government to stimulate interesting real estate business Causing customers to delay their decision to purchase real estate.

Cost of goods for year 2018 was lower than last year amounted 22.2 million Baht, the cost of goods was 63.32% compared last year was 61.52%. The cost of real estate business has increased proportion. Due to the year 2018, the old project has been revised to be in better condition, Ready for sale to customers. Therefore resulting in higher costs.

**(3) Gain on sales of Land and structures held for future development**

The company has Gain on sales of Land and structures held for future development for year 2018 was amounted 167.8 million Baht, while there are no such items in 2017, increased the amount of 167.8 million Baht or 100.0%. Gain on sales of Land and structures held for future development due to The company sold the Land. "Chaengwattana Project" 2 units and the subsidiary company sold the Land. "Ekkamai Project" 1 unit.

**(4) Gains on sale of Investment Properties**

The company has Gains on sale of Investment Properties for year 2018 was amounted 4.2 million Baht, while there are no such items in 2017, increased the amount of 4.2 million Baht or 100.0%. Gains on sale of Investment Properties due to The Company sold the land with buildings "C-Space Space Samkhok Project" 3 units.

**(5) Other income**

Other income for year 2018 was amounted 18.1 million Baht compared last year amounted 14.2 million Baht, increased the amount of 3.9 million Baht or 27.46%. Other income increased due to the better control of selling unused materials and unused equipment.

**(6) Selling and Administrative Expenses**

Selling and administrative expenses for twelve months of year 2018 was 107.2 million Baht or 33.42% of total revenues compared with last year was 114.4 million Baht or 32.09%. The selling and administrative expenses were decreased from year 2017 amounted 7.2 million Baht. Administrative expenses decreased due to the company has efficiently controlled costs.

**(7) Loss on impairments**

The Company has Loss from declining in value of real estate development cost 5.7 million Baht, Loss on impairment of investment in available-for-sale securities 1.2 million Baht and Loss on impairment of Land and structures held for future development 1.0 million Baht Compared to 2017, there was no such item.

**(8) Finance Costs**

Company had finance costs in year 2018 amounted 8.7 million Baht compared with same period last year amounted 7.1 million Baht, an increased 1.6 million Baht or 21.86%. Finance costs increased due to The Company has long-term loans from financial institutions. In the investment of factory buildings and machines at Map Ta Phut Center Resulting in increased interest expenses.

**(9) Statements of Comprehensive Income**

Profit(loss) for the year 2018 was amounted 119.43 million Baht compared last year was 4.38 million Baht, a increased from last year amounted 115.1 million Baht or 2,627.59%. For total comprehensive income (loss) for year 2018 was profit amounted 114.43 million Baht compared last year was profit amounted 2.29 million Baht.

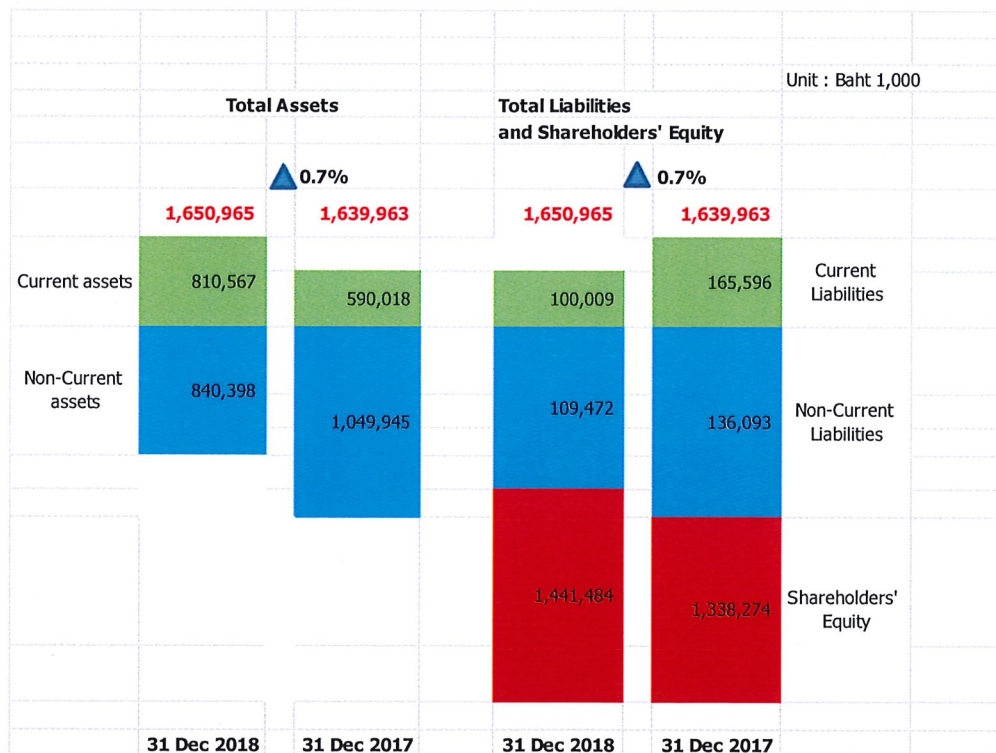
**Table 2: Comparison Statement of Comprehensive Income between year 2018 and 2017**

(Baht 1,000)

| Items   | 2018           | 2017           | ±%            |
|---|----------------|----------------|---------------|
| Revenue from sales and services–Treatment of Industrial Waste           | 266,721        | 269,180        | -0.91         |
| Revenue from sales – Property Development (Real Estate)                 | 36,032         | 73,232         | -50.79        |
| Gain on sale of Land and structures held for future development         | 167,789        | 0              | +100.00       |
| Gain on sale of Investment Properties                                   | 4,191          | 0              | +100.00       |
| Other Income  | 18,113         | 14,160         | +27.92        |
| <b>Total Revenues</b>   | <b>492,846</b> | <b>356,572</b> | <b>+38.22</b> |
| <b>Expenses:-Cost of sales and services–Treatment of Industrial Was</b> | <b>195,408</b> | <b>181,371</b> | <b>+7.74</b>  |
| -Cost of sales (Real Estate)  | 22,817         | 45,051         | -49.35        |
| -Selling Expenses   | 9,571          | 15,321         | -37.53        |
| -Administrative Expenses  | 97,675         | 99,115         | -1.45         |

| Items  | 2018           | 2017           | ±%               |
|--|----------------|----------------|------------------|
| - Loss from declining in value of real estate development cost                   | 5,721          | 0              | +100.00          |
| - Loss on impairment of investment in available-for-sale securities              | 1,150          | 0              | +100.00          |
| -Loss on impairment of Land and structures held for future development           | 1,030          | 0              | +100.00          |
| -Finance Costs   | 8,705          | 7,144          | +21.85           |
| <b>Total Expenses</b>  | <b>342,077</b> | <b>348,002</b> | <b>-1.70</b>     |
| Gain (loss) before loss on investments in associates and income tax expenses.    | 150,769        | 8,570          | +1,659.26        |
| Share of loss from investments in associates                                     | (58)           | (36)           | +61.11           |
| Profit (Loss) before income tax  | 150,711        | 8,534          | +1,666.00        |
| Income Tax (expense)   | (31,282)       | (4,155)        | +652.88          |
| <b>Profit (Loss)for the year</b>   | <b>119,429</b> | <b>4,379</b>   | <b>+2,627.31</b> |
| <b>Other Comprehensive Income:</b>   |                |                |                  |
| -Actual gain (loss) from employee benefit plan                                   | (2,611)        | (1,215)        | +114.89          |
| -Income tax relating to employee benefit plan                                    | 522            | 243            | +114.81          |
| -Unrealized gain (loss) on revaluation of available-for-sale securities          | (4,059)        | (1,120)        | +262.41          |
| -Adjust change in fair value available-for-sale securities to loss on impairment | 1,150          | 0              | +100.00          |
| <b>Other comprehensive income (loss)</b>   | <b>(4,998)</b> | <b>(2,092)</b> | <b>+138.91</b>   |
| <b>Total Comprehensive Income (Loss) for the year</b>                            | <b>114,431</b> | <b>2,287</b>   | <b>+4,903.54</b> |

## 2. Financial Status (The Company and Subsidiaries)



### (1) Total Assets

The Company has total assets as at December 31, 2018 amounted 1,650.9 million Baht compared with year 2017 amounted 1,639.9 million Baht, increased the amount of 11.0 million Baht or 0.67%. As at December 31, 2018 the total assets consisted of:

(1.1) Current assets amounted of 810.6 million Baht compared as at December 31, 2016 was amounted 679.0 million Baht, increased 220.6 million Baht or 37.39% (See Table 3)

**Table 3: The Comparison of Current Assets between Year 2018 and 2017** (Baht 1,000)

| Items                        | 2018           | 2017           | ±%            |
|------------------------------|----------------|----------------|---------------|
| Cash and cash equivalents    | 291,686        | 24,299         | +1,100.40     |
| Trade and other receivables  | 56,208         | 73,269         | -23.28        |
| Cost of property development | 460,834        | 491,401        | -6.22         |
| Supplies                     | 849            | 536            | +58.39        |
| Other current assets         | 991            | 513            | +93.18        |
| <b>Total Current Assets</b>  | <b>810,568</b> | <b>590,018</b> | <b>+37.38</b> |

Trade and other receivables for the year 2018 amounted 56.21 million Baht compared with year 2017 was amounted 73.27 million Baht, decreased the amount of 17.06 million Baht or 23.28%. For trade account receivables of year 2018 amounted 32.8 million Baht which provided allowance for doubtful accounts amounted 1.2 million Baht (3.65%), net trade account receivables amounted 31.6 million Baht compared with year 2017, trade account receivables was amounted 38.9 million Baht, allowance for doubtful accounts amounted 1.2 million Baht (3.08%), net trade account receivables amounted 37.7 million Baht.

For year ended of 2018, other receivables amounted 25.3 million Baht, allowance for doubtful accounted amounted 1.4 million Baht (4.74%), and year 2017 other receivables was amounted 32.4 million Baht, allowance for doubtful accounts amounted 1.4 million Baht (4.32%).

**Table 4: The Comparison Trade and Other Receivables between year 2018 and 2017** (Baht 1,000)

| Items                                  | 2017   | 2017   | ±%     |
|--|--------|--------|--------|
| Service business                       |        |        |        |
| -Current                               | 19,401 | 27,003 | -28.15 |
| -Overdue – Less than or up to 3 months | 12,454 | 10,698 | +16.41 |
| -Over 3 months up to 6 months          | 101    | 198    | -48.99 |
| -Over 6 months up to 12 months         | 74     | 291    | -74.57 |
| - Over 12 months                       | 766    | 699    | +9.58  |

| Items                                | 2017    | 2017    | ±%     |
|--------------------------------------|---------|---------|--------|
| Total                                | 32,796  | 38,889  | -15.67 |
| Less Allowance for doubtful accounts | (1,222) | (1,189) | +2.77  |
| Net Total                            | 31,574  | 37,700  | -16.25 |

Cost of property development as at December 31, 2018 and 2017 (Table 5) consisted of:

**Table 5: Cost of Property Development**

(Baht 1,000)

|   |          |
|---|----------|
| Net book value as at January 1, 2017  | 531,154  |
| Purchases/transfer in   | 5,298    |
| Disposals/transfer for  | (53,463) |
| Loss on impairment of real estate development costs                         | 8,412    |
| Net book value as at December 31, 2017                                      | 491,401  |
| Purchases/transfer in   | 3,192    |
| Disposales  | (23,681) |
| Transfer out  | (5,005)  |
| Loss on declining in value of real estate development costs                 | (5,721)  |
| Reversal of allowance for decline in value of real estate development costs | 648      |
| Net book value as at December 31, 2018                                      | 460,834  |

(1.2) Non-current assets as at December 31, 2018 amounted 840.4 million Baht compared with December 31, 2017 amounted 1,049.9 million Baht, decreased the amount of 209.5 million Baht or 19.95% (see Table 6)

**Table 6: Comparison of Non-Current Assets between year 2018 and 2017**

(Baht 1,000)

| Items   | 2018    | 2017    | ±%        |
|---|---------|---------|-----------|
| Deposits at financial institutions pledged as collaterals | 756     | 756     | 0         |
| Investments in available-for-sale securities              | 3,273   | 7,332   | - 55.36   |
| Investment in associated company                          | 17,906  | 564     | +3,074.82 |
| Land and structures held for development                  | 363,772 | 619,797 | - 41.31   |
| Investment property                                       | 75,875  | 87,280  | - 13.07   |
| Property, plant and equipment                             | 308,640 | 282,215 | +9.36     |
| Intangible asset  | 4,942   | 4,916   | +0.53     |
| Deferred tax assets                                       | 5,054   | 6,087   | - 16.97   |
| Other non-current assets                                  |         |         |           |
| -Cost of landfill preparation                             | 29,069  | 20,082  | +44.75    |

| Items                           | 2018           | 2017             | ±%            |
|---------------------------------|----------------|------------------|---------------|
| -Income tax withheld            | 23,831         | 17,215           | +38.43        |
| -Others                         | 7,280          | 3,701            | +96.70        |
| <b>Total Non-Current Assets</b> | <b>840,398</b> | <b>1,049,945</b> | <b>-19.96</b> |

## (2) Total Liabilities

Company's total liabilities as at December 31, 2018 amounted 209.5 million Baht compared same period last year was amounted 301.7 million Baht, decreased 92.2 million baht or 30.56% (Table 7)

As at December 31, 2018 total liabilities consisted of:

(2.1) Current Liabilities amounted 100.0 million Baht compared same period last year was 166.0 million Baht, decreased the amount of 66.0 million Baht or 39.76% The decrease was due to in repayment of short-term loans from financial institutions.

(2.2) Non-current liabilities as at December 31,2018 amounted 109.5 million Baht compared same period of 2017 was amounted 136.1 million Baht, decreased the amount of 26.6 million Baht or 19.5%. The decrease of non-current liability was due to the long term debt which was used for purchasing a new machine and building a new factory at Map Ta Phut Center.

**Table 7: Comparison Total Liabilities between year 2018 and 2017**

(Baht 1,000)

| Items   | 2018           | 2017           | ±%            |
|---|----------------|----------------|---------------|
| <b>Current Liabilities:</b>   |                |                |               |
| -Short-term loans   | 0              | 50,000         | -100.00       |
| -Trade and other payables   | 57,742         | 75,746         | -23.77        |
| -Advance received from the sale of land and buildings awaiting development            | 0              | 21,984         | -100.00       |
| -Long-term loans from financial institutions due within one year                      | 23,562         | 17,528         | +34.42        |
| -Obligations under finance leases current portion due within one year                 | 237            | 338            | -29.88        |
| -Corporate income tax payable   | 18,468         | 0              | +100.00       |
| <b>Total Current Liabilities</b>  | <b>100,009</b> | <b>165,596</b> | <b>-39.61</b> |
| <b>Non-Current Liabilities:</b>   |                |                |               |
| -Long-term loans from financial institutions-net of current portion due with one year | 67,791         | 97,043         | -30.14        |
| -Obligations under finance leases-net of current portion due within one year          | 277            | 514            | -46.11        |
| -Employee benefit obligations   | 7,403          | 4,536          | +63.21        |
| -Other non-current liabilities  | 34,000         | 34,000         | 0             |
| <b>Total Non-Current Liabilities</b>  | <b>109,471</b> | <b>136,093</b> | <b>-19.56</b> |
| <b>Total Liabilities</b>  | <b>209,481</b> | <b>301,689</b> | <b>-30.56</b> |



### (3) Investment in Subsidiaries

The Company has hold 99.99% of shareholders of four companies that are Asia Patana Land Co., Ltd (AP), Industrial Waste Management (Asia) Co., Ltd (IWMA) , Genco Renewable Co., Ltd (GR). And Genco Clean Energy Co., Ltd (GC). AP is in real estate business. It has developed 5 property projects, consist of 3 projects as properties for sale and 2 projects as properties for rent. IWMA is in waste management business. IWMA is now developing a new waste management project in Khao Mai Kaew, Chonburi. GR and GC were setup to apply for licenses of power plant from the Energy Regulatory Commission (ERC). Both GR and GC is now in the process of appealing to the office of the Ombudsman Thailand. By the latest rulings, the Ombudsman's Office has issued the decision asking ERC to review the consideration of the proposal to sell electricity and compensate the damage to the two subsidiaries Both GR and GC. At the present, the subsidiaries are waiting for the consideration.

**Table 8:** Comparison of Investment in Subsidiaries between year 2018 and 2017 (Baht 1,000)

| Items  | 2018           | 2017           | ±%       |
|--|----------------|----------------|----------|
| Asia Patana Land Co., Ltd.                   | 430,000        | 430,000        | 0        |
| Industrial Waste Management (Asia) Co., Ltd. | 200,000        | 200,000        | 0        |
| Genco Renewable Co., Ltd.                    | 14,000         | 14,000         | 0        |
| Genco Clean Energy Co., Ltd.                 | 14,000         | 14,000         | 0        |
| Less Loss on impairment of investment        | (79,893)       | (79,893)       | 0        |
| <b>Total</b>                                 | <b>578,107</b> | <b>578,107</b> | <b>0</b> |

### (4) Investment in associated company

The Company has entered into a joint venture agreement with Otani (s) Pte. Ltd to set up a company called "Genco Otani Company Limited"(GO) in accordance with the terms of the joint venture agreement. The company invests in the pre-treatment for wastewater factory. The Company holds 59,997 ordinary shares with a par value of Baht 10 each, representing 60% of the total value of Baht 0.6 million baht.

Genco Otani Company Limited"(GO) approved the capital increase from the existing share capital of Baht 1.0 million to Baht 30.0 million by increasing the share capital of Baht 29.0 million divided into 2,900,000 common shares at par value of Baht 10 per share, and call-up 25% amounting to Baht 7.3 million. The Company has invested in 60% of 1,740,000 shares at Baht 2.5 share amounting to Baht 4.4 million.

Genco Otani Company Limited"(GO) approved the call-up 75% of increasing the share capital, amounting to Baht 21.8 million, The Company has paid for its portion 1,74,000 shares at Baht 7.5 per share, amounting to Baht 13.1 million. The Company already paid.



### 3. Liquidity (The Company and Subsidiaries)

#### (1) Current Ratio

The Company has current ratio as at December 31, 2018 equal to 8.1 compared to 3.6 as at December 31, 2017, a increased current ratio 4.5 due to the increased of current assets amounted 220.6 million baht or increased 37.39% while current liabilities decreased 66.0 million baht or 39.76%. Cause of the increase in current assets Due to an increase in cash and cash equivalents of 267.39 million Baht and current liabilities decreased Because the company has repaid short-term loans from financial institutions in the amount of 50 million Baht

#### (2) Debt to Equity Ratio

The Company has debt to equity ratio as at December 31, 2018 equals to 0.15 compared with 0.23 as at December 31, 2017 an decreased on ratio of total liabilities and shareholders' equity 0.08 due to an decreased of total liability 92.2 million baht or 30.56% while shareholders' equity increased 103.2 million baht or 7.71%.

### 4. Summary total business transactions in the twelve months of 2018

Year 2018, Company has deferred tax assets amounted 5.054 million Baht compared with year 2017 amounted 6.087 million Baht.

**Table 9:** The comparison of deferred tax assets between year 2018 and 2017 (Baht 1,000 )

| Items                         | 2018         | 2017         | ±%            |
|-------------------------------|--------------|--------------|---------------|
| Trade and other receivables   | 384          | 423          | -9.21         |
| Inventory                     | 536          | 536          | 0             |
| Real estate development costs | 1,416        | 1,317        | +7.52         |
| Employee benefit obligations  | 1,480        | 907          | +63.17        |
| Shot-term provisions          | 944          | 1,319        | -28.43        |
| Tax losses carried forward    | 0            | 1,172        | -100.00       |
| Others                        | 294          | 413          | -28.81        |
| <b>Total</b>                  | <b>5,054</b> | <b>6,087</b> | <b>-16.97</b> |

Income tax calculated from the differ deferred tax assets between year 2018 and 2017 amounted 5.054 million baht and 6.087 million Baht respectively. Tax expense for year 2018 amounted 31.282 million Baht compared year 2017 amounted 4.156 million Baht. (see Statement of Comprehensive Income)

**Table 10: The comparison of income tax between year 2018 and 2017**

(Baht 1,000)

| รายการ   | 2018     | 2017    | ±%        |
|--|----------|---------|-----------|
| Current Tax:   |          |         |           |
| -Current year  | (29,727) | (2,326) | +1,178.03 |
| Deferred Tax:  |          |         |           |
| -Tax income(expense) movement in temporary differences | (1,555)  | (1,830) | -15.03    |
| Tax income (expense) recognized in profit or loss      | (31,282) | (4,156) | +652.69   |

## 5. Commitments and Contingent Liabilities

As at December 31, 2018, and 2017 the Group had commitments and contingent liabilities as follows:

1. Contingent Liabilities arising from a letter of guarantee issued by a local bank to guarantee the lease and the contract for the treatment of waste in the amount to 36.9 and 36.7 million baht respectively.
2. Contingent Liabilities arising from a letter of guarantee issued by a local bank for the provision of public utilities by The fixed deposit of the Company is collateral in the amount to 0.8 and 0.8 million baht respectively.
3. Commitments Capital expenditure in the amount to 14.3 and 7.1 million baht respectively.

## 6. The Investment Update in 2018

- Non-Hazardous waste recycling plant, in Lumpoon, has been operating since January 2019. The company has planned to expand this Lumpoon plant to receive hazardous waste.
- Pre-treatment of wastewater project (project of Genco-Otani co, ltd) is on construction phase. The plant is now 90% complete and equipments installation will be done afterward. We have progressed on meeting customers to present our new process to treat their wastewater. However, the current plant will be used to serve customers before the new plant is ready.
- The non-hazardous waste landfill in Ratchaburi has complete since 2018. It is expected to receive the permission to use with Q1/2019.

## 7. Share Capital

The 2018 Ordinary General Meeting of Shareholders held on April 27, 2018 approved

1. The dividend payment for the year 2017 at the rate of Baht 0.01 per share amounting to Baht 11.2 million. The dividend payment was paid on May 25, 2018.

2. The decrease of the Company's registered capital amounting to Baht 305.7 million from Baht 1,428.0 million to a new registered capital of Baht 1,122.3 million by cancelling the unissued common shares of the Company No.1 (GENCO-W1) and No.2 (GENCO-W2) totaling 305.7 million shares, at the par value Baht 1.0. The Company registered its decrease share capital with the Ministry of Commerce on May 23, 2018.