



บริษัท สุธากัณฐจน์ จำกัด (มหาชน)

**GOLDEN LIME PUBLIC COMPANY LIMITED**

8/222 หมู่ 3 ถนนศรีสรมาน ซอย 2 ตำบลบ้านใหม่ อำเภอปากเกร็ด จังหวัดนนทบุรี 11120

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Registration no : 0107556000248

No. (SUTHA-SET) 025/2017/Eng

11 August 2017

Subject: Management Discussion and Analysis of the Company and subsidiary  
for the three-month period and six-month period ended 30 June 2017

To: The President of the Stock Exchange of Thailand

Attachment: Management Discussion and Analysis ended 30 June 2017

As the Golden Lime Public Company Limited (“the Company”) has submitted the interim financial statements of the Company and its subsidiary for the three-month period and six-month period ended 30 June 2017, which have been reviewed by the company’s authorized auditor.

The company would like to clarify the operating results of the Company and its subsidiary, please kindly find the following attachment.

Please kindly be informed accordingly.

You’re faithfully,

Mr. Geza Emil Perlaki  
Managing Director



“ภูมิใจ รู้หน้าที่ รับผิดชอบ ไม่ทอดทิ้ง”



## 1. Overall Operating Results

In the consolidated financial statements for Q2/2017, the total revenue of Golden Lime and its subsidiary was THB 233.17 million, an increase of THB 34.33 million (17.26 %). The net profit was THB 23.17 million (9.9% of total revenues), an increase of THB 5.70 million or 32.63%, compared to Q2/2016.

Unit: Million Baht	Consolidated financial statements for the three-month period ended 30 June					
	2017 (Q2)	%	2016 (Q2)	%	YoY Dif. +/-	YoY % +/-
Sales and service income	231.08	99.1%	193.18	97.2%	37.90	19.62%
Other incomes	2.09	0.9%	5.66	2.8%	- 3.57	-63.05%
<b>Total revenues</b>	<b>233.17</b>	<b>100.0%</b>	<b>198.84</b>	<b>100.0%</b>	<b>34.33</b>	<b>17.26%</b>
<b>Cost of sales and services</b>	<b>159.63</b>	<b>68.5%</b>	<b>135.06</b>	<b>67.9%</b>	<b>24.57</b>	<b>18.19%</b>
<b>Gross profit</b>	<b>73.54</b>	<b>31.5%</b>	<b>63.78</b>	<b>32.1%</b>	<b>9.76</b>	<b>15.30%</b>
<b>SG&amp;A</b>	<b>44.75</b>	<b>19.2%</b>	<b>42.42</b>	<b>21.3%</b>	<b>2.33</b>	<b>5.50%</b>
Selling expenses	27.81	11.9%	20.75	10.4%	7.06	34.02%
Administrative expenses	16.94	7.3%	21.67	10.9%	- 4.73	-21.81%
<b>EBITDA</b>	<b>50.15</b>	<b>21.5%</b>	<b>45.55</b>	<b>22.9%</b>	<b>4.60</b>	<b>10.11%</b>
Finance cost	0.73	0.3%	1.39	0.7%	- 0.66	-47.36%
Income tax expenses	4.89	2.1%	2.50	1.3%	2.39	95.55%
<b>Profit for period</b>	<b>23.17</b>	<b>9.9%</b>	<b>17.47</b>	<b>8.8%</b>	<b>5.70</b>	<b>32.63%</b>

In the consolidated financial statements for the six-month period ended 30<sup>th</sup> June 2017, the total revenues increased to THB 505.33 million, THB 69.12 million or 15.85 % higher compared to the same period last year. The net profit was THB 48.18 million (9.5% of total revenues), an increase of THB 2.75 million or 6.06% higher compared to the same period last year.

Unit: Million Baht	Consolidated financial statements for the six-month period ended 30 June					
	2017 (6M)	%	2016 (6M)	%	YoY Dif. +/-	YoY % +/-
Sales and service income	501.60	99.3%	428.78	98.3%	72.82	16.98%
Gain on foreign exchange	-	0.0%	0.41	0.1%	- 0.41	-100.00%
Other income	3.73	0.7%	7.02	1.6%	- 3.29	-46.88%
<b>Total revenues</b>	<b>505.33</b>	<b>100.0%</b>	<b>436.21</b>	<b>100.0%</b>	<b>69.12</b>	<b>15.85%</b>
<b>Cost of sales and services</b>	<b>352.43</b>	<b>69.7%</b>	<b>293.77</b>	<b>67.3%</b>	<b>58.66</b>	<b>19.97%</b>
<b>Gross profit</b>	<b>152.90</b>	<b>30.3%</b>	<b>142.44</b>	<b>32.7%</b>	<b>10.46</b>	<b>7.34%</b>
<b>SG&amp;A</b>	<b>94.76</b>	<b>18.8%</b>	<b>88.36</b>	<b>20.3%</b>	<b>6.40</b>	<b>7.25%</b>
Selling expenses	63.18	12.5%	45.91	10.5%	17.27	37.60%
Administrative expenses	31.58	6.2%	42.44	9.7%	-10.86	-25.59%
<b>EBITDA</b>	<b>102.34</b>	<b>20.3%</b>	<b>101.93</b>	<b>23.4%</b>	<b>0.41</b>	<b>0.40%</b>



Unit: Million Baht	Consolidated financial statements						
	For the six-month period						
	Ended 30 June						
	2017 (6M)	%	2016 (6M)	%	YoY Dif. +/-	YoY % +/-	
Financing cost	1.26	0.2%	3.01	0.7%	- 1.75	-58.16%	
Income tax expenses	8.70	1.7%	5.65	1.3%	3.05	53.91%	
<b>Profit for period</b>	<b>48.18</b>	<b>9.5%</b>	<b>45.43</b>	<b>10.4%</b>	<b>2.75</b>	<b>6.06%</b>	

For both three-month and six-month periods ended 30<sup>th</sup> June 2017, the increase in the operating performance was a result of the following major factors:

-Higher sales volume of the core burnt lime and hydrated lime products resulting in increased revenue and better economies of scale from these core business activities.

-Increased revenue from sales of machinery equipment and engineering services realized via deliveries in the 1<sup>st</sup> and 2<sup>nd</sup> quarter of 2017.

-Decreased financial expenses due to further debt reduction and repayment of principal.

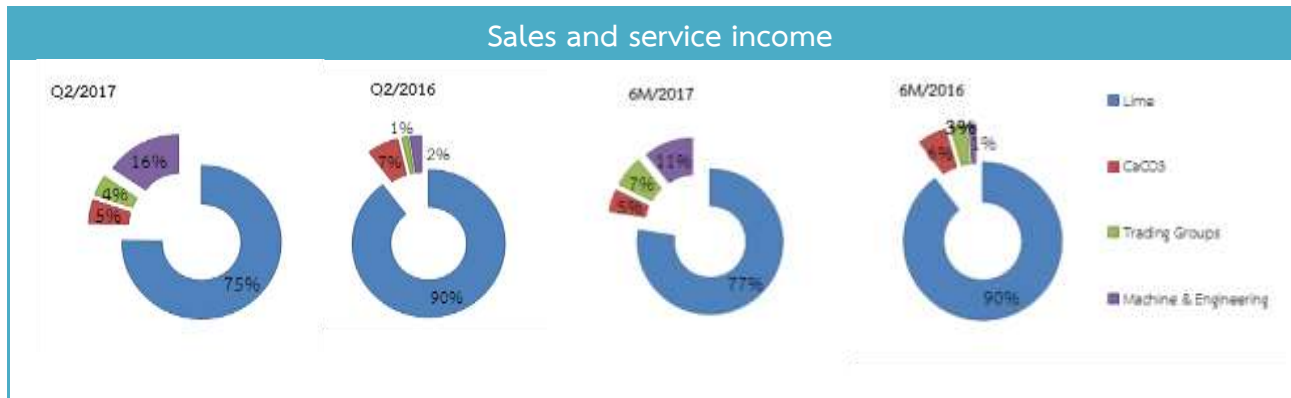
**2. Performance analysis**

**(2.1) Revenues**





The company has revenues from sales and service income. The portions of total revenue are shown in the graph below.



The company has four main product groups generating revenue: burnt products (lime and hydrated lime), calcium carbonate CaCO3, trading of lime and magnesium derivative products, machinery and engineering services and equipment.

In the first half of 2017 compared with first half of 2016, total revenues from sales and services increased by THB 72.82 million or 16.98 % mainly due to increased sales of machine and engineering products, a total increase of THB 48.73 million. The increase in burnt product group came from the increased sales volumes; while unit sales prices of burnt products remained under considerable pressure compared with the same period last year. On the downside, there was a slight decline in calcium carbonate product group sales, especially in Q1.

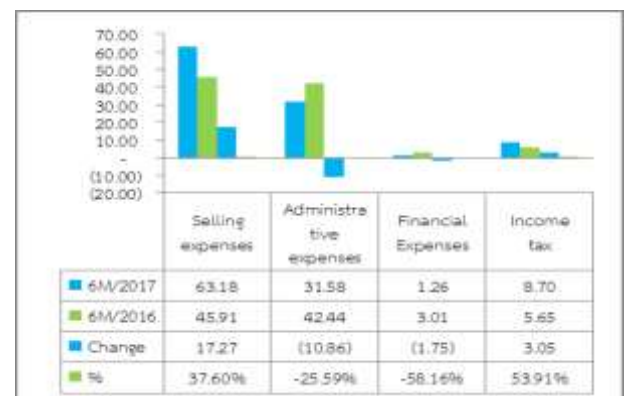
**(2.2) Cost of Goods Sold and Gross Profit Margin (% of revenue excluding other income)**

In Q2/2017, the proportion of cost of goods vs. total revenue has increased significantly. The main factors behind this unwelcome trend was a jump in fuel (petroleum coke) prices, and increased manufacturing cost of machinery equipment. However, the proportion of cost of goods vs. sales and services income (excluding other income) has decreased. Since the proportionate cost of sales in the engineering and machinery equipment segment is much lower than in the burnt products segment, the result was an increase in the gross profit margin by 0.83% vs Q2 2016.

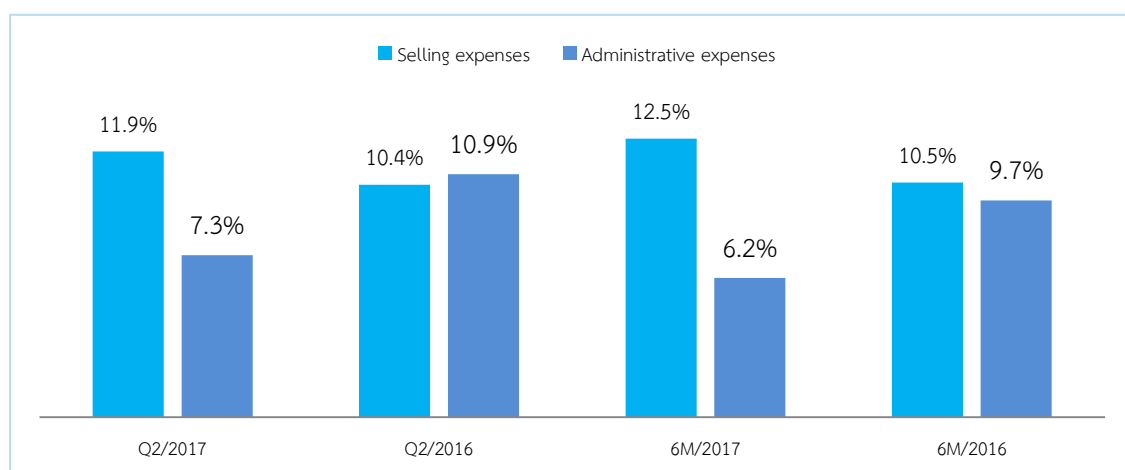
Comparing the first half of 2017 with the first half of 2016, the proportion of cost of goods sold vs. sales and service income (excluding other income) has increased, resulting in a drop in gross profit by 1.75%. The main reason was due to the external purchase (higher cost than producing internally) of lump lime in Q1 to meet customer demand as a kiln was stopped for maintenance. In addition, there was a jump in global fuel (petroleum coke) prices. Additionally, the cost of trading products increased. However, the cost of calcium carbonate products has decreased following the decline in sales volumes.



**(2.3) Selling and Administrative Expenses, Financing Expense and Corporate Income Tax**



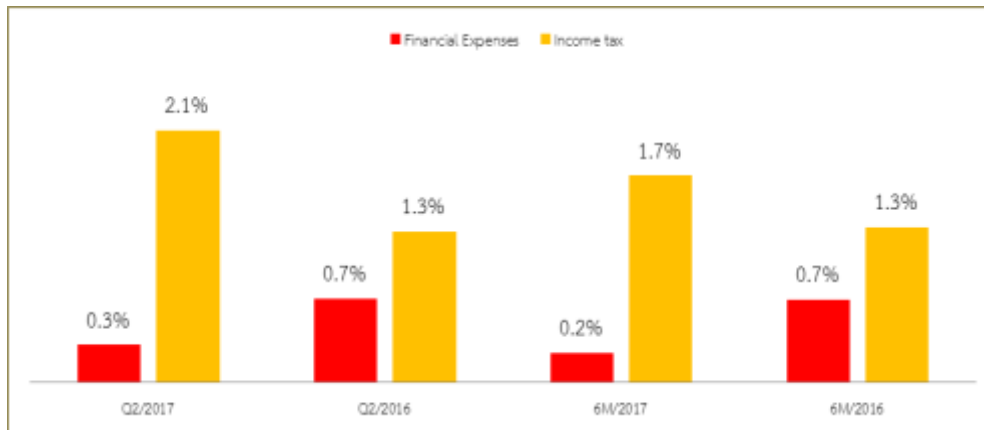
Overall, the selling and administrative expenses for the first half of 2017 compared to first half of 2016 increased mainly due to the increases in selling and logistic expenses, following the increase in sales volume. However, the administrative expenses declined mainly due to the change of the expense grouping methodology, which are now grouped by department.



Financing expenses decreased compared to the same period in 2016 mainly due to continuing debt repayment and a lower remaining principle amount. On the other hand, the corporate income tax burden of Golden Lime and its subsidiary has increased due to better operational performance, especially in the non-BOI segments: sales and engineering services and machinery equipment and the trading product group.

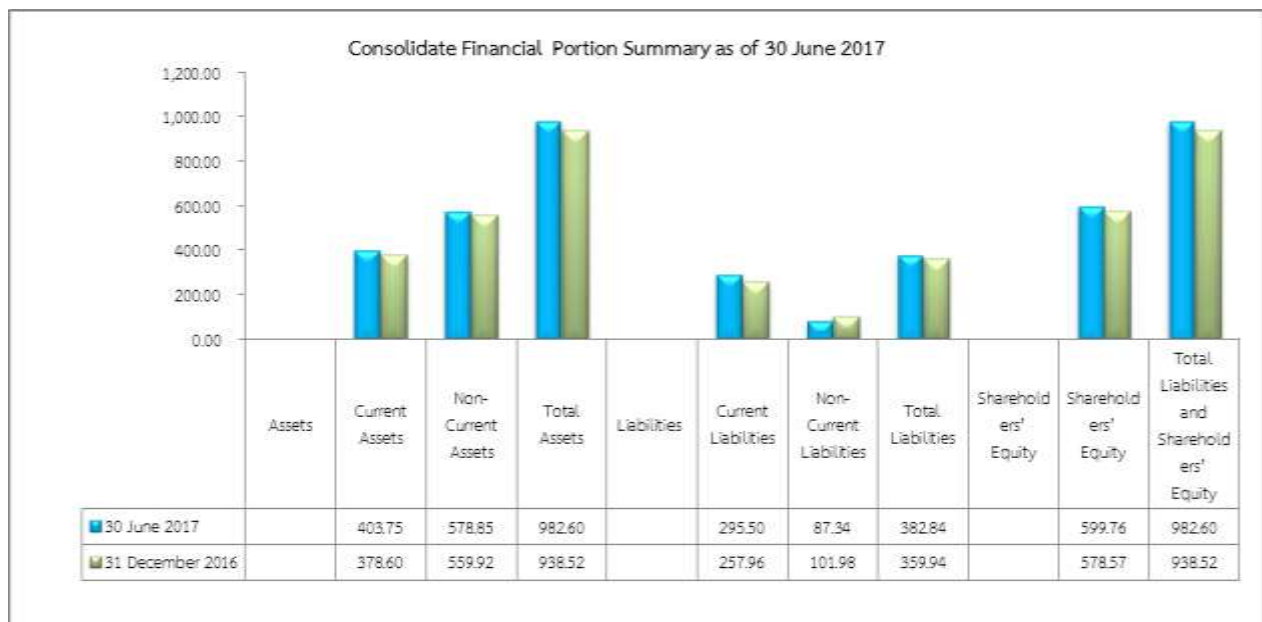


These product groups are in Non-BOI products, meaning the company enjoys no tax exemption on the results realized in these segments.



### 3. Financial Position Analysis

Financial Position Summary as of 30<sup>th</sup> June 2017 as compared to 31<sup>st</sup> December 2016 are shown as follows:



#### (3.1) Assets

As of June 30<sup>th</sup>, 2017, total assets were THB 982.60 million, which was an increase of THB 44.08 million or 4.70 %, compared with December 31<sup>st</sup>, 2016. The increase was primarily due to the net effect of the followings:

- An increase of THB 25.15 million or 6.64% in current assets mainly from the increases in cash and cash equivalents, trade and other receivables, and inventories.
- An increase of THB 18.93 million or 3.38% in non-current assets mainly from the increases in the property plant and equipment and other non-current assets.



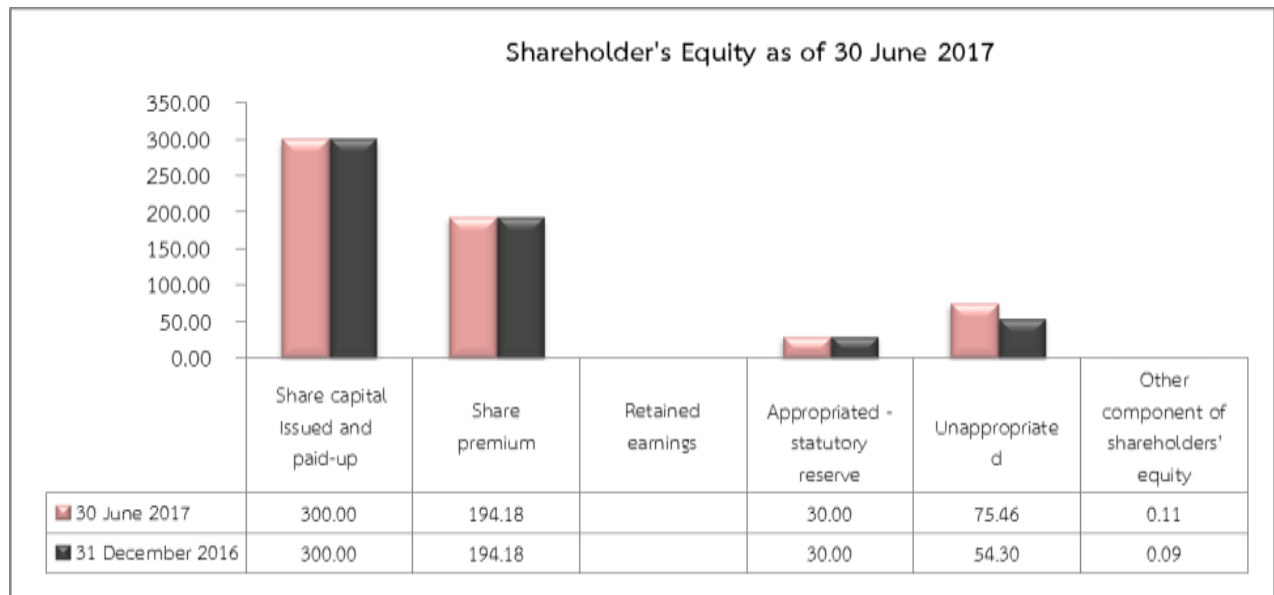
**(3.2) Liabilities**

As of June 30, 2017, total liabilities were THB 382.84 million, an increase of THB 22.90 million or 6.36%, compared with December 31<sup>st</sup>, 2016. The increase was primarily due to the net effect of the followings:

- An increase of THB 37.54 million or 14.55% in current liabilities mainly from the increases in short-term loan from financial institution, trade and other payable. However, there was a decrease in the advance received from customers.
- A decrease of THB 14.64 million or 14.36% in non-current liabilities mainly resulting from the decrease in long-term loans.

**(3.3) Shareholders' Equity**

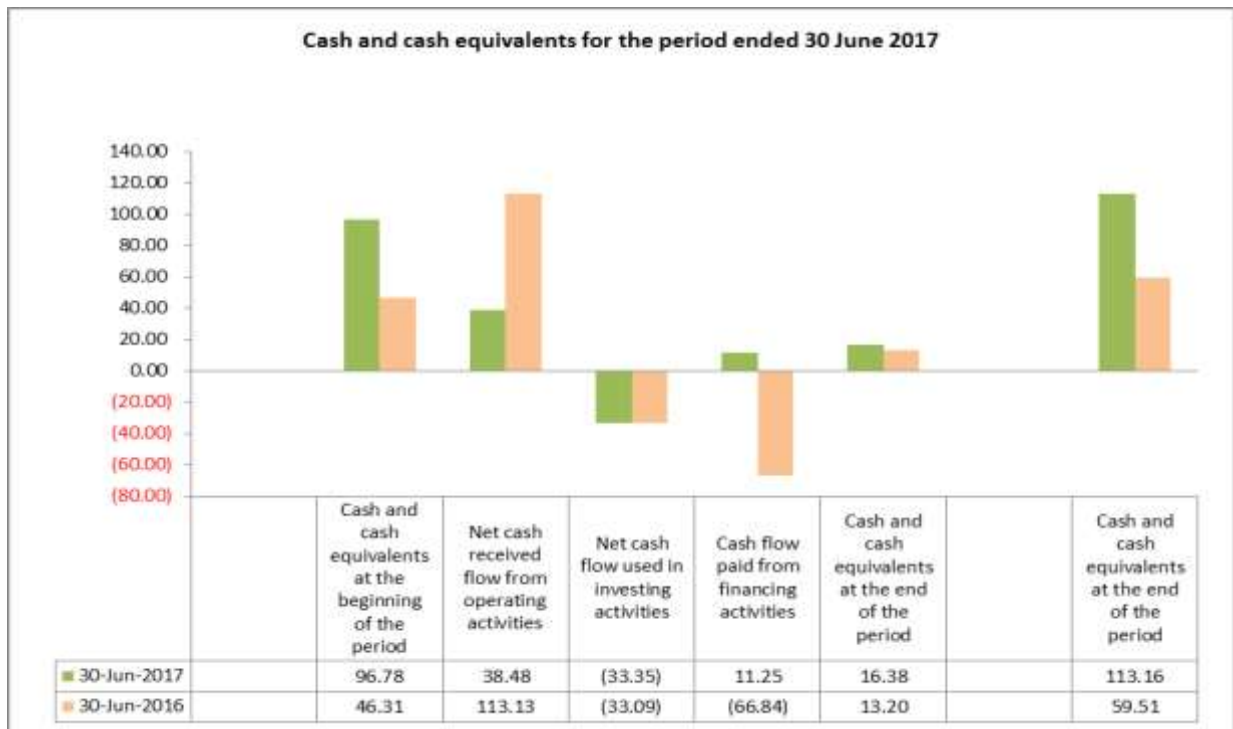
As of June 30, 2017, total shareholders' equity was THB 599.76 million, increased by THB 21.19 million or 3.66 %, from the year ended 2016, mainly due to the combined effect of an increase in retained earnings THB 48.18 million and dividend payment of THB 27 million.



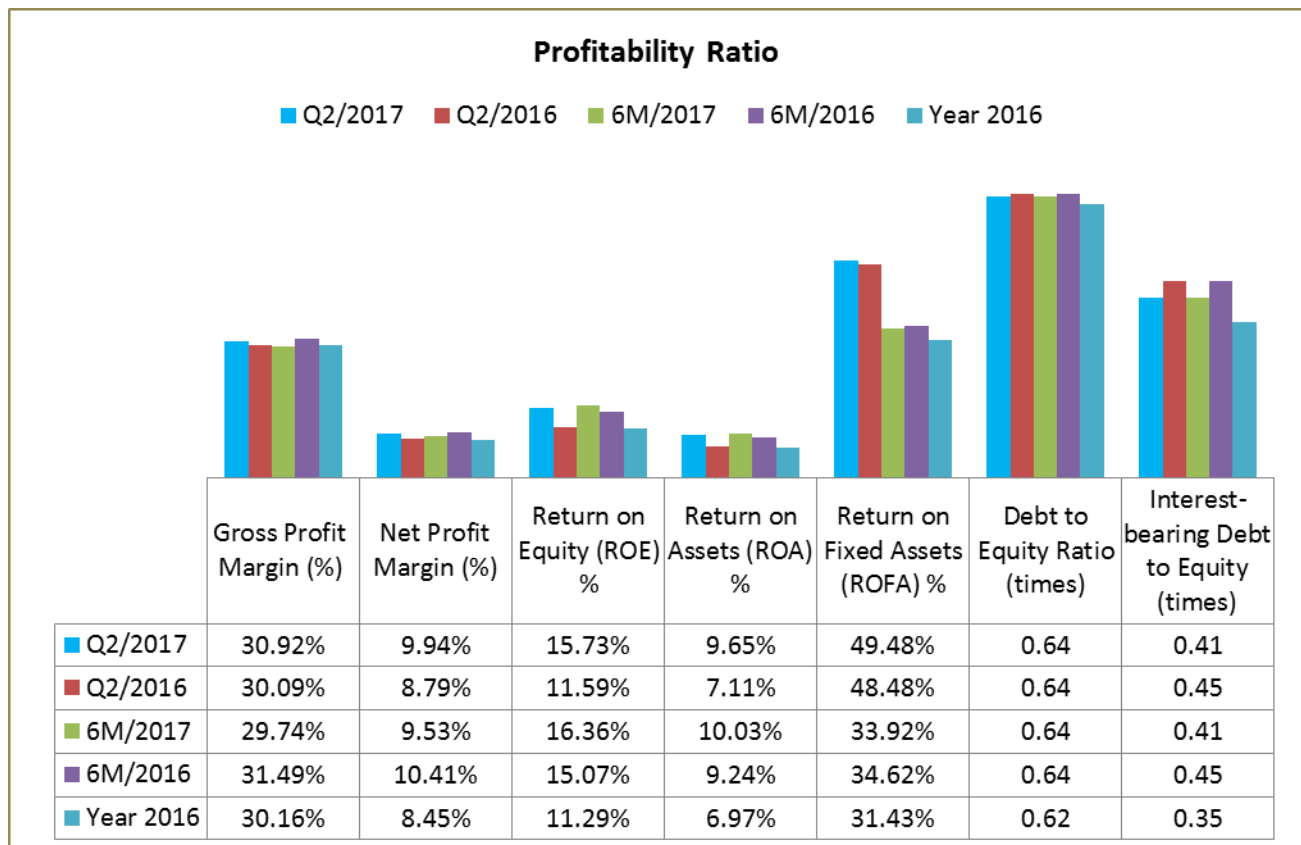
**4. Cash Flow Analysis**

**Cash and cash equivalent increased by THB 16.38 million, consists of:**

- Cash and cash equivalents at the beginning of the period were THB 96.78 million.
- Cash received from operating activities was THB 38.48 million.
- Cash spent on investment activities was THB 33.35 million.
- Net cash flow received from financing activities was THB 11.25 million.
- Cash and cash equivalents at the end of the period were THB 113.16 million.



**5. Financial Ratio analysis**







**SUTHA**

## **Golden Lime Public Company Limited**

Management Discussion and Analysis

For the period ended 30 June 2017

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In conclusion, the consolidated operating result as of 30 June 2017 compared to the same period last year indicate a net profit increased of THB 5.70 million for the performance of the last three-month period and a net profit increase of THB 2.75 million for the last six-month period. The main reasons for this improved performance are the higher burnt product sales volumes and the increased profit from the machinery and equipment (Engineering) sales, as well as a decrease in the financing expense due to the lower remaining principal amount.