

Management Discussion and Analysis: MD&A

1. Company Situation

Revenue from the waste treatment business for Q2/2017 has slightly improved due the acquiring of new customers even though the production cut of our current customers in some industries still exists. Compare to the revenue of Q2/2016, the revenue slightly improved. The company has invested in R&D to improve its capability of receiving new wastes. This also help the company to lower its waste treatment cost. The progress of Map Ta Put project (RDF) is now approximately 70 percent, it is expected to be complete within Q3/2017. In Q2/2017 the company has submitted documents to get a permission to build a new non-hazardous waste landfill. The company expects to start the landfill construction in Q3/2017. The company will be able to provide full waste treatment services to customers when these two projects are complete. Real estate business is still affected from the slowdown of the market, however, the marketing plan has been adjusted to improve the sales of the current projects. Moreover, the company has a policy to complete sales of the old project such as Muang Thong Bang-na project. This project is over 10 years and it is expected to be closed within Q3/2017. The implementation of ERP system is over 80% to completion, the company plans to partially shift to the ERP system during Q3/2017 and fully shift to the ERP system in Q4/2017.

2. Operating Results (Company and Subsidiaries)

Consolidated revenue for Q2/2017 of 96.0 million baht compared with Q2/2016 of 107.2 million baht, decreased 11.2 million baht or 10.4 percent. The company reported profit for Q2/2017 of 4.9 million baht compared with reported loss for Q2/2016 of 6.1 million baht.

For the six-month period of 2017, the consolidated revenue was 173.0 million baht, decreased 41.7 million baht or 19.4 percent compared with the same period of 2016. The waste treatment revenue decreased 2.7 million baht and real estate business revenue decreased 37.8 million baht.

(1) Service Income – waste treatment business (Disposal-Landfill and transportation)

For Q2/2017, the company had the revenue, from waste treatment business, of 75.2 million baht, increased 3.1 million baht or 4.3 percent compared with Q2/2016. The cost of good was 64.2 percent for Q2/2017.

(2) Real Estate Business Income

For Q2/2017, the company had revenue, from real estate business, of 18.1 million baht, decreased 13.3 million baht or 42.3 percent compared with Q2/2016. The cost of good was 64.3 percent for Q2/2017.

(3) Other Income

For Q2/2017, the company had other income of 2.7 million baht, decreased 0.9 million baht or 25.0 percent compared with Q2/2016.

(4) Selling and Administrative Expenses

For Q2/2017, the company had selling and administrative expenses of 28.0 million baht, decreased 9.2 million baht or 24.7 percent compared with Q2/2016. The selling and administrative expenses was approximately 29.2 percent of the total company revenue compared to 34.7 percent for the same period of year 2016.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company total assets as of June 30, 2017 was 1,664.6 million baht, increased 13.2 million baht or 0.8 percent compared to the total assets as of December 31, 2016.

(1.1) Current Assets

As at June 30, 2017 current assets amounted 678.9 million baht, decreased 0.1 million baht or 0.01 percent compared to current assets as of December 31, 2016. Cash increased by 17.8 million baht while trade and other receivable decreased 3.2 million baht. The receivable was mainly from the decreased of the other receivable amounted 4.7 million baht.

(1.2) Non-Current Assets

As at June 30, 2017 non-current assets amounted 985.7 million baht, increased 13.3 million baht or 1.4 percent compared to non-current assets as of December 31, 2016. The major change was mainly from the increased of property, plant and equipment. 15.4 million baht.

(2) Total Liabilities

Company total liabilities as of June 30, 2017 was 324.9 million baht, decreased 71.7 million baht or 18.1 percent compared to the total liabilities as of December 31, 2016.

(2.1) Current Liabilities

As at June 30, 2017 current liabilities amounted 206.4 million baht, decreased 91.6 million baht or 30.7 percent compared to current liabilities as of December 31, 2016. The major change was payment of short-term loans to financial institutions amounted 114.4 million baht.

(2.2) Non-Current Liabilities

As at June 30, 2017 non-current liabilities amounted 118.4 million baht, increased 19.9 million baht or 20.2 percent compared to non-current liabilities as of December 31, 2016. The major change was the long-term loan from the financial institution amounted 22.5 million baht.

(3) Shareholders' Equity

Total shareholders' equity as of June 30, 2017 was 1,339.7 million baht, increased 85.0 million baht or 6.7 percent compared to total shareholders' equity as of December 31, 2016.

(4) Cash flows (Company and Subsidiaries)

Unit : Million Baht

	six-month period	
	2017	2016
Cash and Cash Equivalent on 1st January	60.6	76.8
Net Cash Provided (Used in) Operating Activities	26.9	24.4
Net Cash Provided (Used in) Investing Activities	(0.8)	(79.8)
Net Cash Provided (Used in) Financing Activities	(8.2)	62.7
Net Cash Increased (Decreased)	17.9	7.3
Cash and Cash Equivalent on 30th June	78.5	84.1

- (4.1) **Cash Flows from Operating Activities**
 Net cash provided from operating activities was 26.9 million baht for the six-month period as at June 30, 2017. Trade and other receivables was 5.7 million baht and Depreciation was 12.0 million baht.
- (4.2) **Cash Flows from Investing Activities**
 Net cash used from investing activities was 0.8 million baht for the six-month period as at June 30, 2017. Advance received from the sale of land and building awaiting development 21.9 million baht and cash paid to buy land, buildings and equipment 24.3 million baht.
- (4.3) **Cash Flows from Financing Activities**
 Net cash used in financing activities was 8.2 million baht for the six-month period as at June 30, 2017. The company has repayment of long term loan 25.9 million baht and Acceptance of capital increase ordinary shares 81.2 million baht. Cash received from short-term loans 95 million baht and paid short-term loans 210 million baht.

Unit : Times

	Date	
	30 June 2017	31 December 2016
Current Ratio	3.3	2.3
Debt to Equity Ratio	0.2	0.3