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Management Discussion and Analysis for Interim Business Operations

Financial Performance for the period ended September 30 , 2017 (Unit : Million Baht)				
	2017	2016	Inc./(Dec.)	%
Construction income	63.82	68.01	-4.19	-6.16
Service income	6.20	8.75	-2.55	-29.14
Sale of goods	0.00	-	-	-
Other income	0.44	4.30	-3.86	-89.77
Total Revenues	70.46	81.06	-10.60	-13.08
Cost of constuction	63.58	88.52	-24.94	-28.17
Cost of services	7.99	5.79	2.20	38.00
Cost of sold	-	-	-	-
Administrative expenses	11.03	33.75	-22.72	-67.32
Finance cost	3.31	3.62	-0.31	-8.56
Total Expenses	85.91	131.68	-45.77	-34.76
Loss Before Income Tax	-15.45	-50.62	35.17	69.48
Income tax expense	-0.04	0.00	-0.04	-
Total loss for the period	-15.49	-50.62	35.13	69.40
Other Comprehensive Income	-0.30	-0.14	-0.16	-114.29
Total comprehensive loss for the period	-15.79	-50.76	34.97	68.89
Non-controlling interests of the subsidiaries	0.06	0.00	0.06	-
Profit(Loss) attributable to equity holders of the company	-15.55	-50.62	35.07	69.28
Basic Loss Per Share (Baht)	-0.04	-0.13	-	-
Gross Margin	-2.21%	-22.86%	-	-
Net Profit Margin	-22.07%	-62.45%	-	-
Debt to Equity Ratio (Time)	4.36	4.36	-	-

Financial Performance of 3rd quarter for 9 months ended September 30, 2017 (Unit : Million Baht)				
	2017	2016	Inc./ (Dec.)	%
Construction income	210.40	318.71	-108.31	-33.98
Service income	22.16	32.74	-10.58	-32.32
Sale of goods	1.05		1.05	
Other income	2.08	5.40	-3.32	-61.48
Total Revenues	235.69	356.85	-121.16	-33.95
Cost of construction	206.92	355.15	-148.23	-41.74
Cost of services	15.74	19.61	-3.87	-19.73
Cost of sold	0.36		0.36	
Administrative expenses	38.04	59.93	-21.89	-36.53
Finance cost	10.37	11.25	-0.88	-7.82
Total Expenses	271.43	445.94	-174.51	-39.13
Share of gain/loss from investments in associate	0.00	-0.49	0.49	-100.00
Loss Before Income Tax	-35.74	-89.58	53.84	-60.10
Income tax expense	-0.09	-0.74	0.65	-87.84
Total loss for the period	-35.83	-90.32	54.49	60.33
Other Comprehensive Income	1.43	2.06	-0.63	30.58
Total comprehensive loss for the period	-34.40	-88.26	53.86	61.02
Non-controlling interests of the subsidiaries	0.16	-0.03	0.19	
Profit(Loss) attributable to equity holders of the company	-35.99	-90.29	54.30	60.14
Financial Position as at September 30 , 2017 and December 31, 2016 (Unit : Million Baht)				
	2017	2016	Inc./ (Dec.)	%
Current Assets	216.90	189.91	26.99	14.21
Non-Current Assets	270.79	278.47	-7.68	-2.76
Total Assets	487.69	468.38	19.31	4.12
Current Liabilities	294.41	243.80	50.61	20.76
Non-Current Liabilities	156.56	154.06	2.50	1.62
Total Liabilities	450.97	397.86	53.11	13.35
Equity attributable to the owner of the company	33.37	67.72	-34.35	-50.72
Basic Loss Per Share (Baht)	-0.09	-0.23		
Gross Margin	4.53%	-6.63%		
Net Profit Margin	-15.27%	-25.30%		
Debt to Equity Ratio (Time)	13.51	6.92		

The 3-month Operating Result as ended 30 September 2017

General Information

The Company's Board of Directors had passed its resolution to arrange the 1/2017 extraordinary general meeting of shareholders on November 21, 2017 for consideration and approval of the capital increase of a number of 100 million shares by right offering (RO) to existing shareholders at a proportion of 3.89996876 new ordinary shares/1 held share and also 100 million shares by private placement for the purpose of account payable payment of Baht 30 million, loan & interest repayment of Baht 30 million, to support the investment of waste water treatment construction in Mandalay of Baht 40 million and Baht 100 million for construction projects. The captioned capital increase is expected to be completed on December 29, 2017.

Construction Income

In the 3rd quarter of 2017, the company and its subsidiaries' construction income was Baht 63.82 million whereas Baht 68.01 million in the same quarter of 2016 showing a decrease of Baht 4.19 million or representing 6.16 % decrease since there has been no any new awarded project and such an income has been gained from project on hand since 2016.

Service Income

The service income in this quarter was Baht 6.20 million whereas Baht 8.75 million in 2016 decreasing Baht 2.55 million or 29.14 % decrease due to having only 2 service projects and those are currently completed and no any new ones.

Other Income

The other income was Baht 0.44 million whereas Baht 4.30 million in the same quarter of last year decreasing Baht 3.86 million or 89.77 % decrease due to last year, there were the reversing entries of performance guarantee maturity that has not yet been returned to subcontractors of Baht 1.12 million and gaining of the advance payment for administrative expenses prior to contract commencement from 2 joint ventures of Baht 2.79 million whereas there has been no such kind of income in the same quarter of this year.

Construction Cost

The company and its subsidiaries' construction cost was Baht 63.58 million whereas Baht 88.52 million in the same quarter of last year decreasing Baht 24.94 million or 28.17 % decrease and equivalent to the gross margin of 0.38 % and -30.16 %, respectively. The reason for increase of gross margin of this year 3rd quarter was the reduction adjustment of income of last year 3rd quarter due to project cancellation resulting in higher construction cost than income gained.

Service Cost

The service cost in this quarter was Baht 7.99 million whereas Baht 5.79 million increasing Baht 2.20 million or representing 38 % increase and equivalent to the gross margin of -28.87 % and 33.83 %, respectively. In addition, in this captioned 3rd quarter of this year, the service works were completely delivered in accordance with the contracts and there was a penalty charge of Baht 2.53 million paid since the delivered water has not been in accordance with the in line with the contract requirement.

Administrative Expenses

The administrative expenses was Baht 11.03 million whereas Baht 33.75 million in the same quarter of last year showing a decrease of Baht 22.72 million or 67.32 % decrease. The significant decrease was last year there were the doubtful debt provision of Baht 18.83 million for account receivables expected to be unable to collect including rectification expenses of Baht 1.26 million paid for delivered works.

Finance Cost

The finance cost of the company and subsidiaries was Baht 3.31 million whereas Baht 3.62 million in the same quarter of last year decreasing Baht 0.31 million or 8.56 % decrease due to repayment for loan maturity.

Equity Attributable to the Owner of the Company

In this captioned quarter, there was a loss attributable to equity holders of the company of Baht 15.55 million whereas Baht 50.62 million in the same quarter of last year equivalent to -22.07 % and - 62.45 % net profit margin of 2017 and 2016, respectively. The decrease of loss decreased due to last year doubtful debt provision as mentioned above.

Summary of the 9-month Operating Result as ended 30 September 2017

The 9-month total income as ended 30 September 2017 was Baht 235.69 million whereas Baht 356.85 million in the same period of last year showing a decrease of Baht 121.16 million or representing 33.95 % decrease. Those were the reduction of construction income of Baht 108.31 million representing 33.98 % decrease and the service income of Baht 10.58 million representing 32.32 % decrease since there have been no new awarded project while there was only one service project of Baht 1.10 million while 2 service contracts were completed and no any additional new contract in this current year. The 9-month cost and expenses of the current year was Baht 271.43 million whereas last year Baht 445.94 million showing a decrease of Baht 174.51 million or 39.13 % decrease. The construction cost decreased Baht 148.23 million or 41.74 % decrease and the service cost decreased Baht 3.87 million or 19.73 % decrease. This was in line with the decrease of the construction and service incomes. In addition, the company and its subsidiaries' 9-month operating result of 2017 is Baht 35.99 million loss whereas Baht 90.29 million loss in the same period of last year or equivalent to -15.27 and -25.30 net profit, respectively. The reduction of this captioned loss was due to profit gaining from construction projects.

Summary of the Financial Position as ended 30 September 2017

Total Asset

As ended September 30, 2017, the total asset of the company and subsidiaries was Baht 487.72 million whereas Baht 468.38 million as ended September 30, 2016 showing an increase of Baht 19.34 million or 4.13 % increase. The current asset increased Baht 26.99 million and the significant increase was account receivables and other account receivables higher Baht 40.32 million and 8.38 million, respectively since those are account receivables to be collected in the next quarter whereas cash and cash at bank decreased Baht 24.20 million due to payment for account payables and financial institute loan. The non-current asset decreased Baht 7.68 million due to withdrawal of non-mortgage cash at bank causing the reduction of Baht 10.38 million of mortgage cash at bank.

Total Liabilities

As ended September 30, 2017, the company and its subsidiaries' total liabilities was Baht 450.97 million whereas 2016 was Baht 397.86 million showing an increase of Baht 53.11 million or 13.35 % increase. The significant increase was the increasing account payables of Baht 67.22 million due to the construction project execution which was in line with the increase of account receivables while the advance payment as per construction contracts decreased Baht 17.81 million due to periodical deduction upon work delivery. The debt to equity ratio in this quarter was equivalent to 13.51 times since the shareholders' equity was lower from the operating loss whereas the liabilities were higher.

Shareholder Equity

As ended September 30, 2017, the shareholder equity of the company was totally Baht 33.37 million whereas Baht 67.72 million in the same quarter of last year showing a decrease of Baht 34.35 million or 50.72 % due to the abovementioned operating loss.

Project on hand as ended September 30, 2017

Project on hands as of September 30, 2017			
	No. of project	Contract Value (Million Baht)	Backlog (Million Baht)
Construction proect	7	858.45	270.85
Service Project	-	-	
Total	7	858.45	270.85

As ended September 30, 2017, the company and its subsidiaries had 7 projects on hand with their contract values of totally Baht 858.45 million and backlog of Baht 270.85 million. For this captioned quarter of the current year, there was one completed project whereas there has been no new awarded one. For service contract, there have been 2 completed projects in this captioned quarter but there has been no new awarded one.

Investment project on hand as ended September 30, 2017

The progress of the 2 investment projects are as follows:

1. Water Supply Investment Project for Chiang Mai Municipality : It is the Build Own and Operate (BOO) one with asset value during construction period as ended September 30, 2017 of Baht 87.07 million of which the construction has been partly executed.

2. Waste Water Treatment Investment Project in Myanmar : It is the Build Own and Transfer (BOT) one of which the construction has been commenced and the total values of receivables under the concession agreement and intangible assets as ended September 30, 2017 were Baht 10.58 million and Baht 4.31 million, respectively.

Slib Soongswang



Mr.Slib Soongsawang
(Chief Executive Officer)