

- Translation -

Management Discussion and Analysis for Interim Business Operations

Financial Performance for the period ended March 31 , 2018 (Unit : Million Baht)				
	2018	2017	Inc./ (Dec.)	%
Construction income	21.63	82.38	-60.75	-73.74
Service income	0.41	8.16	-7.75	-94.98
Sale of goods	0.00	1.05	-1.05	
Other income	2.59	0.72	1.87	259.72
Total Revenues	24.63	92.31	-67.68	-73.32
Cost of constuction	17.54	80.07	-62.53	-78.09
Cost of services	0.21	3.95	-3.74	-94.68
Cost of sold	0.00	0.36	-0.36	
Administrative expenses	13.58	13.89	-0.31	-2.23
Finance cost	2.59	3.58	-0.99	-27.65
Total Expenses	33.92	101.85	-67.93	-66.70
Loss Before Income Tax	-9.29	-9.54	0.25	2.62
Income tax expense	-0.07	-0.04	-0.03	75.00
Total loss for the period	-9.36	-9.58	0.22	2.30
Other Comprehensive Income	-4.37	1.96	-6.33	322.96
Total comprehensive loss for the period	-13.73	-7.62	-6.11	-80.18
Non-controlling interests of the subsidiaries	0.05	0.06	-0.01	-16.67
Profit(Loss) attributable to equity holders of the company	-9.41	-9.64	0.23	2.39
Financial Position as at March 31, 2018 and December 31, 2017 (Unit : Million Baht)				
	2018	2017	Inc./ (Dec.)	%
Current Assets	253.65	305.00	-51.35	-16.84
Non-Current Assets	258.72	259.75	-1.03	-0.40
Total Assets	512.37	564.75	-52.38	-9.27
Current Liabilities	171.36	202.31	-30.95	-15.30
Non-Current Liabilities	148.80	156.49	-7.69	-4.91
Total Liabilities	320.16	358.80	-38.64	-10.77
Total Shareholders ' Equity	188.40	202.01	-13.61	-6.74
Basic Loss Per Share (Baht)	-0.02	-0.02		
Gross Margin	19.46%	7.87%		
Net Profit Margin	-38.19%	-10.45%		
Debt to Equity Ratio (Time)	1.70	1.78		

The 2018 Operating Result as ended 31 March 2018

Construction Income

In the 1st quarter of 2018, the company and its subsidiaries' construction income was Baht 21.63 million whereas Baht 82.38 million in the same quarter of 2017 showing a decrease of Baht 60.75 million or representing 73.74 % decrease since there have been only 6 ongoing projects and no any additional awarded one. During this quarter, one project had been completed whereas another 5 remaining ones have been under construction and to be completed within this current year.

Service Income

The service income in this first quarter was Baht 0.41 million whereas Baht 8.16 million in the same quarter of 2017 decreasing Baht 7.75 million or 94.98 % decrease due to having only 2 service projects with work value of Baht 11.20 million and one of them has been implemented in the current year and expected to recognize a total of revenue in this year as well.

Revenue from Sales

There was no any revenue from sales in this quarter whereas the sale income in the same quarter of 2017 was Baht 1.05 million gained from selling of waste water treatment equipment to a foreign customer.

Other Income

The other income in this quarter of the company and subsidiaries was Baht 2.59 million whereas Baht 0.72 million in 2017 showing an increase of Baht 1.87 million or 259.72 % increase. The 79.15% of the income was mostly gained from the reverse of provision for warranty maturity that has not yet been used.

Cost of Construction

The company and its subsidiaries' construction cost in the 1st quarter of 2018 was Baht 17.54 million whereas Baht 80.07 million in the same quarter of 2017 decreasing Baht 62.53 million or 78.09 % decrease and equivalent to the gross margin of 18.89 % and 2.81 %, respectively. This was in line with the income decrease and the gross margin of this quarter increased since the project completed in this quarter had a cost of warranty less than provision and no any operating loss project during this quarter as well.

Cost of Services

The service cost in the 1st quarter of 2018 was Baht 0.21 million whereas Baht 3.95 million in the same quarter of 2017 decreasing Baht 3.74 million or representing 94.68 % decrease and equivalent to the gross margin of 49.51 % and 51.57 %, respectively. The decrease of gross margin was in line with the decrease of income.

Cost of Sales

There was no any cost of sales in this quarter whereas in the same quarter of 2017, the cost of sales was Baht 0.36 million gained from selling of waste water treatment equipment to a foreign customer as mentioned above in the income item.

Administrative Expenses

The administrative expenses in the 1st quarter of 2018 was Baht 13.59 million whereas Baht 13.89 million in the same quarter of 2017 showing a decrease of Baht 0.31 million or 2.23 % decrease. The amount of this captioned expenses was similar to the amount of the same quarter of last year and most of them were the fixed expenses to be paid whereas having low income.

Finance Cost

The finance cost of the company and subsidiaries was Baht 2.59 million whereas Baht 3.58 million in the same quarter of 2017 decreasing Baht 0.99 million or 27.65 % decrease due to periodical repayment of loan to reduce debt since 2017.

Loss Attributable to Equity Holders of the Company

In the 1st quarter of 2018, there was a loss attributable to equity holders of the company of Baht 9.41 million whereas Baht 9.64 million in the same quarter of 2017 equivalent to -38.19 % and – 10.45 % net profit margin of 2017 and 2016, respectively. The loss was higher than last year due to the reduction of the company' s total income as mentioned above.

Summary of the Financial Position as ended 31 March 2018

Total Assets

As ended March 31, 2018, the total asset of the company and subsidiaries was Baht 512.37 million whereas Baht 564.75 million at the end of 2017 showing a decrease of Baht 52.38 million or 9.27 % decrease. The significant decrease were cash and cash equivalents of Baht 69.07 million since some amount received from the capital increase was spent for account payables.

Total Liabilities

As ended March 31, 2018, the company and its subsidiaries' total liabilities was Baht 320.16 million whereas 2017 was Baht 358.60 million showing a decrease of Baht 38.64 million or 10.77 % decrease. The significant decrease was a reduction of account payables of Baht 51.34 million representing 72.70 % decrease due to utilizing some capital increase amount for paying to account payables. The debt to equity ratio of this quarter was equivalent to 1.70 times whereas 1.78 times in 2017 due to the reduction of the account payables as mentioned above and there was a reduction of the shareholder equity to be mentioned in the next item.

Shareholders' Equity

As ended March 31, 2018, the shareholders' equity of the company and subsidiaries was totally Baht 188.40 million whereas Baht 202.01 million in 2017 showing a decrease of Baht 13.61 million or 6.74 % decrease due to the abovementioned operating loss and other comprehensive income of loss in future actuarial loss and difference exchange rate from conversion of financial statements, Baht 3.50 million and Baht 0.88 million respectively.

Project on hand as ended March 31, 2018

Project on hands as of March 31, 2018			
	No. of project	Contract Value (Million Baht)	Backlog (Million Baht)
Construction proect	5	453.66	231.40
Service Project	2	11.20	
Total	5	453.66	231.40

As March 31, 2018, the company and its subsidiaries had 5 projects on hand with a total of contract values of Baht 453.66 million and backlog of Baht 231.40 million. For this captioned quarter, there were two awarded service projects of which some works were implemented and their approximate work values of not over than Baht 11.20 million are expected to be completely recognized in this current year.

Investment project on hand as ended March 31, 2018

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 March 31, 2018 of Baht 87.07 million of which the construction has been partly executed and currently waiting for an approval of concession for water production and selling.

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 waiting for an approval of some construction drawing amendment. The total values of receivables under the concession agreement and intangible assets as ended March 31, 2018 were Baht 10.96 million and Baht 4.26 million, respectively.

Slib Soongswang

Mr.Slib Soongswang
(Chief Executive Officer)