

## Management Discussion and Analysis for the Year 2019

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

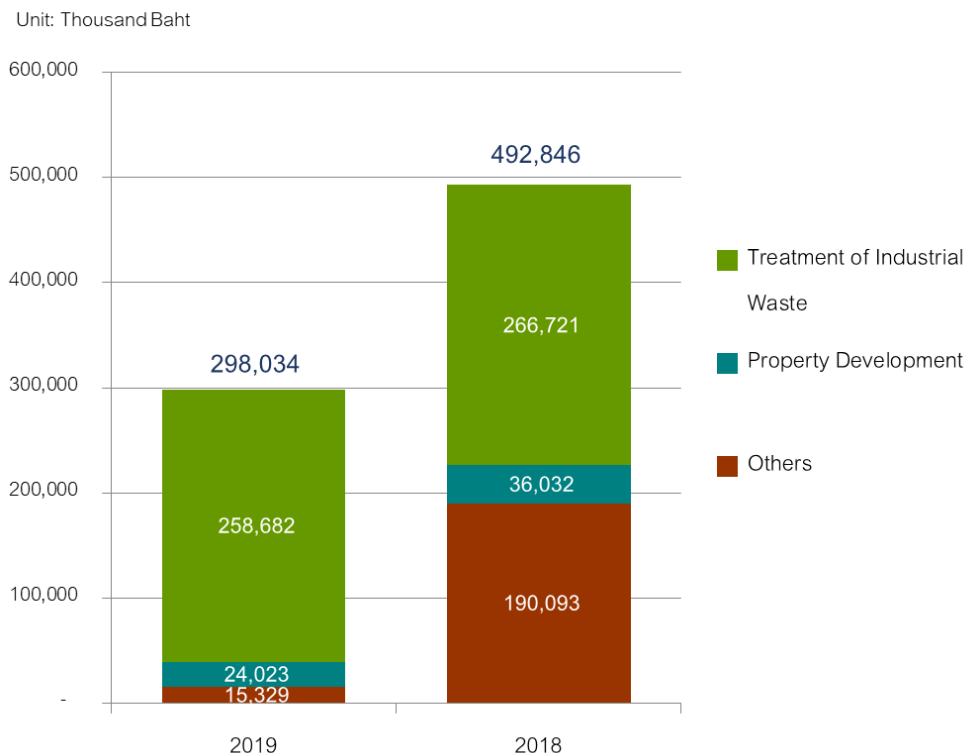
Consolidated revenue for year ended 2019 of both treatment of industrial waste business division and property development business division totally 282.7 million Baht compared with same period of year 2018 amounted 302.8 million Baht, decreased the amount of 20.1 million Baht or 6.6 percent. For other income amounted 15.3 million Baht compared previously year 18.1 million Baht. In Year 2018, Gain on sale of land and structures held for future development in amount of 167.8 million Baht and Gain on sale of Investment Properties in amount of 4.2 million Baht.

The share of revenues in 2019 comprised of treatment of industrial waste business division represented 86.8%, property development business division represented 8.1% and other income represented 5.1%. While the share of revenues in 2018 were treatment of industrial waste business division represented 54.1%, property development business division represented 7.3% and other income represented 38.6%. (See more details from Section (1) and Section (2))

**Table 1: Shared comparison of revenues between year 2019 and 2018**

Year	Treatment of Industrial Waste	Property Development	Other Income	Total Revenues
2019	86.80%	8.06%	5.14%	100.00%
2018	54.12%	7.31%	38.57%	100.00%

Comparison of Total Revenues Year 2019 and 2018



**(1) Revenue from Treatment of Industrial Waste Business**

Service income for the year ended 2019 amounted 258.7 million Baht compared same period last year amounted 266.7 million Baht, decreased in amount of 8.0 million Baht or 3.0%. Service income has decreased due to the current economic situation which has caused some customers had reduced production and the customer has zero landfill policy.

Cost of goods for year 2019 was 71.15% of revenue when compared with same period last year was 73.26%.

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

In 2019, Revenue from sales property development amounted 24.0 million Baht compared same period last year was amounted 36.0 million Baht, decreased in amount of 12.0 million Baht or 33.3 percent. Real estate revenue was lower than last year due to the economic downturn resulting in the company postponing the new project development plan which the company's products are existing projects. There is also a matter of measures for housing loans that were officially adopted in April 2019. Causing the purchasing power and customers' purchasing decisions to slow down.

Cost of goods for year 2019 was 72.0% of revenue compared last year was 63.32% The cost of real estate business has increased due to, in the year 2019 the old project has been renovated to be ready for sale to customers, resulting in higher costs.

**(3) Gain on Sales of Land and Structures Held for Future Development**

In 2018, The Company has gain on sales of land held for future development was “Chaengwattana Project” 2 units and the subsidiary company sold the Land “Ekkamai Project” 1 unit. amounted 167.8 million Baht, but there were no such items in 2019. Decreased in amount of 167.8 million Baht or 100.0%

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

The Company has gains on sale of the land with buildings “C-Space Space Samkhok Project” 3 units for year 2018 amounted 4.2 million Baht, but there was no such item in 2019 resulting in a 100% decreased.

**(5) Other income**

Other income for this year was 15.3 million Baht compared with last year amounted 18.1 million Baht, decreased 2.8 million Baht or 15.5%. Since 2018 has a gain on sales of fixed assets amounted 1.4 million Baht and in the year 2019, the company has decreased sales unused materials and unused equipment.

**(6) Selling and Administrative Expenses**

Selling and administrative expenses for the year ended 2019 was 105.8 million Baht or 35.5% of total revenues compared with last year was 107.2 million Baht or 33.4%. Although the amount of selling and administrative expenses has decreased from the last year, but the proportion has increased because the company still have the same operating expenses while revenue decreased.

**(7) Loss on Impairments**

In 2019, The Company has loss on impairment of RDF project machineries amounted 23.5 million Baht because the performance did not meet the target. But there was a reversal of loss from declining in value of real estate development cost amounted 2.9 million Baht. The previous year recorded 5.7 million Baht, and loss on impairment of investment in available-for-sale securities 1.2 million Baht.

**(8) Finance Costs**

The Company had finance costs for year 2019 in amount of 5.0 million Baht compared with same period last year 8.7 million Baht, decreased 3.7 million Baht or 42.5%. Since the company

paid all short-term loans in March 2018. In addition, in the year 2019, a part of the long-term loans from financial institutions for the investment of factory buildings and machines at Map Ta Phut Center were repaid.

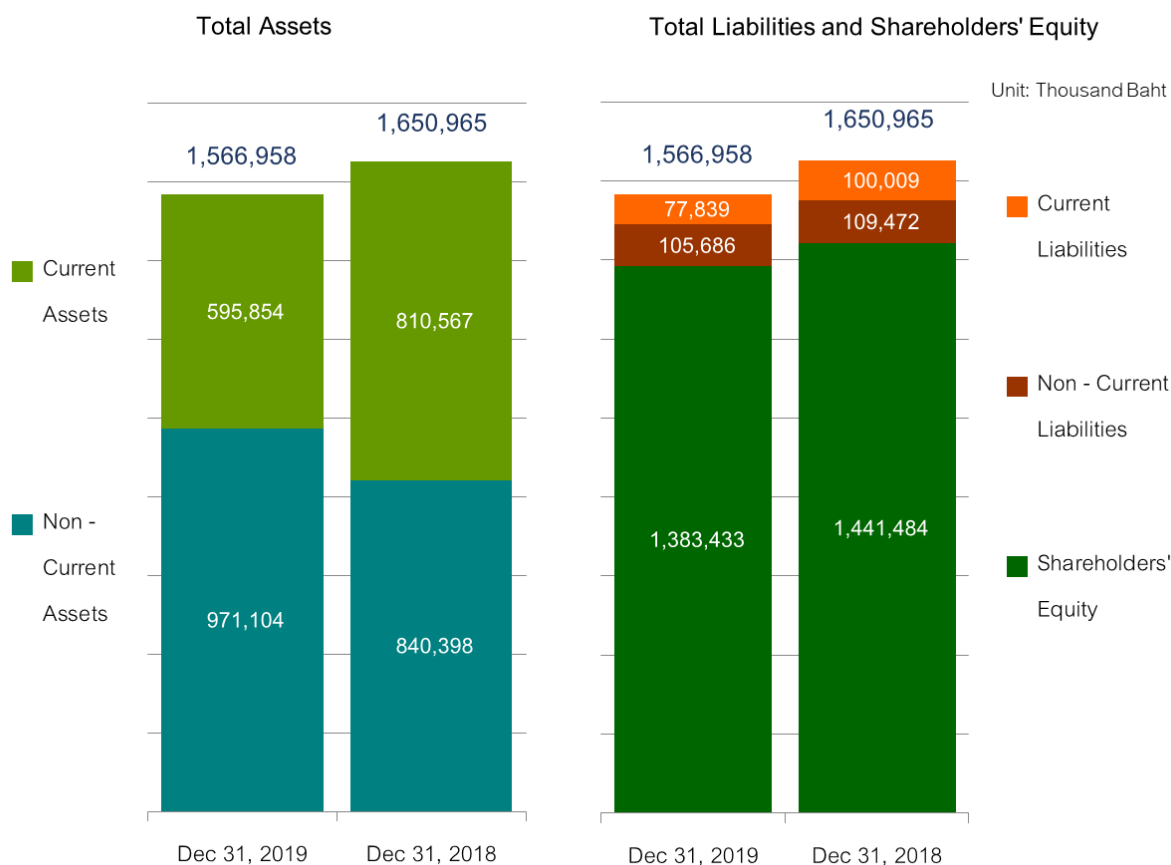
### (9) Statements of Comprehensive Income

Profit for the year 2019 amounted to 34.8 million baht but when compared with last year's profit, 119.4 million Baht, the total decrease is of 154.2 million Baht or 129.1%. Total comprehensive income (loss) for year 2019 was loss amounted 35.6 million Baht compared with last year had profit income amounted 114.4 million Baht.

**Table 2: Comparison Statement of Comprehensive Income between year 2019 and 2018**

	(Baht 1,000)		
Items	2019	2018	±%
Revenue from sales and services-Treatment of Industrial Waste	258,682	266,721	-3.0
Revenue from sales - Property Development (Real Estate)	24,023	36,032	-33.3
Gain on sale of Land and structures held for future development	-	167,789	-100.0
Gain on sale of Investment Properties	-	4,191	-100.0
Other Income	15,329	18,113	-15.4
<b>Total Revenues</b>	<b>298,034</b>	<b>492,846</b>	<b>-39.5</b>
<b>Expenses:</b>			
- Cost of sales and services-Treatment of Industrial Waste	184,059	195,408	-5.8
- Cost of sales (Real Estate)	17,287	22,817	-24.2
- Selling Expenses	7,364	9,571	-23.0
- Administrative Expenses	98,475	98,705	-0.2
- Loss from declining in value of real estate development cost	(2,874)	5,721	-150.2
- Loss on impairment of investment in available for sale securities	-	1,150	-100.0
- Loss on impairment of machineries	23,543	-	+100.00
- Finance Costs	5,038	8,705	-42.1
<b>Total Expenses</b>	<b>332,892</b>	<b>342,077</b>	<b>-2.7</b>
Gain (loss) before loss on investments in associates and income tax expenses.	(34,858)	150,769	-123.1
Share of loss from investments in associates	(184)	(58)	+217.2
Profit (Loss) before income tax	(35,042)	150,711	-123.3
Income Tax (expense)	229	(31,282)	-100.7
<b>Profit (Loss)for the year</b>	<b>(34,813)</b>	<b>119,429</b>	<b>-129.1</b>
<b>Other Comprehensive Income:</b>			
- Actual gain (loss) from employee benefit plan	(61)	(2,611)	97.6
- Income tax relating to employee benefit plan	12	522	-97.7
- Unrealized gain (loss) on revaluation of available-for-sale securities	(744)	(4,059)	-81.7
- Adjust change in fair value available-for-sale securities to loss on impairment	-	1,150	-100.00
<b>Other comprehensive income (loss)</b>	<b>(793)</b>	<b>(4,998)</b>	<b>-84.1</b>
<b>Total Comprehensive Income (Loss) for the year</b>	<b>(35,606)</b>	<b>114,431</b>	<b>-131.1</b>

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



### (1) Total Assets

The Company has total assets as of December 31, 2019 amounted 1,567.0 million Baht compared with year 2018 amounted 1,651.0 million Baht, decreased 84.0 million Baht or 5.1%. Total assets consisted of:

(1.1) Current assets was amounted 595.9 million Baht, decreased 214.7 million Baht or 26.5% (See Table 3).

**Table 3: The Comparison of Current Assets between Year 2019 and 2018**

(Baht 1,000)

Items	2019	2018	±%
Cash and cash equivalents	172,221	291,686	-41.0
Trade and other receivables	56,512	56,208	+0.5
Cost of property development	365,431	460,834	-20.7
Supplies	1,388	849	+63.5
Other current assets	303	991	-69.4
<b>Total Current Assets</b>	<b>595,854</b>	<b>810,568</b>	<b>-26.5</b>

Trade and other receivables for the year 2019 amounted 56.5 million Baht a slight increase from the existing 2018 of amounted 56.2 million Baht. In 2019, net trade account receivables amounted 45.2 million Baht consisted of “Bill” amounted 31.5 million Baht, “Unbill” amounted 15.8 million Baht and provided allowance for doubtful accounts amounted 2.1 million Baht (4.4%). In 2018, net trade account receivables amounted 49.5 million Baht consisted of “Bill” amounted 32.8 million Baht, “Unbill” amounted 18.7 million Baht and provided allowance for doubtful accounts amounted 1.9 million Baht (3.7%).

For year ended of 2019, other receivables amounted 11.8 million Baht, allowance for doubtful accounted amounted 0.5 million Baht (4.6%), and year 2018 other receivables amounted 6.7 million Baht, allowance for doubtful accounts amounted 0.5 million Baht (8.2%).

**Table 4: The Comparison Trade and Other Receivables between year 2019 and 2018**

(Baht 1,000)

Items	2019	2018	±%
Service business			
-Current	20,175	19,401	+4.0
-Overdue			
-Less than or up to 3 months	10,195	12,454	-18.1
-Over 3 months up to 6 months	161	101	+59.4
-Over 6 months up to 12 months	62	74	-16.2
-Over 12 months	949	766	+23.9
<b>Total</b>	<b>31,542</b>	<b>32,796</b>	<b>-3.8</b>
<u>Less</u> Allowance for doubtful accounts	(1,172)	(1,222)	+24.5
<b>Net Total</b>	<b>30,370</b>	<b>31,574</b>	<b>-4.7</b>

Cost of property development as at December 31, 2019 decreased from the year 2018 in the amount of 95.4 million Baht or 20.7 percent. Because during the year the company has not developed a new project but there are disposals of the remaining projects. During the year, there were transfers to investment properties for rent amount of 81.3 million Baht. (Table 5) Cost of property development consisted of:

**Table 5: Cost of property development as at December 31, 2019 and 2018**

(Baht 1,000)

	2019	2018	±%
Commercial building for sales	298,039	356,613	-16.4
Condominium for sales	80,760	124,511	-35.1
<b>Total</b>	<b>378,799</b>	<b>481,124</b>	<b>-21.3</b>
Less Allowance for decline in value of real estate development costs	(13,368)	(20,290)	-34.1
Net	<b>365,431</b>	<b>460,834</b>	-20.7

(1.2) Non-current assets as of December 31, 2019 amounted 971.1 million Baht compared with December 31, 2018 amounted 840.4 million Baht, increased in amount of 130.7 million Baht or 15.6%. Due to during the year, the subsidiary company has purchased land to be the land held for development amount of 2 plots amount of 71.5 million baht, including the investment property increased from the transfer of cost of property development. (see Table 6).

**Table 6: Comparison of Non-Current Assets between year 2019 and 2018**

(Baht 1,000)

Items	2019	2018	±%
Deposits at financial institutions pledged as collaterals	756	756	0
Investments in available-for-sale securities	2,529	3,273	-22.7
Investment in associated company	17,722	17,906	-1.0
Land and structures held for development	435,305	363,772	+19.7
Investment property	152,499	75,875	+101.0
Property, plant and equipment	272,276	308,640	-11.8
Intangible asset	4,551	4,942	-7.9
Deferred tax assets	5,296	5,054	+4.8
Other non-current assets			
-Cost of landfill preparation	47,234	29,069	+44.75
-Income tax withheld	25,623	23,831	+38.43
-Others	7,313	7,280	+96.70
<b>Total Non-Current Assets</b>	<b>971,104</b>	<b>840,398</b>	<b>+15.6</b>

**Investment in Subsidiaries**

The Company has hold 99.99% of shareholders of four companies which are Asia Patana Land Co., Ltd (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. During the year 2019, the capital increase to 630 million Baht by increasing the share capital of 200 million Baht, and 50% paid-up amounting to 100 million Baht. The Company has invested such capital increase amounting to 100 million Baht. The increase in the share capital of the subsidiary did not change the Company's proportionate holding in the equity of such subsidiary.

Industrial Waste Management (Asia) Co., Ltd (IWMA) is in waste management business. IWMA is now developing a new waste management project in Khao Mai Kaew, Chonburi.

Genco Renewable Co., Ltd (GR) and Genco Clean Energy Co., Ltd (GC) were setup to apply for licenses of power plant from the (ERC). Both GR and GC are 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. However, the decision for the consideration of GR has been halted as the Ombudsman sees fit. Today, there is no ongoing process for GC. After the Ombudsman has decided to let Energy Regulatory Commission or ERC reconsider the request to return the rights to the company, there is still no response from ERC. Therefore, the Ombudsman has handed the request over to National Energy Policy Committee to consider it. The request is under consideration of the National Energy Policy Committee.

**Table 8: Comparison of Investment in Subsidiaries between year 2019 and 2018**

(Baht 1,000)

Items	2019	2018	±%
Asia Patana Land Co., Ltd.	530,000	430,000	+23.3
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	(85,793)	(79,893)	+7.4
<b>Total</b>	<b>672,207</b>	<b>578,107</b>	<b>+16.3</b>

### 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 1,74,000 ordinary shares with a par value of 10 Baht each, representing 60% of the total value of 17.4 million Baht.

In 2019, the company has share of loss from investments in associate amount of 0.2 million baht.

### (2) Total Liabilities

Company’s total liabilities as of December 31, 2019 amounted 183.5 million Baht compared same period last year was amounted 209.5 million Baht, decreased 26.0 million baht or 12.4% (Table 7). Total liabilities consisted of:

(2.1) Current Liabilities amounted 77.8 million Baht compared same period last year was 100.0 million Baht, decreased in amount of 22.2 million Baht or 22.2%. The decrease was due to income tax paid of 18.5 million Baht and repayment some trade accounts payable.

(2.2) Non-current liabilities as of December 31, 2019 amounted 105.7 million Baht compared same period of 2018 was amounted 109.5 million Baht, decreased in amount of 3.8 million Baht or 3.5%. The decrease of non-current liability was due to repayment of long-term loans from financial institutions the which was used for purchasing a new machine and building a new factory at Map Ta Phut Center amounted 25.1 million Baht. But provided provision costs for landfill capping for Sanitary landfill amounted 19.0 million Baht.

**Table 7: Comparison Total Liabilities between year 2019 and 2018**

(Baht 1,000)

Items	2019	2018	±%
<b>Current Liabilities:</b>			
-Trade and other payables	52,494	57,742	-9.1
-Long-term loans from financial institutions due within one year	25,090	23,562	+6.5
-Obligations under finance leases current portion due within one year	255	237	+8.0
-Corporate income tax payable	-	18,468	-100.00
<b>Total Current Liabilities</b>	<b>77,839</b>	<b>100,009</b>	<b>-22.2</b>
<b>Non-Current Liabilities:</b>			
-Long-term loans from financial institutions-net of current portion due with one year	42,679	67,791	-37.0
-Obligations under finance leases-net of current portion due within one year	22	277	-92.1
-Employee benefit obligations	10,010	7,403	+35.2
-Other non-current liabilities	52,975	34,000	+55.8
<b>Total Non-Current Liabilities</b>	<b>105,686</b>	<b>109,471</b>	<b>-3.5</b>
<b>Total Liabilities</b>	<b>183,525</b>	<b>209,481</b>	<b>-12.4</b>

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

#### **(1) Current Ratio**

The Company has current ratio as at December 31, 2019 equals 7.65 times compared to 8.10 times as at December 31, 2018, decreased current ratio 0.45 times due to the decrease of current assets amounted 214.7 million baht or decreased 26.5% and current liabilities decreased 22.2 million baht or 22.2%. The decrease was mainly due to the transfer of cost of property development to movable investment property, which is fixed assets.

#### **(2) Debt to Equity Ratio**

The Company has debt to equity ratio as at December 31, 2019 equals 0.13 times compared with 0.15 times as at December 31, 2018, an decreased on ratio of total liabilities and shareholders' equity 0.02 times due to an decreased of total liability 26.0 million baht or 12.4% and shareholders' equity decreased 58.1 million baht or 4.0%.

### **4. The Investment Update in 2019**

- Non-Hazardous waste recycling plant in Lamphun has been operating since early 2019. The suitable marketing plan for current economic conditions is to be determined and the company needs to seek the resolution to prevent any environmental problems near the community.
- Pre-treatment of wastewater project is a joint venture between the company and Otani Company Limited from Japan. As of today, all the machines have been successfully installed since July 2019 and the commissioning test has been completed in early 2020. Now, the project is in commercial phase.
- The construction for non-hazardous waste landfill in Ratchaburi facility is now finished and the facility is fully licensed. The facility has been receiving waste from customers for a period of time.