

## Translation

### Management Discussion and Analysis for Interim Business Operations

<b>Financial Performance for the period ended March 31 , 2020 (Unit : Million Baht)</b>				
	<b>2020</b>	<b>2019</b>	<b>Inc./ (Dec.)</b>	<b>%</b>
		<b>(Restated)</b>		
Construction income	28.97	150.24	-121.27	-80.72
Service income	0.00	9.71	-9.71	-100.00
Other income	1.65	1.75	-0.1	-5.71
<b>Total Revenues</b>	<b>30.62</b>	<b>161.70</b>	<b>-131.08</b>	<b>-81.06</b>
Cost of constuction	27.87	167.08	-139.21	-83.32
Cost of services	0.00	10.46	-10.46	-100.00
Administrative expenses	15.30	64.28	-48.98	-76.20
Finance cost	3.36	8.06	-4.70	-58.31
<b>Total Expenses</b>	<b>46.53</b>	<b>249.88</b>	<b>-203.35</b>	<b>-81.38</b>
<b>Loss Before Income Tax</b>	<b>-15.91</b>	<b>-88.18</b>	<b>72.27</b>	<b>81.96</b>
Income tax expense	-0.06	4.90	-4.96	-101.22
<b>Total loss for the period</b>	<b>-15.97</b>	<b>-83.28</b>	<b>67.31</b>	<b>80.82</b>
Other Comprehensive Income	0.15	-0.41	0.56	136.59
<b>Total comprehensive loss for the period</b>	<b>-15.82</b>	<b>-83.69</b>	<b>67.87</b>	<b>81.10</b>
Non-controlling interests of the subsidiaries	0.00	-14.60	14.6	-100.00
<b>Profit(Loss) attributable to equity holders of the compa</b>	<b>-15.97</b>	<b>-68.68</b>	<b>52.71</b>	<b>76.75</b>
<b>Financial Position as at March 31, 2020 and December 31, 2019 (Unit : Million Baht)</b>				
	<b>2020</b>	<b>2019</b>	<b>Inc./ (Dec.)</b>	<b>%</b>
		<b>(Adjusted and Reclassified)</b>		
Current Assets	138.94	202.85	-63.91	-31.51
Non-Current Assets	214.41	205.76	8.65	4.20
<b>Total Assets</b>	<b>353.35</b>	<b>408.61</b>	<b>-55.26</b>	<b>-13.52</b>
Current Liabilities	254.42	300.40	-45.98	-15.31
Non-Current Liabilities	140.82	134.27	6.55	4.88
<b>Total Liabilities</b>	<b>395.24</b>	<b>434.67</b>	<b>-39.43</b>	<b>-9.07</b>
<b>Total Shareholders ' Equity</b>	<b>-42.22</b>	<b>-26.39</b>	<b>-15.83</b>	<b>59.98</b>
Basic Loss Per Share (Baht)	-0.02	-0.09		
Gross Margin	3.80%	-11.00%		
Net Profit Margin	-52.16%	-42.47%		
Debt to Equity Ratio (Time)	-9.36	-16.47		

## **Summary of the Operating Result as ended 31 March 2020**

### Construction Income

In the 1<sup>st</sup> quarter of 2020, the company and its subsidiaries gained the construction income of Baht 28.97 million whereas in the same quarter of 2019 was Baht 150.24 million showing a reduction of Baht 121.27 million or 80.72 % decrease. In this current year, there were only 2 ongoing projects and one of them was completed in this current quarter while another one has been under work delivery from a contractor. Comparing to the same quarter in 2019, there were 4 projects and there has been no new awarded project in this current year.

### Service Income

During this captioned quarter, there was no service income since all projects on hand had been completed in 2019 and no new awarded one.

### Other income

The other income gained in this captioned quarter was Baht 1.65 million whereas Baht 1.75 million in the same quarter of 2019 decreasing Baht 0.01 or approx. Baht 5.71 million decrease. The approximate 85.45 % were gained from the reversal of provisions for warranty which was expired and no service renewal.

### Cost of Construction

The company and subsidiaries' cost of construction was Baht 27.87 million whereas in the same quarter of 2019 was Baht 167.08 million showing a reduction of Baht 139.21 million or 83.32% decrease and equivalent to 3.80% and -11.21% gross margin, respectively in line with a reduction of income. The gross margin of the 1st quarter of 2019 increased due to having no operating loss after the reversal of the provisions in the current quarter.

### Cost of Service

In the 1<sup>st</sup> quarter of 2020, there was no cost of service same as no service income.

### Administrative Expenses

The administrative expenses in the 1<sup>st</sup> quarter of 2020 was Baht 15.30 million whereas Baht 64.89 million in the same quarter of 2019 showing a reduction of Baht 48.98 million or 76.20 % decrease. The decreasing amount was the result of disposal of investment in a subsidiary undertaken in the 3<sup>rd</sup> quarter of 2019.

### Finance Cost

The finance cost of the company and subsidiaries was Baht 3.36 million whereas Baht 8.06 million in the same quarter of 2019 showing a reduction of Baht 4.70 million or 58.31 % decrease due to disposal of investment in a subsidiary which minimized the interest payment burden for the convertible bond of Baht 3.90 million.

### Loss Attributable to Equity Holders of the Company

In the 1<sup>st</sup> quarter of 2020, there was a loss attributable to equity holders of the company of Baht 15.97 million whereas Baht 68.68 million in the same quarter of 2019 or

equivalent to -52.16 % and – 42.47 % net profit margin of 2020 and 2019, respectively. The loss was higher than 2019 due to the reduction of the company' s total income as mentioned above.

### **Summary of the financial status as ended 31 March 2020**

#### Total Assets

As of 31 March 2020, the company and subsidiaries' total assets were Baht 353.35 million whereas Baht 408.61 million at the end of 2019 representing a reduction of Baht 55.26 million or 13.52% decrease. The significant decrease was Baht 44.78 million of account receivables due to a decrease of cost of construction as mentioned above.

#### Total Liabilities

As ended 31 March 2020, the company and its subsidiaries' total liabilities was Baht 295.24 million whereas in 2019 was Baht 434.67 million showing a reduction of Baht 39.43 million or 9.07 % decrease. The significant decrease was a reduction of the short-term loan of Baht 12.00 million after repayment and a reduction of account payables of Baht 14.14 million due to a reduction of the cost of construction. The debt to equity ratio of the 1<sup>st</sup> quarter was equivalent to -9.36 times whereas -16.47 times in 2019 due to the loss of debt to equity ratio since 2019 and a reduction of liabilities higher than a reduction of the shareholders' equity.

#### Shareholders' Equity

As ended 31 March 2020, the shareholders' equity of the company and subsidiaries was totally Baht -42.22 million whereas Baht -26.39 million in 2019 showing a higher loss of debt to equity ratio of Baht 15.83 million or 59.98 % increase due to the abovementioned operating loss of the current quarter as mentioned above.

On June 15 - 19, 2020, the Company offers ordinary shares by number of 495,416,810 shares to existing shareholders. Such ordinary shares comprise par value of Baht 1.00 per share. Shares are offered in the price of Baht 0.14 per share aggregating to total amount of Baht 69,358,353.40. The shares increment is registered for paid-up from Baht 784,968,760.00 to Baht 1,280,385,570.00 equivalent to ordinary shares by number of 1,280,385,570 shares in the par value of Baht 1.00 per share at the Ministry of Commerce on June 29, 2020.

### **Project on hand as ended 31 March 2020**

As ended 31 March 2020, there were 2 projects on hand with a total of contract value of Baht 549.65 million and backlog of Baht 292.67 million whereas no service project in this current year due to all had been completed in 2019.

## **Investment project on hand as ended 31 March 2020**

The progress of 2 ongoing 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 31 March 2020 of Baht 108.06 million (recorded under the intangible asset account included with land for construction) of which the construction has been partly executed and currently waiting for an additional approval of pipeline construction.

2. Waste Water Treatment Investment Project in Myanmar : It is the Build Own and Transfer (BOT) of which the construction has been already commenced. Because of the total quality of wastewater outlet from the Mandalay industrial Zone was significant higher when compared with agreement in the contract. In order to deal with this issue, land requirement and wastewater tariff will be significantly increased. However, MCDC could not either provide additional land area and accept for increasing of wastewater tariff. In case that HSMC need to continue this project with the same condition in the contract, the return will not be worth for the investment in the future. Both parties tend to agree for terminating the project in which both parties will not claim damages to each other.

Signature

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