

## Management Discussion and Analysis: MD&A

### 1. Summary of Market Condition for the second quarter of 2014

Military declared martial law nationwide in an attempt to stop the country's escalating political crisis since last quarter of 2013. On May 22, 2014 the military deposed the government and formed the "National Council of Peace and Order (NCPO)" which month later the atmosphere of investment and doing business has more positive and convincing to business sector. Before the coup most of economists have predicted the GDP by the end of 2014 will be at negative growth but after May 2014, economists have predicted the positive GDP by at least 2-3%

Industrial sector is expected an increasingly of production and also increasing volume of industrial waste while property or real estate business which has been affected by the same situation also signal the positive purchasing power in the market.

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

#### 2.1 Second Quarter 2014

Consolidated revenue in second quarter of year 2014 amounted 113.5 million baht compared with same period of year 2013 was amounted 120.6 million baht or lower than last year 7.1 million baht or 6.7 percent. Therefore end of second quarter the company has profit amount of 4.7 million baht compared same period of previous year was loss 2.3 million baht. Total comprehensive income for second quarter amounted 4.4 million baht compared with same period last year that was loss 8.4 million baht.

#### (1) Industrial Waste Treatment Business Income or Service Income (Disposal, landfill, and transportation)

Service income for the second quarter of 2014 amounted 58.2 million baht compared same period last year was 60.5 million baht, less than last year 2.3 million baht or 3.8 percent.

Cost of service was 65.9 percent of income compared same period last year was 62.6 percent. This year the cost of service was higher due to an addition cost of investment for Samaedum and Ratchaburi Treatment Plants accordingly to the contact agreement with Department of Industrial Works, Ministry of Industrial amounted 36 million baht has been completed and booked as cost of service in this year onward.

#### (2) Real Estate Business Income.

Revenue from real estate business for the second quarter of 2014 was amounted 52.5 million baht compared with same period last year was 58.6 million baht or 10 percent lower than last year. Most of the revenue came from The Plenary Condominium Sathon Project amounted 46.4 million baht represented 88 percent. The rest were from Sathon Resident Condo, and Noawarat Townhouse.

Cost of goods was 75.7 percent of income compared with last year was 73.8 percent. Higher cost of goods arrived from the improvement and renovation costs for The Plenary Condo Project.

#### (3) Other Income

Other income was amounted 2.8 million baht compared with same period last year was 1.4 million baht, higher 1.4 million baht.

#### **(4) Selling and Administrative Expenses**

Selling and administrative expenses for second quarter of year 2014 was amounted 26.5 million baht or 23.4 percent of income compared with same period last year was amounted 34.9 million baht or 28.9 percent of income. This year the expenses was better control than previous year. Especially in the quarter there were two extra expenses amounted 10 million baht caused higher expenses. Firstly, an impairment on project development of Kawmaikeaw amounted 4 million baht, and new accounting regulation for long term rental contract which has to provided an accrued expense amounted 6 million baht. These two expenses impacted on financial performance for the second quarter.

### **2.2 Half-Year 2014**

Half-year 2014 consolidated revenue was amounted 215.1 million baht compared same period last year was 210.7 million baht, 4.4 percent higher than last year. Profit for the period of six -month was loss 10.2 million baht compared with same period last year was 7.0 million baht profitable. This negative figure caused by the loss from impairment of investment in available-for-sale amounted 20.1 million baht. Total comprehensive income for the period of six-month was amounted 20.7 million baht compared with 8.8 million baht same period last year. Higher than last year 11.9 million baht.

#### **(1) Industrial Waste Treatment Business Income or Service Income (Disposal, landfill, and transportation)**

Service income for six-month period of 2014 amounted 119.2 million baht compared same period last year was 117.4 million baht, higher than last year 1.8 million baht or 1.5 percent.

Cost of service was 63.7 percent of income compared same period last year was 62.7 percent. This year the cost of service was higher due to an addition cost of investment for projects accordingly to the contact agreement with Department of Industrial Works, Ministry of Industrial amounted 36 million baht has been completed and booked as cost of service in this year onward.

#### **(2) Real Estate Business Income.**

Revenue from real estate business for the first haft of 2014 was amounted 91.2 million baht compared with same period last year was 90.2 million baht or 1 percent higher than last year. Most of the revenue came from The Plenary Condominium Sathon Project amounted 83.6 million baht represented 92 percent. The rest were from Sathon Resident Condo, and Noawarat Townhouse.

Cost of goods was 76.2 percent of income compared with last year was 73.3 percent. Higher cost of goods arrived from the improvement and renovation costs for The Plenary Condo Project.

#### **(3) Other Income**

Other income was amounted 4.7 million baht compared with same period last year was 3.1 million baht, higher 1.5 million baht.

#### **(4) Selling and Administrative Expenses**

Selling and administrative expenses for second quarter of year 2014 was amounted 51.2 million baht or 23.8 percent of income compared with same period last year was amounted 51.5 million baht or 24.4 percent of income. This year the expenses was better control than previous year even though there were an extra expenses occurred this year.

### **3. Financial Status (The Company and Subsidiaries)**

#### **(1) Total Assets**

The company has total asset as at June 30, 2014 in the amount of 1,193 million baht compared to 1,164 million baht as at December 31, 2013. An increased 29 million baht or 2.4 percent.

As at June 30, 2014 the total assets consisted of:

- 1.1 Current assets amounted 694.8 million baht compared as at December 31, 2013 was amounted 500.8 million baht, an increased amounted 194 million baht or 38.7 percent.
- 1.2 Non-current assets amounted 498 million baht compared as at December 31, 2013 was amounted 663 million baht, an decreased of non-current assets amounted 165 million baht or 24.9 percent.

#### **(2) Total Liabilities**

The company has total liabilities as at June 30, 2014 amounted 83.9 million baht compared as at December 31, 2013 was amounted 75.9 million baht, increased 8 million baht or 10.5 percent.

As at June 30, 2014 the total liabilities consisted of:

- 2.1 Current liabilities in the amount of 48.9 million baht compared as at December 31, 2013 was amounted 37.8 million baht. An increased 11.1 million baht or 29.4 percent.
- 2.2 Non-current liabilities amounted 35.1 million baht compared as at December 31, 2013 amounted 38.1 million baht, an decreased 3 million baht or 7.9 percent.

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

#### **4.1 Current Ratio**

The Company has current ratio as at June 30, 2014 equals 14.2 times compared to 14.1 times as at December 31, 2013 due to an increased of current assets amounted 194 million baht while the current liabilities increased 11.1 million baht.

#### **4.2 Debt to Equity Ratio**

The Company has debt to equity ratio as at June 30, 2014 equals 0.08 times compared to 0.07 times as at December 31, 2013 an increased on ratio of total liabilities and shareholders' equity 0.01 times due to an increased of total liabilities 8.1 million baht while shareholders' equity increased 20.8 million baht.