

Management Discussion and Analysis: MD&A

1. Summary of Market Condition for the third quarter of 2014

The economy suffered as a result of political unrest in the last quarter of 2013 continued to first quarter of 2014 has resulted weak domestic demand and falling exports, dragged on growth that led up to the military coup in May 2014. In presenting the stimulus package, Prime Minister General Prayuth Chan-Ocha gave a breakdown of how the funds will be distributed as one-off payments to farmers to support rice production. The rest of the funds will target public investment and job creation.

As for the third quarter of 2014, the Bank of Thailand stated that overall economic activity recovered at a slow pace in some industrial sectors. Private demand had a greater role to drive the economy but was partially restrained by low farm prices, elevated debt levels, however, some industries have increased its production capacity.

Only a small part of public investment outlays could be disbursed despite acceleration at the end of the quarter. The tourism sector recovered gradually. However, merchandise exports value declined as a result of weak global demand, particularly from European countries, Japan, and the Middle East. Overall manufacturing production was flat due mainly to precarious recovery of both domestic and external demand.

Company's performances for two business units were impacted from this political and economic issues, more or less. Problems of global economy, local economy, and local political are beyond control by the Company, but its affects the Company as a whole. As for industrial waste treatment business rely on the production volume of customers, declining productions also declining of industrial wastes for treatment. However, for the third quarter's revenues were better than previous year, same period of time. This will be credited for all employees involved. For real estate business, slow sales caused by sluggish economy, the low demand. Apart from that, the financial institutes normally banks were tightened it mortgage policy during this third quarter 2014.

2. Operating Results (Company and Subsidiaries)

2.1 Third Quarter 2014

Consolidated revenue in third quarter of year 2014 amounted 108.5 million baht compared with same period of year 2013 was amounted 117.1 million baht or lower than last year 8.6 million baht or 7.34 percent. Therefore end of third quarter the company has profit amount of 6.7 million baht compared same period of previous year was profitable 14.9 million baht. During this quarter, cost of goods for real estate business has increased from 70 percent in year 2013 to 73 percent in year 2014. Expenses of selling and administrative were increased 3.8 million baht due to real estate business's expenses such as advertising and promotion expenses amounted 3.5 million baht that consists of advertising and promotion amounted 2 million baht, transfer fee amount of 1 million and quality inspection fee 0.55 million baht. Finance costs was amounted 3.3 million baht compared year 2013 same period was amounted 4,000 baht.

Total comprehensive income for third quarter amounted 6.9 million baht compared with same period last year that was 16.9 million baht, lower than year 2013 amounted 8.2 million baht.

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

Service income for the third quarter of 2014 amounted 66.4 million baht compared same period last year was 61.2 million baht, higher than last year 5.2 million baht or 8.50 percent.

Cost of service was 62.5 percent of income compared same period last year was 63.7 percent. Which an effectiveness of cost control.

(2) Real Estate Business Income.

Revenue from real estate business for the third quarter of 2014 was amounted 40.4 million baht compared with same period last year was 54 million baht or 25 percent lower than last year.

Cost of goods was 73.3 percent of income compared with last year was 69.4 percent. Higher cost of goods arrived from the improvement and renovation costs for The Plenary Condo Project.

(3) Other Income

Other income was amounted 1.7 million baht compared with same period last year was 1.9 million baht, decreased 0.2 million baht.

(4) Selling and Administrative Expenses

Selling and administrative expenses for the third quarter of year 2014 was amounted 21.5 million baht or 19.8 percent of income compared with same period last year was amounted 17.7 million baht or 15.1 percent of income. This year the expenses was increased from last year 3.8 million baht , or 21.47 percent which most came from real estate' s expenses such as advertising and sales promotion amounted 2 million baht (New projects that under construction and not on sale yet). Transfer fee amounted 1 million baht and inspection fee 0.55 million baht, while finance costs was amounted 3.3 million baht compared same period last year was 0.004 million baht.

2.2 Nine-month period Year 2014

For the nine-month period of 2014 consolidated revenue was amounted 323.6 million baht compared same period last year was 327.9 million baht, 4.3 million baht lower than last year, or 1.3 percent. Loss for the period of nine-month was 3.4 million baht compared with same period last year profit was 21.9 million baht profitable. This negative figure caused by the loss from impairment of investment in available-for-sale amounted 20.1 million baht. An extra 5.9 million baht expenses of advertising and sales promotion of real estate' s projects which are under constructions and not post-sales yet compared last year same period was amounted 0.7 million baht. Finance costs amounted 3.3 million baht compared last year 0.017 million baht.

Total comprehensive income for the period of nine-month was amounted 27.7 million baht compared with 25.7 million baht same period last year. Higher than last year 2 million baht, or 7.78 percent.

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

Service income for nine-month period of 2014 amounted 185.6 million baht compared same period last year was 178.6 million baht, higher than last year 7 million baht or 3.9 percent.

Cost of service was 63.29 percent of income compared same period last year was 62.98 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 Industry amounted 36 million baht has been completed and booked as cost of service in this year onward till September 2016, but with an effectiveness of cost control, thus, cost of service was quite appreciated.

(2) Real Estate Business Income.

Revenue from real estate business for the nine-month of 2014 was amounted 131.6 million baht compared with same period last year was 144.2 million baht or 9.22 percent lower than last year.

Cost of goods was 75.3 percent of income compared with last year was 71.9 percent. Higher cost of goods arrived from the improvement and renovation costs for The Plenary Condo Project.

(3) Other Income

Other income was amounted 6.4 million baht compared with same period last year was 5.0 million baht, higher 1.4 million baht, or 28 percent.

(4) Selling and Administrative Expenses

Selling and administrative expenses for nine-month period of year 2014 was amounted 72.7 million baht or 22.46 percent of income compared with same period last year was amounted 68.1 million baht or 20.78 percent of income. This year the selling and administrative expenses was higher than last year amounted 4.6 million baht came from real estate's advertising and sales promotion expenses.

3. Financial Status (The Company and Subsidiaries)

(1) Total Assets

The company has total asset as at September 30, 2014 in the amount of 1,435.7 million baht compared to 1,163.9 million baht as at December 31, 2013. An increased 271.8 million baht or 23.35 percent.

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

- 1.1 Current assets amounted 886.8 million baht compared as at December 31, 2013 was amounted 500.8 million baht, an increased amounted 386 million baht or 77.08 percent.
- 1.2 Non-current assets amounted 548.9 million baht compared as at December 31, 2013 was amounted 663.1 million baht, an decreased of non-current assets amounted 114.2 million baht or 17.22 percent.

(2) Total Liabilities

The company has total liabilities as at September 30, 2014 amounted 320 million baht compared as at December 31, 2013 was amounted 75.9 million baht, increased 244.1 million baht or 321.61 percent.

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

- 1.1 Current liabilities in the amount of 284.9 million baht compared as at December 31, 2013 was amounted 37.8 million baht. An increased 247.1 million baht or 653.70 percent.
- 1.2 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 7.87 percent.

4. Liquidity (The Company and Subsidiaries)

(1) Current Ratio

The Company has current ratio as at September 30, 2014 equals 3.1 times compared to 13.2 times as at December 31, 2013, a decreased current ratio 10.1 times, due to an increased of current assets amounted 386 million baht, or 77.08 percent while the current liabilities increased 247.1 million baht, or 653.70 percent.

(2) Debt to Equity Ratio

The Company has debt to equity ratio as at September 30, 2014 equals 0.3 times compared to 0.07 times as at December 31, 2013 an increased on ratio of total liabilities and shareholders' equity 0.2 times due to an increased of total liabilities 244.1 million baht, or 321.6 percent while shareholders' equity increased 27.7 million baht, or 2.6 percent.