

## Management Discussion and Analysis: MD&A

### 1. Summary of Market Condition for the first quarter of 2015

Kasikorn Research Center (April 2015) has disclosed that Thai economy for the first quarter of 2015 was shown the expanding rate positively when compare with last quarter of year 2014. While the growth rate compared with same period last year has increased 4.0 percent, which the cause of low growth GDP in the first quarter of last year was an impacted from political crisis. However, for this year first quarter an improved of the tourism sector, a good signal on domestic consumption, even though the overall economic picture was slowly recovered from the sluggish.

Which the important factor that can support Thai economy for the rest of the year will be relying on the disbursement of government's spending budgets in order to sustain oneself the domestic economy whilst the shrinking of export (caused by an economic deceleration of major oversea customers) and the domestic farm price slump which still affect the slowly growth rate for the first quarter of this year.

KResearch also indicated the first quarter of 2015 property market in greater Bangkok was supported by declining mortgage rates, it was plagued by several downside risks, e.g., a laggard economic recovery that has forced some prospective homebuyers to delay purchases. In addition, consumer purchasing power has not fully recovered due to the current hefty cost of living and household debt amid rising home prices and stagnant consumer incomes. Such risks have weakened investments and sales in Greater Bangkok property market over recent years.

Given this, KResearch expect that investments into new residential projects in Greater Bangkok during 2015 will reach perhaps THB319-342 billion, shrinking 7.0-0.5 percent from the 11.0 percent contraction reported for 2014.

According from The Office of Industrial Economics (OIE)' source disclosed the Manufacturing Production Index (MPI) for the first quarter of 2015 at positive 0.1 percent when compared with the same period of last year even though exporting (excluded gold) for the first quarter of this year was minus of 2.2 percent. The good signals was the manufacturing productivity increased an average of 63 percent from major sectors such as textiles and garments, motor vehicles, and foods, For some decreased major sectors such as iron and steel, electrical appliance and electronics. In spite the oil prices dropped which reduce cost of goods but still the revenue from export also declined as well.

In summarized of Thailand economy for the first quarter of year 2015 was still slowly recovery. Our customers in the industry sector that related to company's waste treatment business were also under recovered and slowly of increasing their productions, but some were not yet recovered such as electrical appliance and electronics manufacturers. Therefore, our revenue of industrial waste treatment business was not as good as expected. For the real estate business sector has highly impacted on the overall economic sluggish which also affected our sales during the first quarter for those completed projects such as The Plenary Sathorn Condo, and Sathorn Resident Condo. Meantime, for under construction projects such as B-Live Tiwanon condominium project, C-Space Sam Khok commercial building projects will be expecting to recognize the income by third quarter of this year.

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

Consolidated revenue in first quarter of 2015 amounted 84.7 million baht compared with 101.5 million baht same period last year, decreased 16.8 million baht or 16.6 percent. Performance for the first quarter of 2015 was loss 5.9 million baht compared same period year 2014 that was loss 14.9 million baht. Therefore, the performance of this first quarter 2015 is better than same period last year.

### **(1) Service Income (Disposal, Landfill and Transportation)**

Service income for the first quarter of 2015 amounted 59.4 million baht compared same period last year was 61.0 million baht, decreased 1.6 million baht or 2.6 percent. The cost of good for year 2015 at 70.1 percent compared first quarter last year was 61.5 percent, an increased 14 percent main reasons were the increased cost of transportation from our sub-transporter whilst company can not rise the selling price yet. Another reason was the lower margin of waste treatment operations this year because of most the inbound waste were regular wastes whilst last year there were some inbound special wastes which higher margin.

### **(2) Sales and Costs of Sales – Real Estate Business**

Revenue from real estate business for the first quarter of 2015 amounted 22.7 million baht compared same period last year was 38.7 million baht, decreased 1.6 million baht or 41.3 percent. Mainly from an impacted on overall sluggish economy and only existing projects are those remain old projects that still have rooms available such as The Plenary Sathorn condominium, Sathorn Resident condominium which number of rooms sold were less than last year and those sold rooms have to provided an attractive sales promotions. Thus, gross margin was at 15.7 percent compared with last year was 19.4 percent.

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

Other income for the first quarter of 2015 was amounted 2.5 million baht increased from last year 0.6 million baht or 31.6 percent

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

Selling and administrative expenses for the first quarter of 2015 was 30 million baht a 35.4 percent of total revenue compared with same period 2014 was 47.6 million baht or 46.9 percent. (The expenses of 2014 included loss from impairment of investment in available-for-sale amounted 20 million baht)

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

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

Company total assets as at March 31, 2015 amounted 1,423.5 million baht compared to 1,466.3 million baht as of December 31, 2014. The total asset decreased 42.8 million baht or 2.9 percent

As at March 31, 2015 total assets consisted of:

- (1.1) Current assets amounted 754.7 million baht compared to 802.5 million baht as at December 31, 2014. Decreased 47.8 million baht or 6 percent.
- (1.2) Non-current assets amounted 668.9 million baht compared to 663.7 million baht as at December 31, 2014. Increased 5.2 million baht or 0.8 percent.

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

Company has total liabilities as at March 31, 2015 amounted 221.4 million baht compared to 331.1 million baht as at December 31, 2014, decreased 119.7 million baht or 36.1 percent. It consisted of:

- (2.1) Current liabilities amounted 160.4 million baht compared as at December 31, 2014 amount to 287.9 million baht, decreased 127.5 million baht or 44.3 percent.
- (2.2) Non-current liabilities amounted 51.1 million baht compared as at December 31, 2014 amount to 43.1 million baht last year, increased 8 million baht or 18.6 percent.

### **(3) Shareholder's Equity (The Company and Subsidiaries)**

#### **(3.1) Current Ratio**

Current ratio as at March 31, 2015 equaled 4.7 times compared 3.1 times as at December 31, 2014. The current ratio increased 1.6 times which resulted of an decreased in total assets 47.8 million baht or 6 percent, and current liabilities decreased 127.5 million baht or 44.3 percent.

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

The Company has debt to equity ratio as at March 31, 2015 equaled 0.17 times compared 0.29 times as at December 31, 2014. The debt to equity ratio increased 0.12 times which resulted of an increasing in total liabilities 119.7 million baht or 36.1 percent, and shareholders' equity increased 76.9 million baht or 6.8 percent.