

(Management Discussion and Analysis for the Year 2015)

1. Summary Overall Market Situation for the Fourth Quarter of 2015

Reported from the Fiscal Policy Office, Ministry of Finance, revealed that The Thai economy in December and Q4/2015 reflected recovery signs from domestic expenditures particularly in private consumption and investment which were the result of economic stimulus package of the government launched since September 2015. In addition, government spending particularly capital expenditures showed high expansion and this was a supportive factor for the economy. However, export sector continued to contract reflecting economic slowdown of Thailand's trade partners that should be monitored closely in 2016 onwards.

Private investment in December and Q4/2015 improved from previous month and previous quarter particularly in construction sector as reflected by real estate tax collection which expanded by 32.7 percent per year and consequently in Q4/2015 real estate tax collection expanded by 18.8 percent per year or expanded by 19.6 percent per quarter after seasonal adjustment due to temporary reduction of real estate transfer and mortgage registration fees effective Fiscal Policy Office 29 October 2015. Meanwhile, the cement sale expanded for 2 months consecutively by increasing 4.1 percent per year. As a result, the cement sale in Q4/2015 increased by 2.1 percent per year or expanded by 1.1 percent per quarter after seasonal adjustment. For investment in equipment and machinery sector, the imports of capital goods excluding special items (airplane, ship, and train) contracted by -0.6 percent per year but expanded by 2.0 percent per month after seasonal adjustment. Consequently, the imports of capital goods excluding special items in Q4/2015 expanded by 0.1 percent per year or expanded by 2.1 percent per quarter after seasonal adjustment.

External demand as reflected by exports in December and Q4/2015 continued to contract and the growth in December was lowest in 4 years. The export values in terms of U.S. dollars (USD) in December 2015 contracted by -8.7 percent per year. The contraction was from almost all exporting goods particularly electrical appliances, agriculture, oil and fuel. Meanwhile, the exports contracted in almost all destinations particularly main trade partners such as China, Japan, U.S.A. and ASEAN-5. However, the exporting markets such as EU and CLMV showed positive expansion. As a result, in Q4/2015 export values in USD contracted by -8.1 percent per year.

Financial and fiscal measures to stimulate real estate sector. The goal is to boost real estate sector and to help low-income earners buy houses and be homeowner. For the loan measure for low-and medium-income earners, the Government Housing Bank has received the applications since 19 October 2015 and as of 25 January 2016 there were 16,207 loan applicants with the total amount of 23,402 million Baht. The Government Housing Bank has approved loan for 11,045 applicants worth 15,543 million Baht.

According to the Office of the National Economic and Social Development Board (NESDB) forecasted Thai economy for the year 2015 to expand by 2.9 percent which increased from year 2014 by 0.4 percent and also forecasted to grow by 3.0 – 4.0 percent in 2016.

2. Summary total business transactions in the twelve months of 2015

Year 2015, Company has deferred tax assets amounted 7.603 million Baht compared with year 2014 amounted 2.320 million Baht.

Table 1: The comparison of deferred tax assets between year 2015 and 2014 (Baht 1,000)

Items	2015	2014	±%
Trade and other receivables	1,494	1,452	+2.1
Employee benefit obligations	823	219	+275.8
Others	5,286	649	+714.5
Total	7,603	2,320	+237.7

Income tax calculated from the differ deferred tax assets between year 2015 and 2014 amounted 7.603 million baht and 2.320 million Baht respectively. Tax income for year 2015 amounted 2.513 million Baht compared year 2014 amounted 2.970 million Baht. (see Statement of Comprehensive Income)

Table 2 : The comparison of income tax between year 2015 and 2014 (Baht 1,000)

รายการ	2015	2014	±%
Current Tax:			
-Current year	(2,297)	(2,817)	-18.5
Deferred Tax:			
-Tax income(expense) movement in temporary differences	4,807	(153)	+3,238.6
Tax income (expense) recognized in profit or loss	2,513	(2,970)	+189.5

3. Operating Results (Company and Subsidiaries)

Year 2015

Consolidated revenue for the twelve months of year 2015 of both treatment of industrial waste business division and property development business division totally 359.7 million Baht compared with same period of year 2014 amounted 422.7 million Baht, decreased amount of 63 million Baht or 14.9 percent. For other income amounted 5.9 million Baht compared previously year 8.4 million Baht. Table below shows the share of revenues in 2015 comprised of Treatment of industrial waste business division represented 72.33%, Property development business division represented 26.05% and other income

represented 1.62%. Year 2014, shares were Treatment of industrial waste business division represented 58.22%, Property development business division represented 39.81% and other income represented 1.77%. (See more details from Section 1 and Section 2)

Table 3: Shared Comparison of revenues between year 2015 and 2014

Year	Treatment of Industrial Waste	Property Development	Other Income	Total Revenues
2015	72.33%	26.05%	1.62%	100.00%
2014	58.22%	39.81%	1.97%	100.00%

(1) Revenue from Treatment of Industrial Waste Business Division (Disposal, Landfill, and Transportation)

Service income for twelve months of year 2015 amounted 264.5 million Baht compared same period last year amounted 251.0 million Baht, an increased 13.5 million Baht or 5.38%.

Cost of goods for year 2015 was 66.08% of revenue when compared with same period last year was 66.61%, thus year 2015 was a little bit improvement of COG which was considered as effectiveness of cost control.

(2) Revenue from Property Development Business Division

Revenue from property development (real estate) business division for year 2015 amounted 95.3 million Baht compared same period last year was amounted 171.6 million Baht, a decreased of 76.3 million Baht or 44.46% caused by the delay of selling (revenue recognition) of new projects such as B-Live Condominium (Tiwanon) Project, C-Space Commercial Building (Samkhok) Project due to the problem of land evaluation of the Treasury Department until has finalized by mid of December 2015 caused below the sales target (revenue recognition).

Cost of goods for year 2015 was slightly higher than last year, the cost of goods was 74.63% compared last year was 73.48%.

(3) Other income

Other income for year 2015 was amounted 5.9 million Baht compared last year amounted 8.4 million Baht, decreased 2.5 million Baht or 29.76%.

(4) Selling and Administrative Expenses

Selling and administrative expenses for twelve months of year 2015 was 110.4 million Baht or 30.69% of total revenues compared with last year was 126.9 million Baht or 30.03%. Thus based of amount of spending money for year 2015 was 16.5 million Baht less spent, but in term of percentage of revenues was almost the same level of spending.

(5) Finance Costs

Company has finance costs in year 2015 amounted 11.2 million Baht compared with same period last year amounted 7.7 million Baht, an increased 3.5 million Baht or 45.45%.

(6) Statements of Comprehensive Income

Profit(loss) for the year 2015 was amounted 0.672 million Baht compared last year was 0.092 million Baht, an increased from last year amounted 0.580 million Baht or 630.43%. For total comprehensive income (loss) for year 2015 was loss amounted 3.070 million Baht compared last year was profitable amounted 35.497 million Baht.

Table 4: Comparison Statement of Comprehensive Income between year 2015 and 2014

(Baht 1,000)

Items	2015	2014	±%
Revenue from service – Treatment of Industrial Waste	264,470	251,034	+5.35
Revenue from Property Development (Real Estate)	95,262	171,645	-44.50
Other Income	5,929	8,369	-29.15
Total Revenues	365,661	431,048	-15.17
Expenses: - Cost of services	174,763	167,205	+4.53
-Cost of sales (Real Estate)	71,098	126,127	-43.63
-Selling Expenses	14,935	18,952	-21.20
-Administrative Expenses	95,477	107,958	-11.56
-Finance Costs	11,230	7,744	+45.02
Total Expenses	367,503	427,986	-14.13
Profit (Loss) before income tax	1,842	3,062	-39.84
Tax income (expense)	2,513	(2,970)	+118.19
Profit (Loss)for the year	672	92	+630.43
Other Comprehensive Income:			
-Defined benefit plan actuarial loss	(1,905)		+100.0
-Gain(Loss) on revaluation of available-for-sale securities	(1,837)	35,405	-105.19
Other comprehensive income (loss) for the year	(3,742)	35,405	-110.69
Total Comprehensive Income (Loss)	(3,070)	35,497	-108.65

4. Financial Status (The Company and Subsidiaries)

(1) Total Assets

The Company has total assets as at December 31, 2015 amounted 1,583.0 million Baht compared with same period 2014 amounted 1,464.6 million Baht, an increased 118.4 million Baht or 8.08%. As at December 31, 2015 the total assets consisted of:

(1.1) Current assets amounted of 1,001.8 million Baht compared as at December 31, 2014 was amounted 898.1 million Baht, an increased 103.7 million Baht or 11.54% which we can see the increased areas were cost of property development, and other current assets. (See Table 5)

Table 5: The Comparison of Current Assets between Year 2515 and 2514 (Baht 1,000)

Items	2015	2014	±%
Cash and cash equivalents	76,876	263,747	-70.85
Trade and other receivables	61,392	53,202	+15.39
Cost of property development	852,096	577,745	+47.49
Supplies	750	3,393	-77.90
Other current assets	10,652	0	+100.00
Total Current Assets	1,001,766	898,087	+11.54

Trade and other receivables for the year 2015 amounted 61.4 million Baht compared with year 2014 was amounted 53.2 million Baht, increased 8.2 million Baht or 15.41%. For trade account receivables of year 2015 amounted 49.7 million Baht which provided allowance for doubtful accounts amounted 6.7 million Baht (13.48%), net trade account receivables amounted 43.0 million Baht compared with year 2014, trade account receivables was amounted 37.8 million Baht, allowance for doubtful accounts amounted 6.5 million Baht (17.20%) , net trade account receivables amounted 31.4 million Baht.

For year ended of 2015, other receivables amounted 19.5 million Baht, allowance for doubtful accounted amounted 1.2 million Baht (6.15%), and year 2014 other receivables was amounted 22.6 million Baht, allowance for doubtful accounts amounted 0.8 million Baht (3.54%).

Table 6: The Comparison Trade and Other Receivables between year 2015 and 2014

(Baht 1,000)

Items	2015	2014	±%
Service business			
-Current	34,237	20,226	+69.27
-Overdue – Less than or up to 3 months	8,463	11,227	-24.62
-Over 3 months up to 6 months	343	0	+100.0
-Over 6 months up to 12 months	28	75	-62.67
- Over 12 months	6,631	6,321	+4.90
Total	49,702	37,849	+31.32
<u>Less</u> Allowance for doubtful accounts	(7,839)	(7,261)	+7.96
Net Total	41,863	30,588	+36.86

Cost of property development as at December 31, 2015 and 2014 (Table 7) consisted of:

Table 7: Cost of Property Development

(Baht 1,000)

Net book value as at January 1, 2014	249,418
Purchases/transfer in	254,454
Disposals/transfer for	(126,127)
Net book value as at December 31, 2014	577,745
Purchases/transfer in	351,398
Disposales/transfer out	(77,047)
Net book value as at December 31, 2015	852,096

(1.2) Non-current assets as at December 31, 2015 amounted 581.4 million Baht compared with December 31, 2014 amounted 566.5 million Baht, increased 14.9 million Baht or 2.63% Those increased were land held for development, investment property, intangible assets, deferred tax assets, and other non-current assets. (see Table 8)

Table 8: Comparison of Non-Current Assets between year 2015 and 2014

(Baht1,000)

Items	2015	2014	±%
Restricted deposits at financial institutions	756	756	100.0
Investments in available-for-sale securities	7,295	9,132	-20.12
Land held for development	331,999	327,561	+1.35
Investment property	81,343	69,474	+17.08
Property, plant and equipment	135,489	146,104	-7.27
Intangible asset	17	0	+100.00
Deferred tax assets	7,749	2,320	+234.82
Other non-current assets	16,759	11,139	+50.45
Total Non-Current Assets	581,391	566,486	+2.63

(2) Total Liabilities

Company's total liabilities as at December 31, 2015 amounted 316.5 million Baht compared same period last year was amounted 329.4 million Baht, decreased 12.9 million baht or 3.90% (Table 8)

As at December 31, 2015 total liabilities consisted of:

(2.1) Current Liabilities amounted 278.2 million Baht compared same period last year was 293.9 million Baht, decreased 15.7 million Baht or 5.36% which those decreased were short-term loan amounted 37 million Baht, trade and other payables increased 10.7 million Baht and other current liabilities increased 10.5 million Baht.

(2.2) Non-current liabilities as at December 31, 2015 amounted 38.3 million Baht compared same period of 2014 was amounted 35.4 million Baht, an increased 2.7 million Baht or 8.19% caused by employee benefit obligations amount of 3.0 million Baht increased.

Table 8: Comparison Total Liabilities between year 2015 and 2014 (Baht 1,000)

Items	2015	2014	±%
Current Liabilities:			
-Short-term loans	200,000	237,000	-15.61
-Trade and other payables	67,555	56,820	+18.89
-Current portion of liabilities	108	102	+5.88
-Other current liabilities	10,501	0	+100.00
Total Current Liabilities	278,164	293,922	-5.36
Non-Current Liabilities:			
-Long-term liabilities under finance lease	231	339	-31.86
-Employee benefit obligations	4,116	1,093	+276.58
-Other non-current liabilities	34,000	34,000	100.00
Total Non-Current Liabilities	38,347	35,432	-7.0
Total Liabilities	316,511	329,354	-3.90

(3) Investment in Subsidiaries

The Company has hold 99.99% of shareholders of two companies that are Asia Patana Land Company Limited and Industrial Waste Management (Asia) Co., Ltd.

Asia Patana Land Co., Ltd. is a property development company which in year 2015 has registered the increase of its share capital on January 28, 2015 from 230 million Baht to 430 million Baht, and received fully paid-up share capital. The fund were used for purchase land and construction of C-Space (Bangyai) Project.

While Industrial Waste Management (Asia) Co., Ltd. was established for industrial waste management estate project which bought a land at Koa Mai Keaw, Chonburi Province. Unfortunately, the project has dropped out because of the Environmental Health Impact Assessment: (EHIA) In 2015, the loss of impairment of this investment was amounted 0.870 million Baht.

Table 9: Comparison of Investment in Subsidiaries between year 2015 and 2014

(Baht 1,000)

Items	2015	2014	±%
*Asia Patana Land Co., Ltd.	430,000	230,000	+86.96
*Industrial Waste Management (Asia) Co., Ltd	200,000	200,000	100.0
Less Loss on impairment of investment	(79,892)	(79,022)	+1.11
Ending balance	120,108	120,978	-4.66
Total	550,108	350,798	+56.82

5. Liquidity (The Company and Subsidiaries)

(1) Current Ratio

The Company has current ratio as at December 31, 2015 equal 3.6 times compared to 3.1 times as at December 31, 2014, an increased current ratio 0.5 times due to an increased of current assets amounted 103.7 million baht or increased 11.5% while current liabilities decreased 15.7 million baht or 5.3%.

(2) Debt to Equity Ratio

The Company has debt to equity ratio as at December 31, 2015 equals 0.24 times compared with 0.29 times as at December 31, 2014 an increased on ratio of total liabilities and shareholders' equity 0.85 times due to an decreased of total liability 12.8 million baht or 3.9% while shareholders' equity increased 131.3 million baht or 11.6%.

6. Commitments and Contingent Liabilities

As at December 31, 2015, the Group had commitments and contingent liabilities as follows:

The Company

1. Letter of guarantee issued by a bank in the amount to 22.80 million baht.

2. Commitments for payment under the agreements as follows:

2.1 Commitments for payment under the land rental agreement as follows:

<u>Period</u>	<u>Rental and service expense (Baht1,000)</u>
1 year	249
2-5 years	1,035
Over 5 years	2,640

2.2 Payments under the property development project agreement in the amount of 7.93 million baht.

2.3 Payment under the service agreement in the amount of 0.26 million baht per month.

2.4 Payments under the rental agreement for vehicles and machinery in the amount of 0.42 million baht per month.

2.5 Rental agreement for land related parties in the amount of 0.15 million baht per month, minimum lease payments under operating agreement are as follows:

<u>Period</u>	<u>Minimum lease payments (Baht1,000)</u>
1 year	4,182
2-5 years	22,686
Over 5 years	40,654

The Subsidiaries:

Payment under the property development project agreement in the amount of 41.6 million baht.

7. Share Capital

The Extraordinary General Meeting of Shareholders held on March 5, 2015, a resolution was passed authorizing increase in authorized share capital from 1,080 million baht to 2,230 million baht by issuing new 1,150,000,000 ordinary shares with the par value of 1 baht each and allocate to private placement at the offering price of 2 baht per share. The Company registered the increase in authorized share capital with the Ministry of Commerce on March 10, 2015.

The Company issued 87,214,444 ordinary shares offering to exercise warrants of existing shareholders of 87,214,444 warrants at price of 1 Baht per share and the Company registered the change of paid-up share capital from 910.58 million Baht to 997.79 million Baht with the Ministry of Commerce on March 10, 2015.

The Company issued 30,985,750 ordinary shares offering via private placement at price of 2 Baht per share and the Company registered the change of paid-up share capital from 997.79 million Baht to 1,028.78 million Baht with the Ministry of Commerce on July 3, 2015.

The Company issued 12,000,000 ordinary shares offering via private placement at price of 2 Baht per share and the Company registered the change of paid-up share capital from 1,028.78 million Baht with the Ministry of Commerce on August 7, 2015.

The Company issued 283,768 ordinary shares offering to exercise warrants of existing shareholders of 283,768 warrants at price 1 Baht per share and the Company registered the change of paid-up share capital from 1,040.78 million Baht to 1,041.06 million Baht with the Ministry of Commerce on October 5, 2015.