

## Management Discussion and Analysis: MD&A

### 1. Summary of Market Condition for the first quarter of 2016

Kasikorn Research Centre (April 29,2016) has disclosed Thailand economy for March 2016 and 1Q16 indicators reflected a patchy recovery in the Thai economy, it must be admitted that our export value resuming growth over the final two months of the quarter was a pleasant surprise. In particular, a higher export volume (+1.1 percent YoY) will add to favorable sentiment following continued expansion in foreign tourist arrivals (+15.4 percent YoY) and public spending (+8.3 percent YoY).

In 2Q16, KResearch holds the view that challenges lie in the government's ability to ensure that the intended effects of its stimulus packages are achieved and help lessen the impact of drought and global economic uncertainty. We have assessed that our economy may expand perhaps 2.8 percent YoY in 1H16. Healthier performance is expected during the latter half of the year with the aid of mid-year budgetary disbursements, plus other state stimuli and investment projects. Seasonal factors bolstering exports and tourism should also help. All things considered, we are hopeful that the Thai economy can grow probably 3.0 percent in 2016.

According to The Office of Industrial Economic, Table 1 showed the index for first quarter 2016 which was compared same period last year, overall picture shows the industrial sector still not recovery yet in year 2016 compared with same period of year 2015 especially capacity utilization rate lower 1.98%

**Table 1. Compared Preliminary Indicators for the First Quarter year 2015 and 2016**

(Annual average 2011 is base month, not seasonally adjusted)

Indicies	January – March 2015	January – March 2016	Change (%)
Production Index (Value added Weight)	113.28	112.06	-1.07
Production Index (Production Value Weight)	111.27	111.11	-0.17
Shipping Index	111.13	112.62	1.33
Finished goods Inventory Index	119.49	120.02	0.44
Finished goods Inventory Ratio Index	114.66	116.86	1.92
Capacity Utilization Rate	68.65	67.29	-1.98

Remark: Preliminary Figure of 56 industries.

Source : The Office of Industrial Economics.

Fiscal Policy Office, Ministry of Finance disclosed economic indicators on supply effected from expanding of tourism sector which for the first quarter of this year number of tourists expanded 15.5 percent on year For agriculture goods production index reduced -3.5 percent per year, agriculture productivity index reduced -1.9 percent per year. Thai Industries Sentiment Index(TISI) showed at 86.7 which was first time increased in three-month caused by industrial confidence factors such government's stimulate real estate sector, government's investment on infrastructure projects , a results those industries involved construction materials have increased their revenues and orders.

### Company Situation

In summarized of Thailand economy for the first quarter of year 2016 was still sluggish. Manufacturing sectors' capacity were not full yet due to decreased orders affected decline of wastes for treatment. Our waste treatment business can only maintain good relationship with present customers and also did find new customers in order to improved revenue. While the real estate sector also has impacted on slow-down economy especially upon Government Stimulus Package Project for lower-mid- income group to buy their first home or condo valued less than 3 million baht with lower interest from government's banks and very low land transfer fee from 2% down to 0.1%. For our B-Live (Tiwanon) Condo project also have quite a number of potential customers to apply for this Government Stimulus Package Project, unfortunately the majority of applied potential customers were disqualified after gone through Credit Bureau's appraisal. Resulted an actual sales of real estate business below the targeted.

## 2. Operating Results (Company and Subsidiaries)

Consolidated revenue in first quarter of 2016 amounted 1,074 million baht compared with 847 million baht same period last year, increased 227 million baht or 26.8 percent. Performance for the first quarter of 2016 was profitable 6.8 million baht compared same period year 2015 that was loss 5.9 million baht. Therefore, the performance of this first quarter 2016 is better than same period last year.

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

Service income for the first quarter of 2016 amounted 68.8 million baht compared same period last year was 59.4 million baht, increased 9.4 million baht or 15.8 percent. The cost of good for year 2016 at 63.8 percent compared first quarter last year was 70.1 percent, an decreased 8.9 percent main reasons were effectiveness of cost and expenses controlled while addition special jobs of cleaning have gained higher margin resulted the gross margin of this year was better than last year.

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

Revenue from real estate business for the first quarter of 2016 amounted 36.7 million baht compared same period last year was 22.8 million baht, an increased 13.9 million baht or 60.9 percent. Most of sales came from B-Live (Tiwanon) Condominium Project which has started revenue recognition since January 2016 onward totally 16 units amounted 20 million baht. The long time left-over Muangthong Bangna Condominium Project has sold 43 units amounted 8 million baht, and The Planery Sathon Condo sold one unit amount of 2 million baht.

Cost of goods for first quarter of 2016 was 60.7 percent compared with same period last year was 84.3 percent, decreased 23.6 or 28 percent. Resulted gross margin for this year was better that last year.

### (3) Other Income

Other income for the first quarter of 2016 was amounted 1.9 million baht , decreased from last year 0.6 million baht or 24 percent

### (4) Selling and Administrative Expenses

Selling and administrative expenses for the first quarter of 2016 was 30.5 million baht a 28.4 percent of total revenue compared with same period 2015 was 30 million baht or 35.4 percent. On percentage of revenue showed a better control and effectiveness of manage expenses for this year, so far, with 28.4 percent compared with 35.4 percent last year.

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

### (1) Total Assets

Company total assets as at March 31, 2016 amounted 1,604.1 million baht compared to 1,583.2 million baht as of December 31, 2015. The total asset increased 20.9 million baht or 1.3 percent

As at March 31, 2016 total assets consisted of:

- (1.1) Current assets amounted 1,015.8 million baht compared to 1,002 million baht as at December 31, 2015. An increased 13.8 million baht or 1.4 percent.
- (1.2) Non-current assets amounted 588.3 million baht compared to 581.2 million baht as at December 31, 2015. Increased 7.1 million baht or 1.2 percent.

### (2) Total Liabilities

Company has total liabilities as at March 31, 2016 amounted 328.7 million baht compared to 316.7 million baht as at December 31, 2015, increased 12 million baht or 3.8 percent. It consisted of:

- (2.1) Current liabilities amounted 290.2 million baht compared as at December 31, 2015 amount to 278.4 million baht, increased 11.8 million baht or 4.2 percent.
- (2.2) Non-current liabilities amounted 38.5 million baht compared as at December 31, 2015 amount to 38.3 million baht last year, increased 0.2 million baht or 0.5 percent.

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

#### (3.1) Current Ratio

Current ratio as at March 31, 2016 equaled 3.5 times compared 3.6 times as at December 31, 2015. The current ratio increased 0.1 times which resulted of an increased in total assets 13.8 million baht or 1.4 percent, and current liabilities increased 11.9 million baht or 4.3 percent.

#### (3.2) Debt to Equity Ratio

The Company has debt to equity ratio as at March 31, 2016 equaled 0.3 times compared 0.3 times as at December 31, 2015. Both equally same period.