

Management Discussion and Analysis: MD&A

1. Summary of Market Condition for the Second Quarter of 2016

Overall Economic:

Office of The National Economic and Social Development Board (NESDB) disclosed Thailand 's economic for the second quarter of 2016 has expanded more than the first quarter 3.2% after all the Bank of Thailand has reported the good sign of economic index in June 2016 came from the government spending budget has increased in second quarter while tourism sector was minor decelerated but was still expanding. The vital sector improved is agricultural sector after the drought problem caused by water stress has eliminated and the better margin of agriculture products resulted an improved farmers' income.

The production index for the second quarter expanded 1.5% better than first quarter which was minus 0.9%. This factor was one important support an expanded economic in the second quarter, while private investment was remained same as first quarter.

Exports in the second quarter was still declined minus 3.1% less than first quarter but when look at value export excluded gold for the second quarter was minus 5% while minus 5.1% for the first quarter. Exports sector still hold down Thai economy affected by the world economy problem. Exports for the first – half of 2016, therefore decelerated 1.6%.

Kasikorn Research Centre has forecasted housing demand will be decelerated for the rest of the year which 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% has ended on April 28, 2016 and after that the real estate business is back to normal in term of slowdown by weakening purchasing power. Under this situation, those existing new projects and remaining projects are heavily compete in price cutting strategic (competitor's customer acquisition strategic) in order to increase their revenues.

According to The Office of Industrial Economic, Table 1 shows the index for six months of 2016 compared same period last year, overall picture shown the industrial sector did not yet recovery compared with same period of year 2015 even though the positive signs of production index, and shipment index but the capacity utilization rate was still lower 0.12% than last year.

Table 1. Compared Preliminary Indicators for the first-half of year 2015 and 2016

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

Indicies	January – June 2015	January – June 2016	Change (%)
Production Index (Value added Weight)	109.10	109.34	0.23
Production Index (Production Value Weight)	107.54	108.65	1.03
Shipping Index	109.09	111.07	1.82
Finished goods Inventory Index	115.67	115.23	-0.37
Finished goods Inventory Ratio Index	113.48	113.37	-0.10
Capacity Utilization Rate	66.68	66.60	-0.12

Remark: Preliminary Figure of 56 industries.

Source : The Office of Industrial Economics.

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Company Situation:

Revenue from waste treatment business for the second quarter was better than the first quarter but very intense competition in the market. The company is still emphasized on better quality and image in order to maintain current customers while aiming for new customers as well. For real estate business, company's revenue was lower than first quarter due to the 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% has come to an end on April 28, 2016 causing May and June's purchasing power were dropped. At the same time, banks have tightened control on home loan to customers especially those who have mid-and-low income segments.

2. Operating Results (Company and Subsidiaries)

Second Quarter 2016

Consolidated revenue for the second quarter of 2016 amounted 107.2 million baht compared with 69.7 million baht same period last year, increased 37.5 million baht or 63.6 percent. Thus, loss for the period was amounted 6.1 million baht compared same period year 2015 that was loss 6.9 million baht.

(1) Services Income (Disposal, Landfill and Transportation)

Services income for the second quarter of 2016 amounted 72.1 million baht compared same period last year was 62.8 million baht, increased 9.3 million baht or 14.8 percent. The costs of services for year 2016 at 69.7 percent compared same period last year was 68.3 percent, an increased 1.4 .

(2) Real Estate Business Income

Revenue from real estate business for the second quarter of 2016 amounted 31.5 million baht compared same period last year was 6.8 million baht, an increased 24.7 million baht or 263.2 percent. Most of sales came from B-Live (Tiwanon) Condominium Project which has started revenue recognition since January 2016 onward. Sold of long time left-over Muangthong Bangna Condominium Project and a few of The Planery Sathon Condo. Costs of real estate for second quarter of 2016 was 65.9 percent compared with same period last year was 84.8 percent, decreased 22.2.

(3) Other Income

Other income for the second quarter of 2016 was amounted 3.6 million baht compared 0.2 million baht last year, an increased 3.5 million baht or 1,650 percent

(4) Selling and Administrative Expenses

Selling and administrative expenses for the second quarter of 2019 was 37.2 million baht a 34.7 percent of total revenue compared with same period 2015 was 25.2 million baht or 36.2 percent. On percentage of revenue showed a better control and effectiveness of manage expenses for this year. However, the caused of higher expenses of services business in this second quarter was a non-budgeted came from the Rental and Exclusive Right Contract of Samaedam & Rachaburi Plants with the Department of Industrial Works for the period of 10 years will be expiring on September 30, 2016, and then the Company has to repair and maintenance as well as replacement a new one for those buildings and equipments that belong to the DIW before the end of the Contract with the appraisal valued 9.3 million baht. Therefore, in the second quarter this extra-expenses will be booked as accrued liabilities caused loss for the period.

Six-Month Period:

Consolidated revenue for six-month period of 2016 amounted 214.7 million baht compared with 154.4 million baht same period last year, increased 60.3 million baht or 39.1 percent. Profit for the period was amounted 0.645 million baht compared same period year 2015 that was loss 12.826 million baht.

(1) Services Income (Disposal, Landfill and Transportation)

Services income for six-month period of 2016 amounted 140.9 million baht compared same period last year was 122.2 million baht, increased 18.7 million baht or 15.3 percent. The costs of services for year 2016 at 66.8 percent compared same period last year was 69.2 percent, an decreased 2.4

(2) Real Estate Business Income

Revenue from real estate business for six-month period of 2016 amounted 68.2 million baht compared same period last year was 29.5 million baht, an increased 38.7 million baht or 131.2 percent. Most of sales came from B-Live (Tiwanon) Condominium Project which has started revenue recognition since

January 2016 onward. Sold of long time left-over Muangthong Bangna Condominium Project and a few of The Planery Sathon Condo. Costs of real estate for six-month period of 2016 was 63.1 percent compared with same period last year was 84.4 percent, decreased 21.3.

(3) Other Income

Other income for six-month period of 2016 was amounted 5.6 million baht compared 2.7 million baht last year, an increased 2.9 million baht or 107.4 percent

(4) Selling and Administrative Expenses

Selling and administrative expenses for six-month period of 2019 was 67.7 million baht a 31.5 percent of total revenue compared with same period 2015 was 55.2 million baht or 35.9 percent. On percentage of revenue showed a better control and effectiveness of manage expenses for this year. However, the caused of higher expenses of services business in this second quarter was a non-budgeted came from the Rental and Exclusive Right Contract of Samaedam & Rachaburi Plants with the Department of Industrial Works for the period of 10 years will be expiring on September 30, 2016, and then the Company has to repair and maintenance as well as replacement a new one for those buildings and equipments that belong to the DIW before the end of the Contract with the appraisal valued 9.3 million baht. Therefore, in the second quarter this extra-expenses will be booked as accrued liabilities resulted the profit for six-month period was lower than forecasted.

3. Financial Status (The Company and Subsidiaries)

(1) Total Assets

Company total assets as at June 30, 2016 amounted 1,645.8 million baht compared to 1,583.2 million baht as of December 31, 2015. The total asset increased 62.6 million baht or 4.0 percent

As at June 30, 2016 total assets consisted of:

- (1.1) Current assets amounted 1,057 million baht compared to 1,002 million baht as at December 31, 2015. An increased 55 million baht or 5.5 percent.
- (1.2) Non-current assets amounted 588.7 million baht compared to 581.2 million baht as at December 31, 2015. Increased 7.5 million baht or 1.3 percent.

(2) Total Liabilities

Company has total liabilities as at June 30, 2016 amounted 375.9 million baht compared to 316.7 million baht as at December 31, 2015, increased 59.2 million baht or 18.7 percent. It consisted of:

- (2.1) Current liabilities amounted 338.9 million baht compared as at December 31, 2015 amount to 278.4 million baht, increased 60.5 million baht or 21.7 percent.
- (2.2) Non-current liabilities amounted 36.6 million baht compared as at December 31, 2015 amount to 38.3 million baht last year, decreased 1.7 million baht or 4.4 percent.

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

(3.1) Current Ratio

Current ratio as at June 30, 2016 equaled 3.1 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 55 million baht or 5.5 percent, and current liabilities increased 60.5 million baht or 21.7 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.