

(Management Discussion and Analysis for the Year 2016)

1. Operating Results (Company and Subsidiaries)

Year 2016

Consolidated revenue for the twelve months of year 2016 of both treatment of industrial waste business division and property development business division totally 378.6 million Baht compared with same period of year 2015 amounted 359.7 million Baht, increased the amount of 18.9 million Baht or 5.3 percent. For other income amounted 10.9 million Baht compared previously year 5.9 million Baht. Table below shows the share of revenues in 2016 comprised of Treatment of industrial waste business division represented 72.71%, Property development business division represented 24.50% and other income represented 2.79%. Year 2015, shares were Treatment of industrial waste business division represented 72.33%, Property development business division represented 26.05% and other income represented 1.62%. (See more details from Section 1 and Section 2)

**Table 1: Shared Comparison of revenues between year 2016 and 2015**

Year	Treatment of Industrial Waste	Property Development	Other Income	Total Revenues
2016	72.71%	24.50%	2.79%	100.00%
2015	72.33%	26.05%	1.62%	100.00%

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

Service income for twelve months of year 2016 amounted 283.1 million Baht compared same period last year amounted 264.5 million Baht, increased the amount of 18.6 million Baht or 7.03%.

Cost of goods for year 2016 was 65.39% of revenue when compared with same period last year was 66.08%, thus year 2016 was slightly improved 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 2016 amounted 95.4 million Baht compared same period last year was amounted 95.3 million Baht, increased the amount of 0.1 million Baht.

Cost of goods for year 2016 was lower than last year amounted 10.0 million Baht, the cost of goods was 64.05% compared last year was 74.63%. Most of the revenue came from the sales of recent projects which had higher profitability rate than passed projects.

**(3) Other income**

Other income for year 2016 was amounted 10.9 million Baht compared last year amounted 5.9 million Baht, increased the amount of 5.0 million Baht or 84.75%.

**(4) Selling and Administrative Expenses**

Selling and administrative expenses for twelve months of year 2016 was 123.7 million Baht or 31.76% of total revenues compared with last year was 110.4 million Baht or 30.69%. The selling and administrative expenses were increased from year 2015 amounted 13.3 million Baht. The company had accrued the amount of 9 million Baht for maintenance cost of the plant according the condition of renewal of the lease in September 2016.

**(5) Loss on impairments**

Company had loss on impairment of investment securities for sale amounted 9.7 million Baht and loss on impairment of real estate development costs amounted 15.7 million Baht. The loss on impairment of real estate development costs consisted of passed projects. Company has planned to close these projects within this year or develop these projects to properties for rent

**(5) Finance Costs**

Company had finance costs in year 2016 amounted 13.1 million Baht compared with same period last year amounted 11.2 million Baht, an increased 1.9 million Baht or 16.72%. The increase was due to the increased of long term debt which was spent to purchase of a new machine.

**(6) Statements of Comprehensive Income**

Profit (loss) for the year 2016 was amounted (23.82) million Baht compared last year was 0.67 million Baht, a decreased from last year amounted 24.49 million Baht or 3,655.22%. For total comprehensive income (loss) for year 2016 was loss amounted 11.74 million Baht compared last year was loss amounted 3.07 million Baht.

**Table 2: Comparison Statement of Comprehensive Income between year 2016 and 2015**

(Baht 1,000)

Items	2016	2015	±%
Revenue from service – Treatment of Industrial Waste	283,136	264,470	+7.06
Revenue from Property Development (Real Estate)	95,373	95,262	+0.12
Other Income	10,875	5,929	+83.42
<b>Total Revenues</b>	<b>389,384</b>	<b>365,661</b>	<b>+6.49</b>
<b>Expenses: - Cost of services</b>	<b>185,150</b>	<b>174,763</b>	<b>+5.94</b>
-Cost of goods (Real Estate)	61,086	71,098	-14.08
-Selling Expenses	15,823	14,935	+5.95
-Administrative Expenses	107,856	95,477	+12.97
-Loss on impairment of investment in securities for sale	9,706	0	+100.00
-Loss on impairment of real estate development costs	15,704	0	+100.00
-Finance Costs	13,108	11,230	+16.72
<b>Total Expenses</b>	<b>408,433</b>	<b>367,503</b>	<b>+11.14</b>
Profit (Loss) before income tax	(19,049)	(1,842)	-934.15
Tax income (expense)	(4,772)	2,513	-289.89
<b>Profit (Loss)for the year</b>	<b>(23,821)</b>	<b>672</b>	<b>-3,644.79</b>
<b>Other Comprehensive Income:</b>			
-Defined benefit plan actuarial loss	1,213	(1,905)	+163.67
-Gain(Loss) on revaluation of available-for-sale securities	1,157	(1,837)	+162.98
- Impairment loss on securities available for sale	9,706	0	+100.0
<b>Other comprehensive income (loss) for the year</b>	<b>12,076</b>	<b>(3,742)</b>	<b>+422.81</b>
<b>Total Comprehensive Income (Loss)</b>	<b>(11,745)</b>	<b>(3,070)</b>	<b>-282.57</b>

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

### (1) Total Assets

The Company has total assets as at December 31, 2016 amounted 1,651.4 million Baht compared with year 2015 amounted 1,583.2 million Baht, increased the amount of 68.2 million Baht or 4.31%. As at December 31, 2016 the total assets consisted of:

(1.1) Current assets amounted of 679.0 million Baht compared as at December 31, 2015 was amounted 1,001.9 million Baht, a decreased 322.9 million Baht or 32.23% (See Table 3).

**Table 3: The Comparison of Current Assets between Year 2516 and 2515** (Baht 1,000)

Items	2016	2015	±%
Cash and cash equivalents	60,664	76,876	-21.09
Trade and other receivables	80,821	71,472	+13.08
Cost of property development	531,154	852,096	-37.67
Supplies	799	750	+6.53
Deposit for purchase of land	5,361	0	+100.00
Other current assets	206	770	-73.25
<b>Total Current Assets</b>	<b>679,005</b>	<b>1,001,964</b>	<b>-32.23</b>

Trade and other receivables for the year 2016 amounted 80.82 million Baht compared with year 2015 was amounted 71.47 million Baht, increased the amount of 9.4 million Baht or 13.08%. For trade account receivables of year 2016 amounted 32.9 million Baht which provided allowance for doubtful accounts amounted 0.9 million Baht (2.74%), net trade account receivables amounted 32.0 million Baht compared with year 2015, trade account receivables was amounted 49.7 million Baht, allowance for doubtful accounts amounted 6.7 million Baht (13.48%), net trade account receivables amounted 43.0 million Baht.

For year ended of 2016, other receivables amounted 43.9 million Baht, allowance for doubtful accounted amounted 1.4 million Baht (3.19%), and year 2015 other receivables was amounted 23.1 million Baht, allowance for doubtful accounts amounted 1.4 million Baht (6.06%).

**Table 4: The Comparison Trade and Other Receivables between year 2016 and 2015**

(Baht 1,000)

Items	2016	2015	±%
Service business			
-Current	21,803	34,237	-36.32
-Overdue -Less than or up to 3 months	10,156	8,463	+20.00
-Over 3 months up to 6 months	284	343	-17.20
-Over 6 months up to 12 months	7	28	-75.00
-Over 12 months	638	6,631	-90.38
<b>Total</b>	<b>32,888</b>	<b>49,702</b>	<b>-33.83</b>
<u>Less</u> Allowance for doubtful accounts	(2,406)	(8,065)	+70.16
<b>Net Total</b>	<b>30,482</b>	<b>41,637</b>	<b>-26.79</b>

Cost of property development as at December 31, 2016 and 2015 (Table 5) consisted of:

**Table 5: Cost of Property Development**

(Baht 1,000)

Net book value as at January 1, 2015	577,745
Purchases/transfer in	351,398
Disposals/transfer for	(77,047)
Net book value as at December 31, 2015	852,096
Purchases/transfer in	57,262
Disposales/transfer out	(368,575)
Loss on impairment of real estate development costs	(9,629)
Net book value as at December 31, 2016	531,154

(1.2) Non-current assets as at December 31, 2016 amounted 972.4 million Baht compared with December 31, 2015 amounted 581.2 million Baht, increased the amount of 391.2 million Baht or 67.31% (see Table 6).

**Table 6: Comparison of Non-Current Assets between year 2016 and 2015**

(Baht 1,000)

Items	2016	2015	±%
Restricted deposits at financial institutions	1,956	756	+158.73
Investments in available-for-sale securities	8,452	7,295	+15.86
Buildings and land held for development	619,797	331,999	+86.69
Investment property	91,108	81,343	+12.00
Property, plant and equipment	218,198	135,489	+61.04
Intangible asset	4,177	17	+24,470.59
Deferred tax assets	7,674	7,603	+0.93
Other non-current assets	21,024	16,759	+25.45
<b>Total Non-Current Assets</b>	<b>972,386</b>	<b>581,260</b>	<b>+67.29</b>

## (2) Total Liabilities

Company's total liabilities as at December 31, 2016 amounted 396.6 million Baht compared same period last year was amounted 316.7 million Baht, increased 79.9 million baht or 25.23% (Table 7)

As at December 31, 2016 total liabilities consisted of:

(2.1) Current Liabilities amounted 298.0 million Baht compared same period last year was 278.4 million Baht, increased the amount of 19.6 million Baht or 7.04%.

(2.2) Non-current liabilities as at December 31, 2016 amounted 98.6 million Baht compared same period of 2015 was amounted 38.3 million Baht, increased the amount of 60.3 million Baht or 157.44%. The increase was due to the long term debt amounted 61.48 million baht to purchase a new machine.

**Table 7: Comparison Total Liabilities between year 2016 and 2015** (Baht 1,000)

Items	2016	2015	±%
<b>Current Liabilities:</b>			
- Short-term loans	208,462	200,000	+4.23
- Trade and other payables	83,951	78,255	+7.28
- Long-term loans from financial institutions due within one year	5,519	0	+100.00
- Obligations under finance leases current portion due within one year	114	108	+5.56
<b>Total Current Liabilities</b>	<b>298,046</b>	<b>278,363</b>	<b>+7.07</b>
<b>Non-Current Liabilities:</b>			
- Long-term loans from financial institutions-net of current portion due with one year	61,481	0	+100.00
- Obligations under finance leases-net of current portion due within one year	118	231	-48.92
- Employee benefit obligations	2,960	4,116	-28.09
- Other non-current liabilities	34,000	34,000	0
<b>Total Non-Current Liabilities</b>	<b>98,559</b>	<b>38,347</b>	<b>+157.02</b>
<b>Total Liabilities</b>	<b>396,606</b>	<b>316,710</b>	<b>+25.23</b>

### (3) Investment in Subsidiaries

The Company has hold 99.99% of shareholders of four companies that are Asia Patana Land Co., Ltd (AP), Industrial Waste Management (Asia) Co., Ltd (IWMA). , Genco Renewable Co., Ltd (GR). And Genco Clean Energy Co., Ltd (GC). AP is in real estate business. It has developed 5 property projects, consist of 3 projects as properties for sale and 2 projects as properties for rent. IWMA is in waste management business. IWMA is now developing a new waste management project in Khao Mai Kaew, Chonburi. GR and GC were setup to apply for licenses of power plant from the Energy Regulatory Commission (ERC). Both GR and GC is now in the process of appealing for the licenses.

**Table 8: Comparison of Investment in Subsidiaries between year 2016 and 2015**

(Baht 1,000)

Items	2016	2015	±%
Asia Patana Land Co., Ltd.	430,000	430,000	0
Industrial Waste Management (Asia) Co., Ltd.	200,000	200,000	0
Genco Renewable Co., Ltd.	14,000	0	100.00
Genco Clean Energy Co., Ltd.	14,000	0	100.00
Less Loss on impairment of investment	(79,892)	(79,892)	0
<b>Total</b>	<b>578,108</b>	<b>550,108</b>	<b>+5.09</b>

### 3. Liquidity (The Company and Subsidiaries)

#### (1) Current Ratio

The Company has current ratio as at December 31, 2016 equal to 2.3 compared to 3.6 as at December 31, 2015, a decreased current ratio 1.3 due to the decreased of current assets amounted 322.9 million baht or decreased 32.2% while current liabilities increased 19.7 million baht or 7.1%.

#### (2) Debt to Equity Ratio

The Company has debt to equity ratio as at December 31, 2016 equals to 0.32 compared with 0.25 as at December 31, 2015 an increased on ratio of total liabilities and shareholders' equity 0.07 due to an increased of total liability 79.9 million baht or 0.2% while shareholders' equity increased 68.2 million baht or 4.3%. The total debt of the company was increased due to an investment of RDF project in Map Ta Phut industrial estate, the company took loan amount of 61.4 million baht.

### 4. Summary total business transactions in the twelve months of 2016

Year 2016, Company has deferred tax assets amounted 7.673 million Baht compared with year 2015 amounted 7.603 million Baht.

**Table 9: The comparison of deferred tax assets between year 2016 and 2015** (Baht 1,000 )

Items	2016	2015	±%
Trade and other receivables	372	1,494	-75.1
Inventory	536	536	0
Real estate development costs	2,933	2,800	+4.7
Employee benefit obligations	591	823	-28.2
Shot-term provisions	1,617	129	+1,153.5
Tax losses carried forward	1,172	1,172	0

Items	2016	2015	±%
Others	452	649	-30.3
<b>Total</b>	<b>7,673</b>	<b>7,603</b>	<b>+0.9</b>

Income tax calculated from the differ deferred tax assets between year 2016 and 2015 amounted 7.673 million baht and 7.603 million Baht respectively. Tax expense for year 2016 amounted 4.772 million Baht compared year 2015 amounted 2.513 million Baht. (see Statement of Comprehensive Income)

**Table 10: The comparison of income tax between year 2016 and 2015** (Baht 1,000)

Items	2016	2015	±%
Current Tax:			
-Current year	(5,145)	(2,294)	+124.3
Deferred Tax:			
-Tax income (expense) movement in temporary differences	373	4,807	-92.2
<b>Tax income (expense) recognized in profit or loss</b>	<b>(4,772)</b>	<b>2,513</b>	<b>-289.9</b>

## 5. Commitments and Contingent Liabilities

As at December 31, 2016, the Group had commitments and contingent liabilities as follows:

### The Company

1. Letter of guarantee issued by a bank for Guarantees lease and Waste treatment services contract in the amount to 41.5 and 22.8 million baht respectively.
2. Letter of guarantee issued by a bank for Purchasing equipment from abroad and Preparation utility in the amount to 13.7 and 0.8 million baht respectively.
3. Commitments Capital expenditure in the amount to 46.5 and 41.6 million baht respectively.

## 6. The Investment Update in 2016

- Genco has started the RDF project in year 2016. This project is located in Map Ta Phut industrial estate, Rayong. The machine was imported from Finland and has arrived to Thailand in year 2016. The factory is still in the process of construction. The factory is estimated to be complete at the end of Q2, 2017. The plant is expected to be fully operated by Q3, 2017.

- A new landfill in Ratchaburi Waste Management Center. Genco has started a new landfill project after the renewal of the lease contract. The landfill is designed for non-hazardous industrial waste. The design process has begun since January 2017. Genco is applying for a permit and expect to start the construction in Q2, 2017. The landfill is expected to be ready within 2017.



## 7. Share Capital

The Annual General Meeting of Shareholders held on April 29, 2016, a resolution was passed authorizing decrease in authorized share capital from 2,230 million baht to 1,092 million baht by cancelling the unissued ordinary shares in total of 1,138 million shares with the par value of 1 baht. Another resolution was passed authorizing increase in authorized share capital from 1,092 million baht to 1,190 million baht by issuing 98 million ordinary shares with par value of 1 baht to support the change of exercise ratio of warrants of GENCO No.1 (GENCO-W1). The Company registered the increase in authorized share capital with the Ministry of Commerce on May 16, 2016.

The Company issued 31,529 ordinary shares offering to exercise warrants of existing shareholders of 20,000 warrants at price of 1 Baht per share and the Company registered the change of paid-up share capital from 1,041.06 million Baht to 1,041.10 million Baht with the Ministry of Commerce on July 21, 2016.

On the December 31, 2016, number of unexercised warrant is 94,242,678 units.