

Management Discussion and Analysis: MD&A

1. Company Situation

Revenue from the waste treatment business for Q1/2017 slightly decreased compare to Q1/2016 because of the production cut of our customers in some industries. However, the company has expanded to new customers as well as has developed in waste treatment processes allowing new wastes to be treated. The invested projects in 2016 has been delayed due to the duration of acquiring permits and construction. The project is expected to be completed by Q3/2017. Moreover, the company is now preparing to get a permission to build a new non-hazardous waste landfill according to the policy of renewing the lease agreement from the Department of Industrial Works. This project is expected to complete the construction within 5 months after the permits from related authorities have been approved. By the time that both projects have been completed, the company will be able to provide full waste treatment services to our customers. Revenue from real estate business for Q1/2017 decreased 66.5 percent compared to Q1/2016 due to the slowdown of the market from Q4/2016. However, revenue of real estate business is expected to increase in Q2/2017 as the number of project visitors has increased significantly in Q1/2017. Furthermore, the company has invested in developing in the ERP system to increase the efficiency and cost control. At the same time the company is developing new logistic to provide services to small customers (SME). This will help us to expand to new customers as well as bring the SMEs to the correct waste treatment system.

2. Operating Results (Company and Subsidiaries)

Consolidated revenue for Q1/2017 of 77.0 million baht compared with Q1/2016 of 107.4 million baht, decreased 30.4 million baht or 28.3 percent. The company reported loss for Q1/2017 of 1.8 million baht compared with reported profit for Q1/2016 of 6.8 million baht.

(1) Service Income – waste treatment business (Disposal-Landfill and transportation)

For Q1/2017, the company had the revenue, from waste treatment business, of 63.0 million baht, decreased 5.8 million baht or 8.4 percent compared with Q1/2016. The cost of good was 66.7 percent for Q1/2017.

(2) Real Estate Business Income

For Q1/2017, the company had revenue, from real estate business, of 12.3 million baht, decreased 24.4 million baht or 66.5 percent compared with Q1/2016. The cost of good was 65.6 percent.

(3) Other Income

For Q1/2017, the company had other income of 1.7 million baht, decreased 0.2 million baht or 12.3 percent compared with Q1/2016.

(4) Selling and Administrative Expenses

For Q1/2017, the company had selling and administrative expenses of 25.2 million baht, decreased 5.3 million baht or 17.4 percent compared with Q1/2016. The selling and administrative expenses was approximately 32.7 percent of the total company revenue compared to 28.4 percent for the same period of year 2016.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company total assets as of March 31, 2017 was 1,629.6 million baht, decreased 21.7 million baht or 1.3 percent compared to the total assets as of December 31, 2016.

(1.1) Current Assets

As at March 31, 2017 current assets amounted 648.4 million baht, decreased 30.6 million baht or 4.5 percent compared to current assets as of December 31, 2016. Cash decreased by 7.1 million baht while trade and other receivable decreased 17.3 million baht. The receivable was mainly from the other receivable amounted 17.8 million baht.

(1.2) Non-Current Assets

As at March 31, 2017 non-current assets amounted 981.2 million baht, increased 8.8 million baht or 0.9 percent compared to non-current assets as of December 31, 2016. The major change was mainly from the increased of property, plant and equipment. 9.3 million baht.

(2) Total Liabilities

Company total liabilities as of March 31, 2017 was 376.4 million baht, decreased 20.2 million baht or 5.1 percent compared to the total liabilities as of December 31, 2016.

(2.1) Current Liabilities

As at March 31, 2017 current liabilities amounted 280.5 million baht, decreased 17.5 million baht or 5.9 percent compared to current liabilities as of December 31, 2016.

(2.2) Non-Current Liabilities

As at March 31, 2017 non-current liabilities amounted 95.9 million baht, decreased 2.6 million baht or 2.7 percent compared to non-current liabilities as of December 31, 2016. The major change was the long-term loan from the financial institution amounted 3.4 million baht.

(3) Shareholders' Equity

Total shareholders' equity as of March 31, 2017 was 1,253.2 million baht, decreased 1.6 million baht or 0.1 percent compared to total shareholders' equity as of December 31, 2016.

(4) Cash flows (Company and Subsidiaries)

Million Baht	three-month period	
	2017	2016
Cash and Cash Equivalent on 1st January	60.6	76.8
Net Cash Provided (Used in) Operating Activities	22.7	19.0
Net Cash Provided (Used in) Investing Activities	10.0	(38.8)
Net Cash Provided (Used in) Financing Activities	(39.8)	17.0
Net Cash Increased (Decreased)	(7.1)	(2.8)
Cash and Cash Equivalent on 31st March	53.5	74.1

- (4.1) Cash Flows from Operating Activities
Net cash provided from operating activities was 22.7 million baht for the three-month period as at March 31, 2017. Trade and other receivables was 17.4 million baht and Depreciation was 5.9 million baht.
- (4.2) Cash Flows from Investing Activities
Net cash provided from investing activities was 10.0 million baht for the three-month period as at March 31, 2017. Advance received from the sale of land and building awaiting development 21.9 million baht.
- (4.3) Cash Flows from Financing Activities
Net cash used in financing activities was 39.8 million baht for the three-month period as at March 31, 2017. The company has repayment of short term loan 95 million baht.

	Date	
	31 March 2017	31 December 2016
Current Ratio	2.3	2.3
Debt to Equity Ratio	0.3	0.3