

Management Discussion and Analysis: MD&A

1. Company Situation

Revenue from the waste treatment business for Q3/2017 has slightly decreased due to the maintenances of both Samaedum and Map Ta Put factories, especially Map Ta Put factory had to delay the service in August and September. The maintenances have finished and both factories are now ready to receive the waste as usual. The new factory in Map Ta Put (RDF) has finished. The machine will have a performance test in October and then the company will apply for a factory operation license further in Q4/2017. The progress of a new non-hazardous waste landfill is approximately 50 percent, it is expected to be complete within Q4/2017. GENCO and OTANI (Japan) have reached an agreement to invest in a pre-treatment factory. A new company will be registered with GENCO holding 60 percent and OTANI holding 40 percent (by OTANI subsidiary registered company in Singapore). After two years of working together in both marketing and investment plan, a construction of the new pre-treatment factory is expected to begin early 2018 and the construction is expected to be complete in 6 months. Real estate business in Q3/2017 is slightly better compare to Q1/2017 and Q2/2017. Muang Thong Bnag-na project has been sold more than 80 percent and it is expected to complete all the sales in Q4/2017. The implementation of ERP system is almost complete. Some small changes have to be made and the company has set to fully shift to ERP system at the beginning of 2018.

2. Operating Results (Company and Subsidiaries)

Consolidated revenue for Q3/2017 of 95.0 million baht compared with Q3/2016 of 92.8 million baht, increased 2.2 million baht or 2.4 percent. The company reported profit for Q3/2017 of 4.7 million baht compared with reported loss for Q3/2016 of 0.4 million baht.

For the nine-month period of 2017, the consolidated revenue was 268.0 million baht, decreased 39.4 million baht or 12.8 percent compared with the same period of 2016. The waste treatment revenue decreased 8.4 million baht and real estate business revenue decreased 31.4 million baht.

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

For Q3/2017, the company had the revenue, from waste treatment business, of 67.3 million baht, decreased 5.7 million baht or 7.8 percent compared with Q3/2016. The cost of good was 68.1 percent for Q3/2017.

(2) Real Estate Business Income

For Q3/2017, the company had revenue, from real estate business, of 23.4 million baht, increased 6.4 million baht or 37.5 percent compared with Q3/2016. The cost of good was 59.5 percent.

(3) Other Income

For Q3/2017, the company had other income of 4.3 million baht, increased 1.5 million baht or 56.1 percent compared with Q3/2016.

(4) Selling and Administrative Expenses

For Q3/2017, the company had selling and administrative expenses of 27.8 million baht, increased 0.6 million baht or 2.1 percent compared with Q3/2016. The selling and administrative expenses was approximately 29.3 percent of the total company revenue compared to 29.4 percent for the same period of year 2016.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company total assets as of September 30, 2017 was 1,646.4 million baht, decreased 4.9 million baht or 0.3 percent compared to the total assets as of December 31, 2016.

(1.1) Current Assets

As at September 30, 2017 current assets amounted 623.3 million baht, decreased 55.6 million baht or 8.2 percent compared to current assets as of December 31, 2016. Cash decreased by 16.8 million baht while trade and other receivable decreased 10.2 million baht. The receivable was mainly from the decreased of the other receivable amounted 12.3 million baht.

(1.2) Non-Current Assets

As at September 30, 2017 non-current assets amounted 1,023.1 million baht, increased 50.7 million baht or 5.2 percent compared to non-current assets as of December 31, 2016. The major change was mainly from the increased of property, plant and equipment. 47.7 million baht.

(2) Total Liabilities

Company total liabilities as of September 30, 2017 was 302.4 million baht, decreased 94.2 million baht or 23.8 percent compared to the total liabilities as of December 31, 2016.

(2.1) Current Liabilities

As at September 30, 2017 current liabilities amounted 172.2 million baht, decreased 125.8 million baht or 42.2 percent compared to current liabilities as of December 31, 2016. The major change was payment of short-term loans to financial institutions amounted 143.5 million baht.

(2.2) Non-Current Liabilities

As at September 30, 2017 non-current liabilities amounted 130.1 million baht, increased 31.6 million baht or 32.1 percent compared to non-current liabilities as of December 31, 2016. The major change was Long-term loans from financial institutions - net of current portion amounted 30.8 million baht.

(3) Shareholders' Equity

Total shareholders' equity as of September 30, 2017 was 1,344.0 million baht, increased 89.3 million baht or 7.1 percent compared to total shareholders' equity as of December 31, 2016.

(4) Cash flows (Company and Subsidiaries)

Unit : Million Baht

Million Baht	nine-month period	
	2017	2016
Cash and Cash Equivalent on 1st January	60.6	76.8
Net Cash Provided (Used in) Operating Activities	45.4	14.3
Net Cash Provided (Used in) Investing Activities	(38.7)	(105.5)
Net Cash Provided (Used in) Financing Activities	(23.5)	78.9
Net Cash Increased (Decreased)	(16.8)	(12.3)
Cash and Cash Equivalent on 30th September	43.8	64.5

- (4.1) Cash Flows from Operating Activities
Net cash provided from operating activities was 45.4 million baht for the nine-month period as at September 30, 2017. Trade and other receivables was 14.6 million baht and depreciation was 18.0 million baht.
- (4.2) Cash Flows from Investing Activities
Net cash used from investing activities was 38.7 million baht for the nine-month period as at September 30, 2017. Advance received from the sale of land and building awaiting development 21.9 million baht and purchases of property, plant and equipment 61.6 million baht.
- (4.3) Cash Flows from Financing Activities
Net cash used in financing activities was 23.5 million baht for the nine-month period as at September 30, 2017. The company has repayment of long term loan 43.0 million baht, payments for short-term loans 145 million baht and acceptance of capital increase ordinary shares 81.2 million baht.

Unit : Times

	Date	
	30 September 2017	31 December 2016
Current Ratio	3.6	2.3
Debt to Equity Ratio	0.2	0.3