

Management Discussion and Analysis for the Year 2017

1. Operating Results (Company and Subsidiaries)

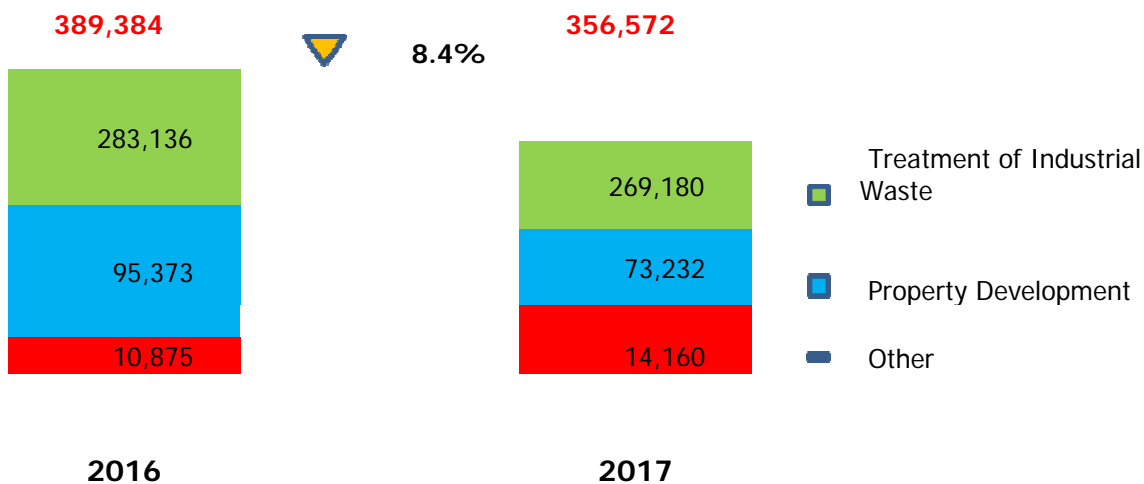
Consolidated revenue for the twelve months of year 2017 of both treatment of industrial waste business division and property development business division is 342.4 million Baht compared with same period of year 2016 amounted 378.6 million Baht, decreased the amount of 36.2 million Baht or 9.6 percent. For other income amounted 14.2 million Baht compared previously year 10.9 million Baht. Table below shows the share of revenues in 2017 comprised of treatment of industrial waste business division represented 75.49%, property development business division represented 20.54% and other income represented 3.97%. Year 2016, the treatment of industrial waste business division represented 72.71%, property development business division represented 24.50% and other income represented 2.79%. (See more details from Section 1 and Section 2)

Table 1: Shared Comparison of revenues between year 2017 and 2016

Year	Treatment of Industrial Waste	Property Development	Other Income	Total Revenues
2017	75.49%	20.54%	3.97%	100.00%
2016	72.71%	24.50%	2.79%	100.00%

Comparison of Total Revenues Year 2017 and 2016

Unit : Baht 1,000



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

Service income for twelve months of year 2017 amounted 269.2 million Baht compared same period last year amounted 283.1 million Baht, decreased the amount of 13.9 million Baht or 4.91%. Decrease in service income since the company's major customers have relocated their business and some customers had reduced production in the first half of 2017.

Cost of goods for year 2017 was 67.38% of revenue when compared with same period last year was 65.39%, thus year 2016.

(2) Revenue from Property Development Business Division

Revenue from property development (real estate) business division for year 2017 amounted 73.2 million Baht compared same period last year was amounted 95.4 million Baht, decreased the amount of 22.2 million Baht. Real estate revenue was lower than last year. Customers have postponed their decision to buy property due to the slowdown of domestic economy.

Cost of goods for year 2017 was lower than last year amounted 16.0 million Baht, the cost of goods was 61.52% compared last year was 64.05%. Most of the revenue came from the sales of recent projects which had higher profitability than passed projects.

(3) Other income

Other income for year 2017 was amounted 14.2 million Baht compared last year amounted 10.9 million Baht, increased the amount of 3.3 million Baht or 30.21%. Other income increased due to the better control of selling unused materials and unused equipment.

(4) Selling and Administrative Expenses

Selling and administrative expenses for twelve months of year 2017 was 114.4 million Baht or 32.09% of total revenues compared with last year was 123.7 million Baht or 31.76%. The selling and administrative expenses were decreased from year 2016 amounted 9.3 million Baht.

(5) Loss on impairments

Company has no impairment loss on available-for-sale investments and no impairment of real estate development costs in 2017. Compared to 2016, the company had loss on impairment of investment insecurities for sale amounted 9.7 million Baht and loss on impairment of real estate development costs amounted 15.7 million Baht in 2016

(6) Finance Costs

Company had finance costs in year 2017 amounted 7.1 million Baht compared with same period last year amounted 13.1 million Baht, an decreased 6.0 million Baht or 45.5%. Finance costs decreased due to repayments of short-term loans from financial institutions so interest expenses have decreased.

(7) Statements of Comprehensive Income

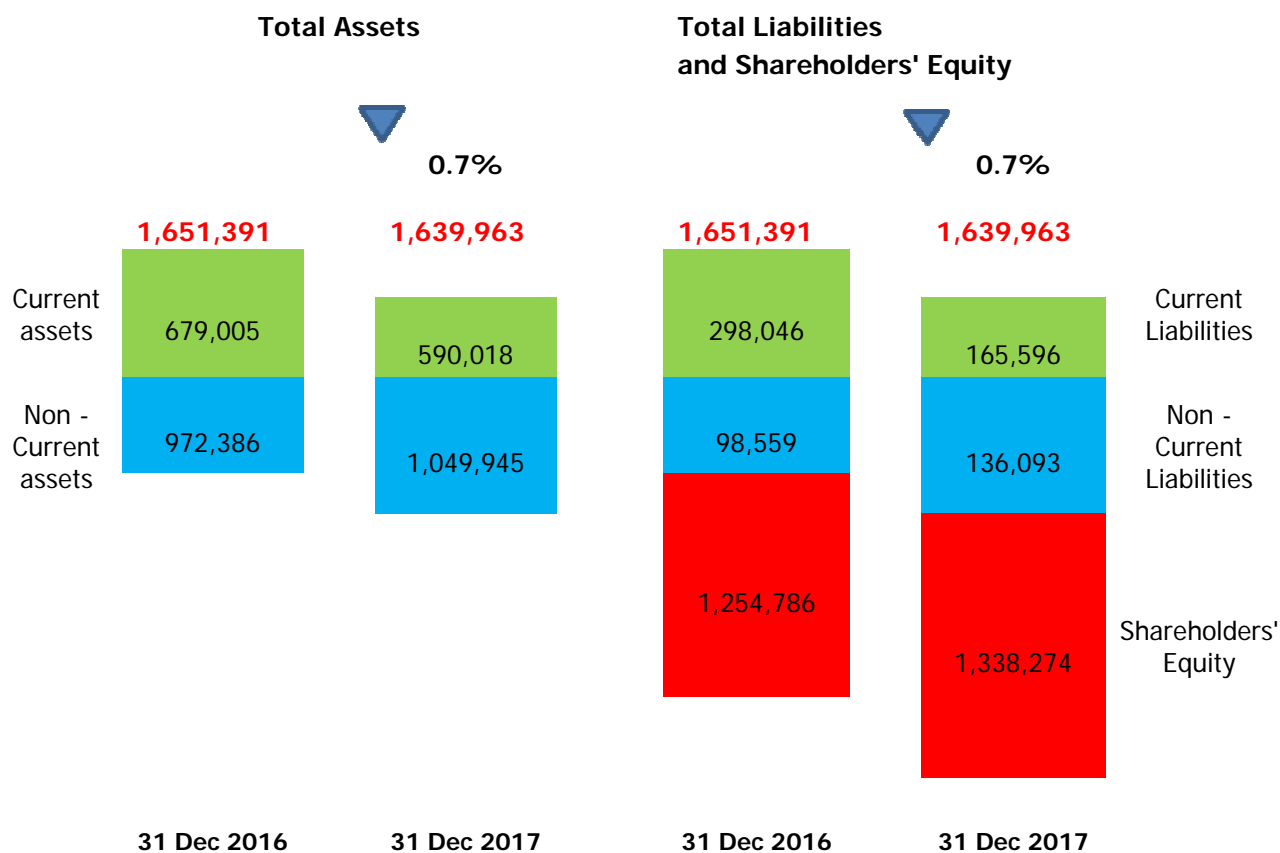
Profit for the year 2017 was amounted 4.38 million Baht compared last year was loss amounted 23.82 million Baht, a increased from last year amounted 28.2 million Baht or 118.39%. For total comprehensive income (loss) for year 2017 was profit amounted 2.29 million Baht compared last year was loss amounted 11.74 million Baht.

Table 2: Comparison Statement of Comprehensive Income between year 2017 and 2016 (Baht 1,000)

Items	2017	2016	±%
Revenue from service – Treatment of Industrial Waste	269,180	283,136	-4.93
Revenue from Property Development (Real Estate)	73,232	95,373	-23.22
Other Income	14,160	10,875	+30.21
Total Revenues	356,572	389,384	-8.43
Expenses: - Cost of services	181,371	185,150	-2.04
-Cost of goods (Real Estate)	45,051	61,086	-26.25
-Selling Expenses	15,321	15,823	-3.17
-Administrative Expenses	99,115	107,856	-8.10
-Loss on impairment of investment in securities for sale	0	9,706	-100.00
-Loss on impairment of real estate development costs	0	15,704	-100.00
-Finance Costs	7,144	13,108	-45.50
Total Expenses	348,002	408,433	-14.80
Gain (loss) before loss on investments in associates and income tax expenses.	8,570	(19,049)	+144.99
Share of loss from investments in associates	(36)	0	-100.00
Profit (Loss) before income tax	8,534	(19,049)	+144.80
Tax income (expense)	(4,155)	(4,772)	-12.93
Profit (Loss)for the year	4,379	(23,821)	+118.38
Other Comprehensive Income:			
- Profit (loss) on mathematical projections Insurance for Employee Benefits Scheme	(1,215)	1,516	-180.15
- Income tax on profit (loss)	243	(303)	+180.20
Actuarial gain for employee benefit plan			
- Unrealized gain (loss) on change	(1,120)	1,157	-196.80
Value of investments in available-for-sale securities			
-Adjustment for loss on changes in fair value Available-for-sale securities are impairment losses.	0	9,706	-100.00
Other comprehensive income (loss)	(2,092)	12,076	-117.32
Total Comprehensive Income (Loss) for the year	2,287	(11,745)	+119.47

2. Financial Status (The Company and Subsidiaries)

Unit : Baht 1,000



(1) Total Assets

The Company has total assets as at December 31, 2017 amounted 1,639.9 million Baht compared with year 2016 amounted 1,651.4 million Baht, decreased the amount of 11.5 million Baht or 0.70%. As at December 31, 2017 the total assets consisted of:

(1.1) Current assets amounted of 590.0 million Baht compared as at December 31, 2016 was amounted 679.0 million Baht, decreased 89.0 million Baht or 13.10% (See Table 3)

Table 3: The Comparison of Current Assets between Year 2517 and 2516

(Baht 1,000)

Items	2017	2016	±%
Cash and cash equivalents	24,299	60,664	-59.94
Trade and other receivables	73,269	80,821	-9.34
Cost of property development	491,401	531,154	-7.48
Supplies	536	799	-32.92
Deposit for purchase of land	0	5,361	-100.00
Other current assets	513	206	+149.03
Total Current Assets	590,018	679,005	-13.10

Trade and other receivables for the year 2017 amounted 73.27 million Baht compared with year 2016 was amounted 80.82 million Baht, decreased the amount of 7.5 million Baht or 9.34%. For trade account receivables of year 2017 amounted 38.9 million Baht which provided allowance for doubtful accounts amounted 1.2 million Baht (3.08%), net trade account receivables amounted 37.7 million Baht compared with year 2016, trade account receivables was amounted 32.9 million Baht, allowance for doubtful accounts amounted 0.9 million Baht (2.74%), net trade account receivables amounted 32.0 million Baht.

For year ended of 2017, other receivables amounted 32.4 million Baht, allowance for doubtful accounted amounted 1.4 million Baht (4.32%), and year 2016 other receivables was amounted 43.9 million Baht, allowance for doubtful accounts amounted 1.4 million Baht (3.19%).

Table 4: The Comparison Trade and Other Receivables between year 2017 and 2016

(Baht 1,000)

Items	2017	2016	±%
Service business			
-Current	27,003	21,803	+23.85
-Overdue – Less than or up to 3 months	10,698	10,156	+5.34
-Over 3 months up to 6 months	198	284	-30.28
-Over 6 months up to 12 months	291	7	+4,057.14
- Over 12 months	699	638	+9.56
Total	38,889	32,888	+18.25
<u>Less</u> Allowance for doubtful accounts	(1,189)	(929)	+27.99
Net Total	37,700	31,959	+17.96

Cost of property development as at December 31, 2017 and 2016 (Table 5) consisted of:

Table 5: Cost of Property Development

(Baht 1,000)

Net book value as at January 1, 2016	852,096
Purchases/transfer in	57,262
Disposals/transfer for	(368,575)
Loss on impairment of real estate development costs	(9,629)
Net book value as at December 31, 2016	531,154
Purchases/transfer in	5,298
Disposales/transfer out	(53,463)
Reversal of loss on diminution in value of real estate development costs	8,412
Net book value as at December 31, 2017	491,401

(1.2) Non-current assets as at December 31, 2017 amounted 1,049.9 million Baht compared with December 31, 2016 amounted 972.4 million Baht, increased the amount of 77.6 million Baht or 7.98% (see Table 6)

Table 6: Comparison of Non-Current Assets between year 2017 and 2016 (Baht1,000)

Items	2017	2016	±%
Restricted deposits at financial institutions	756	1,956	-61.35
Investments in available-for-sale securities	7,332	8,452	-13.25
Investment in associated company	564	0	+100.00
Buildings and land held for development	619,797	619,797	0
Investment property	87,280	91,108	-4.20
Property, plant and equipment	282,215	218,198	+29.34
Intangible asset	4,916	4,177	+17.69
Deferred tax assets	6,087	7,674	-20.68
Other non-current assets			
-Cost of landfill preparation	20,082	0	+100.00
-Income tax withheld	17,215	17,258	-0.25
-Others	3,701	3,766	-1.73
Total Non-Current Assets	1,049,945	972,386	+7.98

(2) Total Liabilities

Company's total liabilities as of December 31, 2017 amounted 301.7 million Baht compared same period last year was amounted 396.6 million Baht, decreased 94.9 million baht or 23.93% (Table 7)

As of December 31, 2017 total liabilities consisted of:

(2.1) Current Liabilities amounted 166.0 million Baht compared same period last year was 298.0 million Baht, decreased the amount of 132.4 million Baht or 44.44% The decrease was mainly due to in repayment of short-term loans from financial institutions.

(2.2) Non-current liabilities as of December 31, 2017 amounted 136.1 million Baht compared same period of 2016 was amounted 98.6 million Baht, increased the amount of 37.5 million Baht or 38.1%. The increase of non-current liability was due to the long term debt which was used for purchasing a new machine and building a new factory at Map Ta Put.

Table 7: Comparison Total Liabilities between year 2017 and 2016

(Baht 1,000)

Items	2017	2016	±%
Current Liabilities:			
-Short-term loans	50,000	208,462	-76.01
-Trade and other payables	75,746	83,951	-9.77
- Advance received from the sale of land and buildings awaiting development	21,984	0	+100.00
-Long-term loans from financial institutions due within one year	17,528	5,519	+217.59
-Obligations under finance leases current portion due within one year	338	114	+196.49
Total Current Liabilities	165,596	298,046	-44.44
Non-Current Liabilities:			
-Long-term loans from financial institutions-net of current portion due with one year	97,043	61,481	+57.84
-Obligations under finance leases-net of current portion due within one year	514	118	+335.59
-Employee benefit obligations	4,536	2,960	+53.24
-Other non-current liabilities	34,000	34,000	0
Total Non-Current Liabilities	136,093	98,559	+38.08
Total Liabilities	301,689	396,606	-23.93

(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 to the office of the Ombudsman Thailand.

Table 8: Comparison of Investment in Subsidiaries between year 2017 and 2016

(Baht 1,000)

Items	2017	2016	±%
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	14,000	0
Genco Clean Energy Co., Ltd.	14,000	14,000	0
Less Loss on impairment of investment	(79,892)	(79,892)	0
Total	578,108	578,108	0

(4) Investment in associated company

The Company has entered into a joint venture agreement with Otani (s) Pte. Ltd to set up a company called “Genco Otani Company Limited”(GO) in accordance with the terms of the joint venture agreement. The company invests in the pre-treatment for wastewater factory. The Company holds 59,997 ordinary shares with a par value of Baht 10 each, representing 60% of the total value of Baht 0.6 million baht.

3. Liquidity (The Company and Subsidiaries)

(1) Current Ratio

The Company has current ratio as of December 31, 2017 equal to 3.6 compared to 2.3 as of December 31, 2016, a increased current ratio 1.3 due to the decreased of current assets amounted 89.0 million baht or decreased 13.1% while current liabilities decreased 132.5 million baht or 44.4%. The real estate development cost was decreased by 40 million and amortization of deposit of Pinthong land Baht 5.4 million. The current liability has considerably decreased due to the repayment of short-term loans from financial institutes amounted 158.5 million baht.

(2) Debt to Equity Ratio

The Company has debt to equity ratio as of December 31, 2017 equals to 0.23 compared with 0.32 as at December 31, 2016 an decreased on ratio of total liabilities and shareholders' equity 0.09 due to an decreased of total liability 94.9 million baht or 23.9% while shareholders' equity increased 83.5 million baht or 6.6%.

4. Summary total business transactions in the twelve months of 2017

Year 2017, Company has deferred tax assets amounted 6.087 million Baht compared with year 2016 amounted 7.673 million Baht.

Table 9: The comparison of deferred tax assets between year 2017 and 2016 (Baht 1,000)

Items	2017	2016	±%
Trade and other receivables	423	372	+13.71
Inventory	536	536	0
Real estate development costs	1,317	2,933	-55.10
Employee benefit obligations	907	592	+53.21
Shot-term provisions	1,319	1,617	-18.43
Tax losses carried forward	1,172	1,172	0
Others	413	452	-8.63
Total	6,087	7,674	-20.68

Income tax calculated from the differ deferred tax assets between year 2017 and 2016 amounted 6.087 million baht and 7.674 million Baht respectively. Tax expense for year 2017 amounted 4.156 million Baht compared year 2016 amounted 4.772 million Baht. (see Statement of Comprehensive Income)

Table 10: The comparison of income tax between year 2017 and 2016 (Baht 1,000)

Items	2017	2016	±%
Current Tax:			
-Current year	(2,326)	(5,146)	-54.80
Deferred Tax:			
-Tax income(expense) movement in temporary differences	(1,830)	374	-589.30
Tax income (expense) recognized in profit or loss	(4,156)	(4,772)	-12.91

5. Commitments and Contingent Liabilities

As of December 31, 2017, and 2016 the Group had commitments and contingent liabilities as follows:

1. Contingent Liabilities arising from a letter of guarantee issued by a local bank to guarantee the lease and the contract for the treatment of waste in the amount to 36.7 and 41.5 million baht respectively.
2. Contingent Liabilities arising from a letter of guarantee issued by a local bank for the provision of public utilities by The fixed deposit of the Company is collateral in the amount to 0.8 and 13.7 million baht respectively.
3. Commitments Capital expenditure in the amount to 7.1 and 46.5 million baht respectively.

6. The Investment Update in 2017

- The project of producing RDF from non-hazardous waste in Map Ta Put has been fully constructed in the last quarter of 2017. The company has granted factory permit in the first quarter of 2018. Current customers have visited the new factory in November 2017. The factory is ready to operate since from the date of issuing the permit.

- The non-hazardous waste landfill in Ratchaburi is approximately 90% to completion. It is expected to be ready in the Q1/2018.

- In 2017, Genco has registered its subsidiary called "Genco Otani Company Limited". The subsidiary is set up to invest in pre-treatment of wastewater factory. This will help Genco to reduce its cost the treat some wastewater. The factory is now in the stage of designing and bidding for contractor.

7. Share Capital

The Annual General Meeting of Shareholders on April 28, 2017 passed a resolution to increase the registered capital from 1,190 million baht to 1,428 million baht by issuing 238,000,000 new ordinary shares with a par value of Baht 1 each. The exercise of warrants to purchase ordinary shares of the company No. 2 (GENCO-W2) and Allotment of up to 238,000,000 new ordinary shares to accommodate the exercise of warrants to purchase new ordinary shares of the company No. 2 (GENCO-W2).

The Company Registered the capital increase with the Ministry of Commerce on May 11, 2017.

In March and May 2017, the holders of warrants to purchase new ordinary shares of the Company No.1 (GENCO-W1) exercised 51,508,245 units of the right to purchase 81,202,034 common shares. As of December 31, 2017, the unexercised and expired warrants (GENCO-W1) was 42,734,433 units.