

Management Discussion and Analysis: MD&A

1. Company Situation

Genco has invested in building a new secure landfill for non-hazardous waste at the end of 2017, now the landfill is complete. However, the landfill cannot be used until authorities have checked the landfill and issue the permit. The permit is expected to be issued by Q3/2018. A new recycling plant (for non-hazardous waste) is being built in Lumpoon and it is expected to finish within Q4/2018. The progress of JV company (Genco-Otani) is up to the plant construction state. The Genco Otani company has signed an agreement for constructing the plant. Machines and equipment for the plant also have been ordered from suppliers. The plant will be complete in Q4/2018 and all machines and equipment will be installed. The whole plant will be ready for test by the end of 2018. In Q2/2018, Genco has invested in Map Ta Put plant to improve its capability to service customer and prepare for customer auditing and obtain ISO certificate. Genco has been selling RDF to cement plant since Q2/2018 and developing the right mixture to suit needs of the user. It is expected to deliver more RDF to user in Q3 and Q4. For real estate business, most of the revenue come from condominium project and commercial building project. Genco and its subsidiary have signed agreements to sell their piece of land and both agreements are due in Q3/2018.

2. Operating Results (Company and Subsidiaries)

Consolidated revenue for Q2/2018 of 80.0 million baht compared with Q2/2017 of 96.0 million baht, decreased 16.0 million baht or 16.7 percent. The company reported loss for Q2/2018 of 6.2 million baht compared with reported profit for Q2/2017 of 4.9 million baht.

For the six-month period of 2018, the consolidated revenue was 160.2 million baht, decreased 12.8 million baht or 7.4 percent compared with the same period of 2017. The waste treatment revenue decreased 7.5 million baht and real estate business revenue decreased 13.4 million baht, other income increased 3.9 million baht and the gain on sales of investment properties increased 4.2 million baht.

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

For Q2/2018, the company had the revenue, from waste treatment business, of 66.7 million baht, decreased 8.5 million baht or 11.3 percent compared with Q2/2017. The cost of good was 74.4 percent for Q2/2018.

(2) Real Estate Business Income

For Q2/2018, the company had revenue, from real estate business, of 9.3 million baht, decreased 8.8 million baht or 48.7 percent compared with Q2/2017. The cost of good was 66.3 percent.

(3) Interest income

For Q2/2018, the company had revenue, from interest income, of 0.06 million baht, decreased 0.03 million baht or 32.3 percent compared with Q2/2017.

(4) Other Income

For Q2/2018, the company had other income of 4.0 million baht, increased 1.3 million baht or 51.0 percent compared with Q2/2017.

(5) Selling and Administrative Expenses

For Q2/2018, the company had selling and administrative expenses of 27.3 million baht, decreased 0.8 million baht or 2.8 percent compared with Q2/2017. The selling and administrative expenses was approximately 34.1 percent of the total company revenue compared to 29.2 percent for the same period of year 2017.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company total assets as of June 30, 2018 was 1,622.6 million baht, decreased 17.4 million baht or 1.1 percent compared to the total assets as of December 31, 2017.

(1.1) Current Assets

As at June 30, 2018 current assets amounted 574.9 million baht, decreased 15.1 million baht or 2.6 percent compared to current assets as of December 31, 2017. Cash increased by 3.2 million baht, The trade and other receivable decreased amounted 10.5 million baht, The Real estate development costs decreased amounted 8.3 million baht.

(1.2) Non-Current Assets

As at June 30, 2018 non-current assets amounted 1,047.7 million baht, decreased 2.2 million baht or 0.2 percent compared to non-current assets as of December 31, 2017. The major change was mainly from the decreased of Investment Property amounted 14.6 million baht while Cost of landfill preparation increased amounted 8.6 million baht and Investment in associates increased amounted 4.3 million baht.

(2) Total Liabilities

Company total liabilities as of June 30, 2018 was 305.8 million baht, increased 4.1 million baht or 1.4 percent compared to the total liabilities as of December 31, 2017.

(2.1) Current Liabilities

As at June 30, 2018 current liabilities amounted 165.9 million baht, increased 0.3 million baht or 0.2 percent compared to current liabilities as of December 31, 2017. The major change was mainly from the increased of Advance received from the sale of land and buildings awaiting development amounted 18.0 million baht and Long-term loans from financial institutions amounted 3.9 million baht, The trade and other payables decreased amounted 21.6 million baht.

(2.2) Non-Current Liabilities

As at June 30, 2018 non-current liabilities amounted 139.8 million baht, increased 3.7 million baht or 2.8 percent compared to non-current liabilities as of December 31, 2017. The major change was mainly from the increased of Long-term loans from financial institutions - net of current portion amounted 3.6 million baht.

(3) Shareholders' Equity

Total shareholders' equity as of June 30, 2018 was 1,316.8 million baht, decreased 21.5 million baht or 1.6 percent compared to total shareholders' equity as of December 31, 2017.

(4) Cash flows (Company and Subsidiaries)

Million Baht	six-month period	
	2018	2017
Cash and Cash Equivalent on 1st January	24.3	60.6
Net Cash Provided (Used in) Operating Activities	(16.7)	26.9
Net Cash Provided (Used in) Investing Activities	23.8	(0.8)
Net Cash Provided (Used in) Financing Activities	(3.9)	(8.2)
Net Cash Increased (Decreased)	3.2	17.9
Cash and Cash Equivalent on 30th June	27.5	78.5

(4.1) Cash Flows from Operating Activities

Net cash used in from operating activities was 16.7 million baht for the six-month period as at June 30, 2018. The company has payment of trade and other payables was 21.9 million baht and gains from the sale of investment properties was 4.2 million baht.

(4.2) Cash Flows from Investing Activities

Net cash provide from investing activities was 23.8 million baht for the six-month period as at June 30, 2018. The company has advance received from the sale of land and building awaiting development was 18.0 million baht and proceeds from sales of investment properties was 17.0 million baht, Cash paid to purchase property, plant and equipment was 7.1 million baht and Cash paid for investment in associated company was 4.4 million baht.

(4.3) Cash Flows from Financing Activities

Net cash used in financing activities was 3.9 million baht for the six-month period as at June 30, 2018. The company has dividend payment was 11.2 million baht and Long-term loans from financial institutions was 7.5 million baht

	Date	
	30 June 2018	31 December 2017
Current Ratio	3.5	3.6
Debt to Equity Ratio	0.2	0.2