

Management Discussion and Analysis: MD&A

1. Company Situation

As the Company has invested in building a new secure landfill for non-hazardous waste since the end of 2017, at the present all construction work has been completed and ready to operate in the second quarter of this year. Non-hazardous waste recycling plant in Lumphun also has been completed and ready to operate. For the progress of the joint venture company, the Genco Otani Co.,Ltd has already signed an agreement for constructing the new pretreatment plant and ordered the machines and equipment from the suppliers. The plant now has been completed but still in the process of mechanical testing and improving the treatment formula. For the RDF facility in the second quarter, the Company has started to adjust marketing strategies in order to seek more non-hazardous waste put into the RDF process as well as to improve the sales planning by seeking more buyers such as cement factory, power plant etc. At present, the Company by Samaedum Center and Map Ta Phut Center has been certified the international standard on environmental management system (ISO 14001: 2015) and the quality management system (ISO 9001: 2015) completely and also certified the standard on Waste Process Enhancement Project for waste management operator in the gold medal level.

For the real estate business, the Company was the sales amount from the condominium and commercial buildings projects not much to meet the target. In this regard, the Company has adjusted the marketing plan to be in keeping with the economic conditions and lifestyle of the consumer groups such as launching a campaign "Rent before buying" to respond clients who need their own residence but they were not ready for sum of money.

2. Operating Results (Company and Subsidiaries)

Total revenue of the consolidated financial statements for Q2/2019 amounted 73.8 million baht compared to Q2/2018 with total revenue of 80.0 million baht, decreased 6.2 million baht or 7.7 percent. Performance for Q2/2019 was loss 6.7 million baht compared to Q2/2018 that was loss 6.2 million baht.

For the six-month period of 2019, total revenue of the consolidated financial statements amounted 146.7 million baht, decreased 13.5 million baht or 8.4 percent compared with the same period of 2018. The waste treatment revenue decreased 3.6 million baht and real estate business revenue decreased 3.5 million baht and other income decreased 6.4 million baht.

(1) Service Income - Waste Treatment Business (Disposal-Landfill and Transportation)

Revenue from waste treatment business for Q2/2019 amounted 64.3 million baht, decreased 2.4 million baht or 3.6 percent compared with Q2/2018. The cost of good was 71.1 percent for Q2/2019.

(2) Real Estate Business Income

Revenue from real estate business for Q2/2019 amounted 6.3 million baht, decreased 3.0 million baht or 32.3 percent compared with Q2/2018. The cost of good was 78.2 percent for Q2/2019.

(3) Interest Income

Interest income for Q2/2019 was amounted 0.09 million baht, increased 0.02 million baht or 33.3 percent compared with Q2/2018.

(4) Other Income

Other income for Q2/2019 was amounted 3.1 million baht, decreased 0.8 million baht or 20.5 percent compared with Q2/2018.

(5) Selling and Administrative Expenses

Selling and administrative expenses for Q2/2019 was amounted 28.8 million baht, increased 1.5 million baht or 5.5 percent compared with Q2/2018. The selling and administrative expenses was approximately 39.0 percent of the Company's total revenue, compared to 34.1 percent for the same period of year 2018.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company's total assets as of June 30, 2019 was 1,582.7 million baht, decreased 68.3 million baht or 4.1 percent compared to the total assets as of December 31, 2018.

(1.1) Current Assets

As of June 30, 2019 currents assets amounted 739.5 million baht, decreased 71.1 million baht or 8.8 percent compared to current assets as of December 31, 2018. Cash decreased 58.8 million baht. The trade and other receivable increased 6.9 million baht. The real estate development costs decreased 18.8 million baht.

(1.2) Non-Current Assets

As of June 30, 2019 non-current assets amounted 843.2 million baht, increased 2.8 million baht or 0.3 percent compared to non-current assets as of December 31, 2018. The significant change was mainly from the increase in investment property 7.2 million baht and withholding tax (deducted at source) 1.8 million baht. While assets in the category of property, plant and equipment decreased 6.3 million baht.

(2) Total Liabilities

Company's total liabilities as of June 30, 2019 was 173.0 million baht, decreased 36.5 million baht or 17.4 percent compared to the total liabilities as of December 31, 2018.

(2.1) Current Liabilities

As of June 30, 2019 current liabilities amounted 73.8 million baht, decreased 26.2 million baht or 26.2 percent compared to current liabilities as of December 31, 2018. The significant change was mainly from the Company paid corporate income tax for 2018 in amount of 18.5 million baht in May 2019. Trade and other payables decreased 8.4 million baht and long-term loans due within one year decreased 0.6 million baht.

(2.2) Non-Current Liabilities

As of June 30, 2019 non-current liabilities amounted 99.1 million baht, decreased 10.4 million baht or 9.5 percent compared to non-current liabilities as of December 31, 2018. The significant change was mainly from the decrease in long-term loans from financial institutions due within one year 12.3 million baht. While employee benefit obligations increased 2.1 million baht.

(3) Shareholders' Equity

Total shareholders' equity as of June 30, 2019 was 1,409.8 million baht, decreased 31.7 million baht or 2.2 percent compared to total shareholders' equity as of December 31, 2018.

(4) Cash Flows (Company and Subsidiaries)

Million Baht	Six-Month Period	
	2019	2018
Cash and Cash Equivalent on 1 st January	291.7	24.3
Net Cash Provided (Used in) Operating Activities	(19.0)	(16.7)
Net Cash Provided (Used in) Investing Activities	(5.6)	23.8
Net Cash Provided (Used in) Financing Activities	(34.2)	(3.9)
Net Cash Increased (Decreased)	(58.8)	3.2
Cash and Cash Equivalent on 30 th June	232.9	27.5

(4.1) Cash Flows from Operating Activities

The Company has net cash flows used in operating activities for the six-month period as of June 30, 2019 in amount of 19.0 million baht. Significant transactions were the payment of trade and other payables 8.5 million baht and income tax paid 22.1 million baht.

(4.2) Cash Flows from Investing Activities

The Company has net cash flows provided investing activities for the six-month period as of June 30, 2019 in amount of 5.6 million baht. Significant transactions were cash received from interest and dividend 0.5 million baht, cash paid for acquisitions of property, plant and equipment 6.1 million baht.

(4.3) Cash Flows from Financing Activities

The Company has net cash flows used in financing activities for the six-month period as of June 30, 2019 in amount of 34.2 million baht. Significant transactions were from the dividend payment 22.4 million baht and long-term loans from financial institutions 11.7 million baht.

	Date	
	June 30, 2019	December 31, 2018
Current Ratio	10.0	8.1
Debt to Equity Ratio	0.1	0.1