

Management Discussion and Analysis: MD&A

1. Company Situation

The company's revenue for the Q3/2020 is certainly affected by the outbreak of COVID-19, leading to the income of industrial waste treatment and disposal business to remain unchanged from the last two quarters this year.

As for the company's real estate business, it is in a moderate trend. However, after the company hired a certain real estate broker, who was both familiar with the area and specialized in this field, to manage the business, the result was undeniably pleasing where many real estate transfers have already been processed and will be shown in the Q3/2020.

The company has got no investment plan in the Q3/2020. Though, the feasibility and some business opportunities are being studied at the moment.

Risks and Effects from the COVID-19 Outbreak

The outbreak of COVID-19 had an impact on our company all along the Q3/2020. Nevertheless, the company did not sit still and waited for the active income. The executives discussed ways to ease the company situation and came to the unanimous decisions, by reorganizing the company structure and reducing the salary of the remaining employees by 15 percent. By doing so, the company's turnover of Q3/2020 was higher. (The reorganization was of the voluntary early retirement plan and the employees were compensated according to the Labor Law while the salary reduction was a cooperation from the employees. When the financial condition of the company gets back to normal, all employees are promised to have their original salary accordingly.) The so-called decision allowed the company to operate under these crises.

2. Operating Results (Company and Subsidiaries)

Total revenue of the consolidated financial statements for Q3/2020 amounted 87.0 million baht compared to Q3/2019 with total revenue of 72.6 million baht, increased 14.4 million baht or 20%. Performance for Q3/2020 was loss 6.8 million baht compared to Q3/2019 that was loss 2.3 million baht, decreased 4.5 million baht or 196%.

For the nine-month period of 2020, total revenue of the consolidated financial statements amounted 216.7 million baht, decreased 2.6 million baht or 1% compared with the same period of 2019. The waste treatment revenue decreased 36.8 million baht due to "zero waste" is increasingly gaining ground in the industry. Although the COVID-19 situation in Thailand is getting better, the industrial production rate with overseas is not yet back to the normal situation.

The COVID-19 situation resulted in an expansion of the unemployment rate has led to a decrease in the purchasing power of real estate. The company thoroughly suggested a business plan to increase its liquidity by deciding to hire a real estate broker to spur the real estate sales income, causing real estate revenue to increase 10.1 million baht.

However, the company has looking for new business avenues. Such as the service of solar power system on the rooftop which is a pilot project. With revenues in the second and third quarter of 12.4 million baht, cost was 89%. Performance for nine-month period of 2020 was loss 26.0 million baht compared to the same period in 2019 that was loss 11.5 million baht, decreased 14.5 million baht or 126%.

	3 rd Quarter				For the nine-month period			
	September 30		Inc.		September 30		Inc.	
	2020	2019	(Dec.)	%	2020	2019	(Dec.)	%
Revenues								
Treatment business	48.1	64.6	(16.5)	-26%	154.8	191.6	(36.8)	-19%
Real estate business	20.9	3.7	17.2	464%	27.4	17.3	10.1	58%
Others business	5.9	-	5.9	100%	13.0	-	13.0	100%
Other income	12.1	4.3	7.8	181%	21.4	10.5	10.9	104%
Total Revenues	87.0	72.6	14.4	20%	216.7	219.3	(2.6)	-1%
Expenses								
Cost of treatment	40.9	46.8	(5.9)	-13%	124.0	137.2	(13.2)	-10%
Cost of real estate	17.9	2.6	15.3	559%	23.4	12.7	10.7	84.3%
Cost of others	6.2	-	6.2	100%	13.4	-	13.4	100%
Selling & Admin Exp.	26.6	23.9	2.7	11%	75.4	77.1	(1.7)	2%
Finance costs	1.4	1.4	-	0%	4.7	4.0	0.7	18%
Total Expenses	92.9	74.7	18.2	24%	240.9	231.0	9.9	4.3%
Share from associate	-	-	-	-	(0.2)	(0.1)	(0.1)	100%
Income tax	(0.7)	(0.1)	0.6	600%	(1.7)	0.3	(2.0)	-67%
Gain (Lost) - Net	(6.8)	(2.3)	(4.5)	196%	(26.0)	(11.5)	(14.5)	126%

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

Revenue from waste treatment business for Q3/2020 amounted 48.1 million baht, decreased 16.5 million baht or 26% compared to Q3/2019. The cost of service was 85% for Q3/2020, increased from the same period of the previous year has 72% due to the company has decreased income but still have fixed cost expenditures.

For the nine-month period of 2020, Revenue amounted 154.8 million baht, decreased 36.8 million baht or 19% compared with the same period of 2019. The cost of service was 80%, increased 9% compared to the same period of the previous year

(2) Real Estate Business Income

Revenue from real estate business for Q3/2020 amounted 20.9 million baht, increased 17.2 million baht or 465% compared with Q3/2019. For the nine-month period of 2020, Revenue from real estate business amounted 27.4 million baht, increased 10.1 million baht or 58% compared with the same period of 2019. mostly from the sales income of the real estate. In Q3/2020, many rooms were transferred and B-Live Tower A and B are expected to sell out within Q4/2020.

Project	Unit Sold	Unit Sold	Companies
	3 rd Quarter	nine-month period	
Home office Bangbuathong	1 Unit	1 Unit	Genco
B-Live tower A	1 Unit	1 Unit	Genco
B-Live tower B	9 Unit	12 Unit	APL

The cost of good was 85% for Q3/2020 and the nine-month period, increased 12% compared with the same period of 2019 due to the increase of transfer cost management.

(3) Gain on sales of investment property

Gain on sales of investment property for Q3/2020 was amounted 4.4 million baht. The gain was from the sales of two rental condominiums in B-Live Tower B and two commercial buildings in C-Space Bang Yai, both were of subsidiaries.

(4) Other Income

Other income for Q3/2020 was amounted 7.6 million baht, increased 3.3 million baht or 77% compared with Q3/2019.

(5) Selling and Administrative Expenses

Selling and administrative expenses for Q3/2020 was amounted 26.6 million baht, increased 2.7 million baht or 11% compared with Q3/2019. The selling and administrative expenses was approximately 31% of the Company's total revenue, the proportion was seen reduced compared to 33% for the same period of year 2019.

3. Financial Status (Company and Subsidiaries)

(1) Total Assets

Company's total assets as of September 30, 2020 were 1,562.4 million baht, decreased 4.6 million baht or 0% compared to the total assets as of December 31, 2019.

(1.1) Current Assets

As of September 30, 2020 current assets amounted 530.1 million baht, decreased 65.8 million baht or 11% compared to current assets as of December 31, 2019. Mostly due to sold of real estate and the company has adjusted to the situation by changing the room for sale into a room for rent, Which are classified as non-current assets. Causing real estate development costs decreased 46.4 million baht.

(1.2) Non-Current Assets

As of September 30, 2020 non-current assets amounted 1,032.3 million baht, increased 61.2 million baht or 6% compared to non-current assets as of December 31, 2019. The significant change occurred from changes in accounting policies due to Thai Financial Reporting Standard No. 16 (TFRS 16) which is made effective in the current period. As a result, the company has the right of use assets of 39.9 million baht and deferred tax assets of 2.9 million baht. In addition, there was an increase in investment properties as a result of changing the strategy of the real estate business in the amount of 19.0 million baht.

(2) Total Liabilities

Company's total liabilities as of September 30, 2020 were 216.9 million baht, increased 33.4 million baht or 18% compared to the total liabilities as of December 31, 2019. The significant change occurred from changes in accounting policies due to Thai Financial Reporting Standard No. 16 (TFRS 16) which is made effective in the current period. As a result, the company has current portion of lease liabilities and net of current portion increased 13.3 and 47.2 million baht, respectively. While the company has repayment of long-term loans from financial institutions amounted 19.0 million baht and repayment of lease liabilities amounted 8.0 million baht.

(3) Shareholders' Equity

Total shareholders' equity as of September 30, 2020 was 1,345.5 million baht, decreased 37.9 million baht or 2.7% compared to total shareholders' equity as of December 31, 2019. Which partially decreased from the change in accounting policies as stated above 11.6 million baht.

The impact from changes in accounting policies due to adoption of Thai Financial Reporting Standard No. 16 (TFRS 16) are presented

	As at September 30, 2020	
	Impact	Amount
Right of use asset	Increased	39.9
Deferred tax asset	Increased	2.9
Trade and other payables	Decreased	(7.2)
Current portion of lease liabilities	Increased	13.3
Lease liabilities – net of current portion	Increased	47.2
Cumulative effects of changes in accounting policies	Decreased	(11.6)

4. Cash flows (Company and Subsidiaries)

	For the nine-month Period	
	2020	2019
Cash and Cash Equivalent on 1 st January	172.2	291.7
Net Cash Provided by (Used in) Operating Activities	4.6	(7.6)
Net Cash Provided by (Used in) Investing Activities	(1.4)	(82.9)
Net Cash Provided by (Used in) Financing Activities	(26.9)	(40.2)
Net Cash Increased by (Decreased)	(23.7)	(130.7)
Cash and Cash Equivalent on 30 th March	148.5	161.0

5. Financial ratios

	As at	
	September 30, 2020	December 31, 2019
Current Ratio	6.2	7.7
Debt to Equity Ratio	0.2	0.1

From the change in accounting policy due to the adoption of Financial Reporting Standard No. 16 (TFRS 16), the company has increased total liabilities of 53.3 million baht, resulting in a debt-to-equity ratio of 0.1 times higher.