

No. AKP-MD013

August 9, 2016

Re: Discussion and Analysis of Financial Position and Results of Operations  
To: President  
Stock Exchange of Thailand

Akkhie Prakarn Public Company Limited (the "Company") hereby clarifies the operating performance of the 2<sup>nd</sup> quarter and the accumulated balance for the six-month period ended June 30, 2016 as detailed below:

### **Performance Analysis**

Overall operating results for the second quarter ended June 30, 2016

In Thousand Baht

<b>Statements of Income</b>	<b>Quarter 2/16</b>	<b>percent</b>	<b>Quarter 2/15</b>	<b>percent</b>	<b>Increase (decrease)</b>	<b>percent</b>
Services revenue	136,624	96.91%	129,463	98.61%	7,161	5.53%
Other income	4,357	3.09%	1,822	1.39%	2,535	139.13%
<b>Total income</b>	<b>140,981</b>	<b>100.00%</b>	<b>131,285</b>	<b>100.00%</b>	<b>9,696</b>	<b>7.39%</b>
Cost of service	(99,881)	-73.11%	(95,223)	-73.55%	(4,658)	4.89%
<b>Gross Margin</b>	<b>36,743</b>	<b>26.89%</b>	<b>34,240</b>	<b>26.45%</b>	<b>2,503</b>	<b>7.31%</b>
Cost of service	(2,638)	-1.87%	(2,408)	-1.83%	(230)	9.55%
Administrative expenses	(9,559)	-6.78%	(13,713)	-10.45%	4,154	-30.29%
Executive Compensation	(5,884)	-4.17%	(5,764)	-4.39%	(120)	2.08%
<b>Total expenses</b>	<b>(18,081)</b>	<b>-12.83%</b>	<b>(21,885)</b>	<b>-16.67%</b>	<b>3,804</b>	<b>-17.38%</b>
<b>Profit before finance costs and income taxes</b>	<b>23,019</b>	<b>16.33%</b>	<b>14,177</b>	<b>10.80%</b>	<b>8,842</b>	<b>62.37%</b>
Finance costs	(319)	-0.23%	(651)	-0.50%	332	-51.00%
<b>Profit before tax</b>	<b>22,700</b>	<b>16.10%</b>	<b>13,526</b>	<b>10.30%</b>	<b>9,174</b>	<b>67.82%</b>
Income tax expense	(4,619)	-3.28%	(2,337)	-1.78%	(2,282)	97.65%
<b>Profit for the period</b>	<b>18,081</b>	<b>12.83%</b>	<b>11,189</b>	<b>8.52%</b>	<b>6,892</b>	<b>61.60%</b>

The ratio in the income statement is as a percentage of total revenue, except for the cost of services and gross profit that expressed as a percentage of revenues from services.

Overall operating results for the six-month period ended June 30, 2016

Statements of Income	six-month /16	percent	six-month/15	percent	Increase (decrease)	percent
Services revenue	259,401	98.16%	255,542	98.40%	3,859	1.51%
Other income	4,863	1.84%	4,163	1.60%	700	16.81%
Total income	264,264	100.00%	259,705	100.00%	4,559	1.76%
Cost of service	(191,953)	-74.00%	(186,358)	-72.93%	(5,595)	3.00%
Gross Margin	67,448	26.00%	69,184	27.07%	(1,736)	-2.51%
Cost of service	(4,486)	-1.70%	(4,565)	-1.76%	79	-1.73%
Administrative expenses	(18,528)	-7.01%	(25,680)	-9.89%	7,152	-27.85%
Executive Compensation	(10,757)	-4.07%	(10,526)	-4.05%	(231)	2.19%
Total expenses	(33,771)	-12.78%	(40,771)	-15.70%	7,000	-17.17%
Profit before finance costs and i	38,540	14.58%	32,576	12.54%	5,964	18.31%
Finance costs	(718)	-0.27%	(1,377)	-0.53%	659	-47.86%
Profit before tax	37,822	14.31%	31,199	12.01%	6,623	21.23%
Income tax expense	(7,496)	-2.84%	(7,060)	-2.72%	(436)	6.18%
Profit for the period	30,326	11.48%	24,139	9.29%	6,187	25.63%

The ratio in the income statement is as a percentage of total revenue, except for the cost of services and gross profit that expressed as a percentage of revenues from services.

#### **Service revenue:**

Revenue from industry waste disposal services for Q2 2016 increased for 7.16 million baht or 5.53 percent compared to the same period in the previous year. The revenue growth in the second quarter due to a increasing of sales volume by 7.34 percent and a decreasing of sales price by 2.85 percent compared to the same period in the previous year.

Revenue from industry waste disposal services for the six-month period increased by 3.86 million baht or 1.51 percent compared to the same period last year. The sales volume of industrial waste disposal increased by 2.25 percent and the average price per ton of waste decreased by 4.11 percent compared to the same period in the previous year.

#### **Cost of Service :**

Cost of industry waste disposal services for Q2 2016 and the six-month depend on the variable costs which are the cost of fuel used in burning, the cost of transportation and equipment and DIW benefits. And there are some fixed costs of operation, which are Salaries and employee benefits, Depreciation of machinery and equipment Vehicles to transport.

**Other income:**

Other incomes were from other services, transportation, and interest income.

**Administrative expenses, Executive Compensation and Financial costs:**

Most of these expenses are the Sales Support Expenses, Salaries and employee benefits, executive compensation, and office expenses.

**Profit for the period:**

From the above reasons and causes, The Company's net profit for the second quarter increased by 6.89 million Baht or 61.60 percent and the profit for the six-month period ended on 30 June 2016 increased by 6.19 million Baht or 25.63 percent compared with the same period of the previous year.

**Analysis**

Overall financial position as at 30 June 2016

In Thousand Baht

Statement of financial position	06/30/16	percent	01/01/16	percent	increase(decrease)	percent
total asset	553,426	100.00%	555,680	100.00%	(2,254)	-0.41%
Total Liabilities	110,095	19.89%	114,396	20.59%	(4,301)	-3.76%
Total equity attributable to shareholders	443,331	80.11%	441,284	79.41%	2,047	0.46%

**Analysis of Assets**

The total assets as at 30 June 2016 decreased by 2.25 million baht or 0.41 percent.

**Analysis of liabilities**

The total liabilities as at 30 June 2016 decreased by 4.30 million baht or 3.76 percent.

**Analysis of shareholders**

The equity shares as at 30 June 2016 increased by 2.05 million baht. An increase of Earnings from operations for the six month period was 30.33 million baht, and has paid a dividend of 28.28 million baht.

## **Liquidity Analysis**

Overview of Cash Flow For the year ended 30 June 2016

In Thousand Baht

Statement of Cash Flows	30-Jun-16	1-Jan-16	increase(decrease)	percent
Statement of Cash Flows	45,203	44,512	691	1.55%
Net cash used in investing activities	(26,778)	(8,938)	(17,840)	199.60%
Net cash used in financing activities	(36,468)	(32,914)	(3,554)	10.80%
Net cash increase	(18,043)	2,660	(20,703)	-778.31%

Cash and cash equivalents for the year ended 30 June 2016 decreased by 18.04 million baht, the details of the sources and uses, as described below.

### **Cash from operations**

Profit before tax	37.82	Million baht
The difference between Accounts receivable and Accounts payable increase (decrease)	(20.41)	Million baht
Impact to revenues and expenses that do not pay	35.21	Million baht
Others paid	<u>(7.42)</u>	Million baht
Cash flow from operations net increased	<u>45.20</u>	Million baht

### **Net cash used in investing activities**

Be recovered from the Restrictions used deposit	0.09	Million baht
Purchases of equipment	<u>(26.87)</u>	Million baht
Net cash used in financing	<u>(26.78)</u>	Million baht

### **Net cash used in financing activities**

Payment vehicle	(8.19)	Million baht
Dividend	<u>(28.28)</u>	Million baht
Net cash used in financing	<u>(36.47)</u>	Million baht

Please be informed accordingly.

Sincerely yours,

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(Mr.Vanchai Luengviriya)

President & CEO