บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

11 May 2017 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Financial Performance for the first quarter of 2017

Operating Income			
(Thousand Baht)	1Q 2017	1Q 2016	%Chg.
Revenue from sales and services	102,509	132,508	(23%)
Gain (loss) on exchange rate	1,041	(241)	532%
Other income	1,840	1,995	(8%)
Total Operating Income	105,390	134,262	(22%)

Revenues structure						
	1Q 2017		1Q 2016		Change	
	Thousand Baht	%	Thousand Baht	%	Thousand Baht	%
Revenue from sales						
Crane and Hoist	47,373	45%	85,074	63%	(37,701)	(44%)
Industrial door and Loading dock	26,181	25%	17,735	13%	8,446	48%
PVC strip curtain and Air curtain	1,720	1%	2,093	2%	(373)	(18%)
Total revenue from sales	**75,274**	**71%**	**104,902**	**78%**	**(29,628)**	**(28%)**
Revenue from services						
Crane and Hoist	22,077	21%	25,570	19%	(3,493)	(14%)
Industrial door and Loading dock	5,063	5%	1,925	2%	3,138	163%
Training center	95	0%	111	0%	(16)	(14%)
Total revenue from services	**27,235**	**26%**	**27,606**	**21%**	**(371)**	**(1%)**
Other income	**2,881**	**3%**	**1,754**	**1%**	**1,127**	**64%**
Total Operating Income	105,390	100%	134,262	100%	(28,872)	(22%)

Total operating income for the first quarter of 2017 of the Company and its subsidiary were Baht 105 million, decreased from the same period of prior year of Baht 29 million or 22%. The mainly causes due to a decrease of revenue from sale of cranes and hoists of Baht 38 million or 44%, while revenue from sale of industrial doors and loading docks increased of Baht 8 million or 48%. Revenue from services were no significant changed.

The decrease in revenue from sale of cranes and hoists were mainly due to the impact of economic slowdown and project delivery postponement. The main causes of postponement due to the delay of oversea inventories

shipment, which affected to the delay of production plans, including customer readiness for installation. Therefore, some projects had to be postponed the delivery. However, the Company and its subsidiary had revenues backlog of Baht 277 million as at the end of March 2017, which increased by Baht 53 million compared to last December, such backlog will gradually be recognized as revenue from the second quarter of 2017 onward.

Operating Expenses			
(Thousand Baht)	1Q 2017	1Q 2016	%Chg.
Cost of sales and services	68,565	83,243	(18%)
Selling expenses	6,334	5,782	10%
Administrative expenses	22,738	22,551	1%
Total Operating Expenses	97,637	111,576	(12%)

Total operating expenses for the first quarter of 2017 of the Company and its subsidiary were Baht 98 million, decreased from the same period of prior year of Baht 14 million or 12%. The mainly causes due to

- A decrease of cost of sales and services which was in line with a decrease of revenue from sales and services.
- Selling and administrative expenses slightly increased due to an increase of employees expenses as from annual salary adjustment.

Other Items			
(Thousand Baht)	1Q 2017	1Q 2016	%Chg.
Finance costs	609	1,137	(46%)
Income tax	1,595	4,770	(67%)
Total Other Items	2,204	5,907	(63%)

- Finance costs decreased since the Company repaid entire long-term loans from financial institutions in the fourth quarter of 2016.
- Income tax decreased in line with the operating profit.

Profitability Analysis			
(Thousand Baht)	1Q 2017	1Q 2016	%Chg.
Gross profit	33,944	49,265	(31%)
Gross profit margin	33%	37%	
Net profit	5,549	16,779	(67%)
Net profit margin	5%	12%	
Basic earnings per share (Baht)	0.01	0.04	(75%)

- A decrease of gross profit was in line with a decrease of revenue from sales and services. Gross profit margin also decreased because in the first quarter of prior year the Company had project of high-value cranes and electronic hoists. However, the Company was still able to maintain its gross margin above 30%.
- Net profit and net profit margin decreased due to a decrease of revenue from sales and services.

Consolidated Financial Position for the three-month period of 2017

Financial Position			
(Thousand Baht)	March 2017	December 2016	%Chg.
Total Assets	932,590	900,041	4%
Total Liabilities	198,697	171,697	16%
Total Shareholders' Equity	733,893	728,344	1%

- Total assets increased of Baht 33 million or 4%, due to an increase of cash from debt collecting. In addition, inventories increased as from work in process which were scheduled to deliver from the second quarter onwards.
- Total liabilities increased of Baht 27 million or 16%, mainly due to an increase of trade accounts payable and deposits received in advance which was in line with an increase of work in process. In addition, the Company and its subsidiary had repaid entire short-term loans from financial institutions during the period.
- Total shareholders' equity increased of Baht 6 million or 1%, due to net profit of the period.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	1Q 2017	1Q 2016
Net cash from operating activities	72,258	37,715
Net cash used in investing activities	(182)	(11,447)
Net cash used in financing activities	(39,589)	(24,751)
Net increase in cash and cash equivalents	32,487	1,517
Beginning cash and cash equivalents	178,130	101,521
Ending cash and cash equivalents	210,617	103,038

For the three-month period of 2017, the Company and its subsidiary had net increase in cash and cash equivalent of Baht 32 million from the beginning balance of Baht 178 million. As a result, cash and cash equivalents at the end of the period was Baht 210 million. Details of cash flows by activities during the period were as follows:-

- Net cash from operating activities were Baht 72 million, resulting mainly from profit during three months of 2017.
- Net cash used in financing activities were Baht 40 million, due mainly to loans repayment of Baht 38 million.

Ratios Analysis		
	1Q 2017	1Q 2016
Return on Asset (%)	7.88%	15.99%
Return on Equity (%)	8.72%	25.72%
Current ratio (x)	4.72	1.97
Total debt to equity (x)	0.27	0.81

- Return on asset decreased by 8.11% and return on equity decreased by 17.00% due to a decrease of net profit. However, total assets and shareholders' equity increased as from the capital increase by public offering in the fourth quarter of 2016.
- Current ratio increased by 2.75x and total debt to equity decreased by 0.54x due to an increase of assets as from cash received from the capital increase by public offering. Liabilities also decreased from loans repayment.