บริษัท ออลล่า จำกัด (มหาชน)
ALLA PUBLIC COMPANY LIMITED

14 November 2016 Alla Public Company Limited

MANAGEMENT DISCUSSION AND ANALYSIS

Consolidated Financial Performance for the third quarter and nine-month period of 2016

Operating Income						
(Thousand Baht)	3Q 2016	3Q 2015	%Chg.	9M 2016	9M 2015	%Chg.
Revenue from sales and relevant services	133,514	244,286	(45%)	425,540	657,694	(35%)
Gain (loss) on exchange rate	25	(4,479)	101%	1,937	(8,782)	122%
Other income	638	1,953	(67%)	3,189	2,888	10%
Total Operating Income	134,177	241,760	(44%)	430,666	651,800	(34%)

Total operating income for the third quarter and nine-month period of 2016 of the Company and its subsidiary were Baht 134 million and Baht 431 million, respectively, decreased from the same period of prior year of Baht 108 million or 44% and Baht 221 million or 34%, respectively. The mainly cause due to a decrease of revenue from sales of cranes and industrial doors which decreased of Baht 115 million or 54% and Baht 225 million or 40%, respectively. However, revenue from services increased of Baht 4 million or 14% in the third quarter and decreased of Baht 7 million or 7% for the nine-month period. Due to the economic slowdown that has continued since 2015, as a result, the Company's customers have delayed and postponed their investments.

Operating Expenses						
(Thousand Baht)	3Q 2016	3Q 2015	%Chg.	9M 2016	9M 2015	%Chg.
Cost of sales and relevant services	93,664	166,175	(44%)	295,154	461,009	(36%)
Selling expenses	6,107	6,877	(11%)	18,314	20,646	(11%)
Administrative expenses	20,057	20,945	(4%)	63,739	62,985	1%
Total Operating Expenses	119,828	193,997	(38%)	377,207	544,640	(31%)

Total operating expenses for the third quarter and nine-month period of 2016 of the Company and its subsidiary were Baht 120 million and Baht 377 million, respectively, decreased from the same period of prior year of Baht 74 million or 38% and Baht 167 million or 31%, respectively. The mainly causes due to

- A decrease of cost of sales and relevant services which was in line with a decrease of revenue from sales and relevant services.
- Selling expenses decreased from sales commission and bonus expenses, which were in line with a decrease of revenue from sales and relevant services.
- No significant changed of administrative expenses.

Other Items						
(Thousand Baht)	3Q 2016	3Q 2015	%Chg.	9M 2016	9M 2015	%Chg.
Finance costs	1,238	998	24%	3,536	2,302	54%
Income tax	1,954	8,995	(78%)	9,877	20,636	(52%)
Total Other Items	3,192	9,993	(68%)	13,413	22,938	(42%)

- Finance costs increased from interest expenses of loans, which the Company obtained additional loan during 2016.
- Income tax decreased in line with an operating profit, as the economic slowdown.

Profitability Analysis						
(Thousand Baht)	3Q 2016	3Q 2015	%Chg.	9M 2016	9M 2015	%Chg.
Gross profit	39,850	78,111	(49%)	130,386	196,685	(34%)
Gross profit margin	30%	32%		31%	30%	
Net profit	11,157	37,770	(70%)	40,046	84,222	(52%)
Net profit margin	8%	15%		9%	13%	
Basic earnings per share	0.02	0.08	(75%)	0.09	0.19	(53%)

- A decrease of gross profit was in line with a decrease of revenue from sales and relevant services with minor changed in gross profit margin.
- Net profit and net profit margin decreased due to a decrease of revenue from sales and relevant services, as a result of the economic slowdown.

Consolidated Financial Position for the nine-month period of 2016

Financial Position			
(Thousand Baht)	September 2016	December 2015	%Chg.
Total Assets	587,684	645,367	(9%)
Total Liabilities	301,791	300,520	(0%)
Total Shareholders' Equity	285,893	344,847	(17%)

- Total assets decreased of Baht 58 million or 9%, due mainly to cash and cash equivalents as the Company paid dividend to shareholders during the period. Trade receivables and accrued income, and other receivables also decreased since the Company and its subsidiary received payments from trade and other receivables.
- No significant changed in total liabilities.

- Total shareholders' equity decreased of Baht 59 million or 17%, due to dividend payment during the period.

Liquidity and Capital Management

Cash Flows		
(Thousand Baht)	9M 2016	9M 2015
Net cash from (used in) operating activities	41,809	10,931
Net cash used in investing activities	(29,120)	(13,614)
Net cash used in financing activities	(69,935)	(81,393)
Net decrease in cash and cash equivalents	(57,246)	(84,076)
Beginning cash and cash equivalents	101,521	177,709
Ending cash and cash equivalents	44,275	93,633

For the nine-month period ended 30 September 2016, the Company and its subsidiary had net decrease in cash and cash equivalent of Baht 57 million from the beginning balance of Baht 101 million. As a result, cash and cash equivalents at the end of the period was Baht 44 million. Details of cash flows by activities during the period are as follows:-

- Net cash flows from operating activities were Baht 42 million, resulting mainly from profit during nine months of 2016.
- Net cash used in investing activities were Baht 29 million since the Company had a restricted deposit with financial institution increased of Baht 25 million and also had an additional investment in fixed assets.
- Net cash used in financing activities were Baht 70 million, mainly from dividend payment.

Ratios Analysis		
	9M 2016	9M 2015
Return on Asset (%)	11.36%	21.38%
Return on Equity (%)	18.29%	37.70%
Current ratio (x)	1.46	1.51
Total debt to equity (x)	1.06	1.25

- Return on asset decreased by 10.02% and return on equity decreased by 19.41% due to a decrease of net profit, as a result of the economic slowdown.
- Current ratio slightly decreased by 0.05x and total debt to equity decreased by 0.19x due to a decrease of total liabilities, which mainly were deposits received in advance and accrued dividend.