



GEL.CS.019/2560

15 August 2017

Subject Explanation and analysis of management for operating results of the Second Quarter Ended June 30, 2017

To Director and Manager

The Stock Exchange of Thailand

The Board of Director's meeting No. 7/2017 of General Engineering Public Company Limited on August 15, 2017 has approved and verified the financial statements of the Company and its subsidiaries for the Second Quarter Ended June 30, 2017. The auditor of the Company with details has reviewed these as follows.

1. The Analysis of Operating Results

For the quarter ended June 30, 2017

The operating results of the Company and its subsidiaries for the Second Quarter Ended June 30, 2017 is described in the financial statement showing net loss at the amount 17.08 million Baht. Compared with the Second Quarter Ended June 30, 2016 the net profit 24.48 million Baht, the profit is decreased 41.05 million Baht or 169.77 % with the following details.

(1) Revenue from sales

In the Second Quarter Ended June 30, 2017, the total revenue from sales from the Company and its subsidiaries is 371.96 million Baht, which is 2.12 million Baht less than the Second Quarter Ended June 30, 2016. The year of 2017, the company delivers more precast concrete wall products less than the year 2016, that resulting to the revenue from sales of the company decreased.

(2) Cost of sales

In the Second Quarter Ended June 30, 2017, the Company and its subsidiaries has total cost of sales at the amount 307.24 million Baht, which is 2.92 million Baht. This is due to the sales revenue increased but the sales unit price decreased from the second quarter Ended June 30, 2016. That effected higher cost of goods sold from the fixed cost for the factories employee expense that couldn't be used full capacity of production.



(3) Gross profit

In the Second Quarter Ended June 30, 2017, the Company and subsidiaries has total gross profit 64.71 million Baht, which is 69.76 million Baht decreased from the Second Quarter Ended June 30, 2016 due to the decreasing of sales unit price some products from the price competition situation and the proportion of cost of goods sold is higher from the fixed cost for the factories employee expense that couldn't be used full capacity of production.

(4) Dividend income

In the Second Quarter Ended June 30, 2017, the company don't have any dividend income, that effects the dividend revenue from the available for sale of securities investment decrease total 15.86 million Baht from the second Quarter Ended June 30, 2016.

(5) Selling and administrative expenses

The Company and its subsidiaries has selling and administrative expenses for total 66.69 million Baht, which is 8.23 million Baht increased from the Second Quarter Ended June 30, 2016. This is due to that the expanded business effects the employee expense such as the salary expense, overtime expense, compensation expense and social security expense, increase total amount 3.40 million Baht from selling and administrative expenses however, the subsidiary has not started yet.

(6) Profit (loss) sharing from associates and joint ventures

In the Second Quarter Ended June 30, 2017, the company recognized the loss sharing from Mctric Public Company Limited amount 13.30 million Baht and from Wisdom Tree Investment (S) PTE. Limited amount 1.49 million Baht, total amount 14.79 million Baht. The Second Quarter Ended June 30, 2016, recognized the profit sharing from Mctric Public Company amount 2.78 million Baht and recognized loss sharing from Wisdom Tree Investment (S) PTE. Limited amount 0.96 million Baht. This effects in the second quarter Ended June 30, 2017, increased the loss sharing recognition amount 16.61 million Baht.

For 6-month period ended June 30, 2017

The operating results of the Company and its subsidiaries for the Second Quarter Ended June 30, 2017 is described in the financial statement showed the net loss in amount 20.82 million Baht. Compared with the Second Quarter Ended June 30, 2016, showed the net profit in amount 83.19 million Baht. The profit decreased 104.01 million Baht or 125.02 % with the following details.



(1) Revenue from sales

In the Second Quarter Ended June 30, 2017, the revenue from sales from the Company and its subsidiaries is 875.52 million Baht, which is 144.08 million Baht decreased from the Second Quarter Ended June 30, 2016. In the Second Quarter Ended June 30, 2017, the company deliver more precast concrete wall products than the Second Quarter Ended June 30, 2016, that resulting to the revenue from sales of the company increase.

(2) Cost of sales

In the Second Quarter Ended June 30, 2017, the Company and its subsidiaries has total cost of sales in amount 727.50 million Baht, which is 125.62 million Baht increased from the Second Quarter Ended June 30, 2016. This is due to the sales volume and sales revenue increased but the sales unit price decreased from the Second quarter ended June 30, 2016. That effected higher cost of goods sold due to fixed cost for the factories employee expense that couldn't be used full capacity of production.

(3) Gross profit

In the Second Quarter Ended June 30, 2017, the Company and subsidiaries has total gross profit 148.01 million Baht, which is 18.45 million Baht decrease from the Second Quarter Ended June 30, 2016. Due to the decreasing of sales unit price some products from the price competition situation and the proportion of cost of goods sold is higher from the fixed cost for the factories employee expense that couldn't be used full capacity of production.

(4) Dividend Income

In the Second Quarter Ended June 30, 2017, the company don't have any dividend income, that effects the dividend revenue from the available for sale of securities investment decrease total 68.27 million Baht from the second Quarter Ended June 30, 2016.

(5) Selling and administrative expenses

The Company and its subsidiaries has selling and administrative expenses for total 137.62 million Baht, which is 26.51 million Baht increased from the Second Quarter Ended June 30, 2016. This is due to that the expanded business effects the employee expense such as the salary expense, overtime expense, compensation expense and social security expense, increase total amount 5.81 million Baht from selling and administrative expenses however, the subsidiary has not started yet.

(6) Profit (loss) sharing from associates and joint ventures

In the Second Quarter Ended June 30, 2017, the company recognized the loss sharing from Mctric Public Company Limited amount 26.82 million Baht and from Wisdom Tree Investment (S) PTE. Limited amount 2.61 million Baht, total amount 29.43 million Baht. The Second Quarter Ended June 30, 2016, recognized the profit sharing from Mctric Public



Company amount 8.04 million Baht and recognized loss sharing from Wisdom Tree Investment (S) PTE. Limited amount 0.96 million Baht. This effects in the second quarter Ended June 30, 2017, increased the loss sharing recognition amount 36.51 million Baht.

2. Analysis of Financial Status

(Unit: Thousand)

Items	30 June 2017	31 December 2016	Increase(Decrease)	Percentage
Net Assets	6,129,846	5,820,498	309,348	5.31
Net Liabilities	1,248,590	999,424	249,166	24.93
Shareholders' equity	4,881,256	4,821,074	60,182	1.25

Assets

On June 30, 2017, the Company has total asset at in the amount 6,129.85 million Baht, which is 309.35 million Baht or 5.31 % increased from December 31, 2016. That is due to that the Company has increased cash and bank deposit total 64.90 million Baht, decreased fixed deposit 50 million Baht ,decreased trade account receivables, receivables from related companies total 44.96 million Bath, inventory in amount 85.09 million Baht, and has increased the valuation adjustment of the available for sale of investment in amount 100.97 million Baht, decreased investment in associates and joint ventures 29.43 million Baht, the Company has property, plant and equipment factory under construction increased total 207.05 million, decreased deferred tax asset in amount 14.41 million Baht, and decreased withholding tax refund from the revenue department in amount 20.02 million Baht.

Liabilities

The net liabilities of the Company and its subsidiary as of June 30, 2017 are of the value 1,248.59 million Baht, which is 249.17 million Baht or 24.93 % increased from December 31, 2016. This is the result from that the Company has decreased short-term loan from the financial institute for the amount 116.96 million Baht, (because of transferring to long-term loan from the financial institute in the quarter ended June 30, 2017). The long – term loan increased in amount 284.69 million Baht because of the new loan in the quarter ended June 30,2017 and the transferring from short-term loan, decreased trade and related company account payable 11.95 million Baht, increased advance from customer 56.16 million Baht and received share advance from Nippon Concrete Industries Co. ,Ltd in amount 34.78 million Baht.

Shareholders' equity



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The shareholders' equity of the Company and its subsidiaries as of June 30, 2017 is of value 4,881.26 million Baht, 60.18 million Baht or 1.25 % increased from December 31, 2016. Due to the treasury stock on February 27, 2017, the company reduced the paid-in capital, in amount 165 million shares or 140.25 million Baht however, the company cannot sell the treasury stock on time, the allowance for treasury stock transaction is reversed to retain earning in amount 91.07 million Bath. This capital decrease effects to capital surplus from the treasury stock in amount 49.18 million Bath. The allowance for impairment of the available for sale of securities investment decreases because the market price is higher. That makes 80.78 million Baht Shareholders' equity increased, moreover the net loss effects shareholders' equity decrease in amount is 20.82 million Baht.

Yours sincerely,

General Engineering Public Company Limited

(Mr.Wuttichai Sresthabutra)

Director