



GEL.CS.024/2560

15 November 2017

Subject Explanation and analysis of management for operating results of the Third Quarter Ended September 30, 2017

To Director and Manager

The Stock Exchange of Thailand

The Board of Director's meeting No. 8/2017 of General Engineering Public Company Limited on November 14, 2017 has approved and verified the financial statements of the Company and its subsidiaries for the Third Quarter Ended September 30, 2017. The auditor of the Company with details has reviewed these as follows.

1. The Analysis of Operating Results

For the quarter ended September 30, 2017

The operating results of the Company and its subsidiaries for the Third Quarter Ended September 30, 2017 is described in the financial statement showing net loss at the amount 36.48 million Baht. Compared with the Third Quarter Ended September 30, 2016 the net loss amount 2.88 million Baht, the profit is decreased 33.60 million Baht or 1,166.67 % with the following details.

(1) Revenue from sales

In the Second Third Ended September 30, 2017, the total revenue from sales from the Company and its subsidiaries is 425.02 million Baht, which is 15.32 million Baht over than the Third Quarter Ended September 30, 2016. The year of 2017, the company delivers more precast concrete wall products than the year 2016, that resulting to the revenue from sales of the company increased.

(2) Cost of sales

In the Third Quarter Ended September 30, 2017, the Company and its subsidiaries has total cost of sales at the amount 361.12 million Baht, which is 21.94 million Baht increased from the Third Quarter Ended September 30, 2016, the sales volume and sales revenue increase while the sales unit decrease from the Third Quarter Ended September 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 Third Quarter Ended September 30, 2017, the Company and subsidiaries has total gross profit 63.90 million Baht, which is 6.63 million Baht decreased from the Third Quarter Ended September 30, 2016. This is 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) Selling and administrative expenses

In the Third Quarter Ended September 30, 2017, The Company and its subsidiaries has selling and administrative expenses for total 77.87 million Baht, which is 6.80 million Baht increased from the Third Quarter Ended September 30, 2016. This is due to the subsidiary increase total amount 5.38 million Baht from selling and administrative expenses however, the subsidiary has not started yet, the selling expense increased 4.60 million Baht because the increased sales revenue, but the decreased employee expense such as the salary expense, overtime expense, compensation expense and social security expense is amount 3.18 million Baht.

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

In the Third Quarter Ended September 30, 2017, the company recognized the loss sharing from Mctric Public Company Limited amount 23.80 million Baht and from Wisdom Tree Investment (S) PTE. Limited amount 1.57 million Baht, total amount 25.37 million Baht. The Third Quarter Ended September 30, 2016, recognized the profit sharing from Mctric Public Company amount 0.87 million Baht and recognized loss sharing from Wisdom Tree Investment (S) PTE. Limited amount 0.65 million Baht. This effects in the Third quarter Ended September 30, 2017, increased the loss sharing recognition amount 25.59 million Baht.

For 9-month period ended September 30, 2017

The operating results of the Company and its subsidiaries for the Third Quarter Ended September 30, 2017 is described in the financial statement showed the net loss in amount 57.30 million Baht. Compared with the Third Quarter Ended September 30, 2016, showed the net profit in amount 80.31 million Baht. The profit decreased 137.61 million Baht or 171.35 % with the following details.

(1) Revenue from sales

In the Third Quarter Ended September 30, 2017, the revenue from sales from the Company and its subsidiaries is 1,300.53 million Baht, which is 159.39 million Baht increase from the Third Quarter Ended September 30, 2016. In the Third



Quarter Ended September 30, 2017, the company deliver more precast concrete wall products than the Third Quarter Ended September 30, 2016, that resulting to the revenue from sales of the company increase.

(2) Cost of sales

In the Third Quarter Ended September 30, 2017, the Company and its subsidiaries has total cost of sales in amount 1,088.62 million Baht, which is 147.56 million Baht increased from the Third Quarter Ended September 30, 2016. This is due to the sales volume and sales revenue increased but the sales unit price decreased from the Third quarter ended September 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 Third Quarter Ended September 30, 2017, the Company and subsidiaries has total gross profit 211.91 million Baht, which is 11.82 million Baht increased from the Third Quarter Ended September 30, 2016. Due to the increased of sales revenue.

(4) Dividend Income

In the Third Quarter Ended September 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 Third Quarter Ended September 30, 2016.

(5) Selling and administrative expenses

The Company and its subsidiaries has selling and administrative expenses for total 215.49 million Baht, which is 33.32 million Baht increased from the Third Quarter Ended September 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 10.45 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 Third Quarter Ended September 30, 2017, the company recognized the loss sharing from Mctric Public Company Limited amount 50.62 million Baht and from Wisdom Tree Investment (S) PTE. Limited amount 4.18 million Baht, total amount 54.80 million Baht. The Third Quarter Ended September 30, 2016, recognized the profit sharing from Mctric Public Company amount 8.92 million Baht and recognized loss sharing from Wisdom Tree Investment (S) PTE. Limited amount 1.61 million Baht. This effects in the Third quarter Ended September 30, 2017, increased the loss sharing recognition amount 62.11 million Baht.



2. Analysis of Financial Status

(Unit: Thousand)

Items	30 September 2017	31 December 2016	Increase(Decrease)	Percentage
Net Assets	6,175,925	5,820,498	355,427	6.11
Net Liabilities	1,312,974	999,424	313,550	31.37
Shareholders' equity	4,862,277	4,821,074	41,203	0.85

Assets

On September 30, 2017, the Company has total asset at in the amount 6,175.93 million Baht, which is 355.43 million Baht or 6.11 % increased from December 31, 2016. That is due to that the Company has decreased cash and bank deposit total 12.06 million Baht, decreased fixed deposit 50 million Baht ,decreased trade account receivables, receivables from related companies increased total 66.88 million Bath and inventory increased in amount 135.77 million Baht, the valuation adjustment of the available for sale of investment increased in amount 122.86 million Baht, the investment in associates and joint ventures decreased 54.79 million Baht, the property, plant and equipment factory under construction of the company and the associated company increased total 293.74 million Baht, decreased deferred tax asset in amount 13.73 million Baht, and the withholding tax decreased because of the refund from the revenue department in amount 17.81 million Baht.

Liabilities

The net liabilities of the Company and its subsidiary as of September 30, 2017 are of the value 1,312.97 million Baht, which is 313.55 million Baht or 31.37 % 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 119.14 million Baht, (because of transferring to long-term loan from the financial institute in the quarter ended September 30, 2017). The long – term loan increased in amount 382.86 million Baht because of the new loan in the quarter ended September 30,2017 and the transferring from short-term loan, decreased trade and related company account payable 29.18 million Baht, increased advance from customer 37.49 million Baht and received share advance from Nippon Concrete Industries Co. ,Ltd in amount 34.12 million Baht.

Shareholders' equity

The shareholders' equity of the Company and its subsidiaries as of September 30, 2017 is of value 4,862.28 million Baht, 41.20 million Baht or 0.85 % increased from December 31, 2016. Due to the treasury stock on February 27, 2017,the



GENERAL ENGINEERING PLC

44/2 Moo 2 Tivanont Rd., Bangkadee, Muang, Pathumthani 12000 Thailand
Tel. 66(0)2501-2020 (Auto), 2501-2462-67, 2501-1055 (Auto) 2501-2128-31
Fax. 66(0)2501-2134, 2501-2468

บริษัท เจเนอรัล เอนจิเนียริ่ง จำกัด (มหาชน)

44/2 หมู่ 2 ถนนติวานนท์ ต. บางกะดี อ. เมือง จ. ปทุมธานี 12000
โทร. 66(0)2501-2020 (Auto), 2501-2462-67, 2501-1055 (Auto) 2501-2128-31
โทรสาร. 66(0)2501-2134, 2501-2468

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 98.29 million Baht Shareholders' equity increased, moreover the net loss effects shareholders' equity decrease in amount is 57.09 million Baht.

Yours sincerely,

General Engineering Public Company Limited

(Mr.Wuttichai Sresthabutra)

Director