

No.IR.002/2018

22 February 2018

Re: Notification of the changes of the Profit and Loss Statement

To: President

Stock Exchange of Thailand

We, T Engineering Corporation Public Company Limited (the “Company”), would like to notify the Stock Exchange of Thailand regarding the business operation for the year 2017 ending 31 December 2017 as follows;

Set up of Subsidiary Company

The Company set up a subsidiary company, which registered as a juristic person in Thailand under the Civil and Commercial Code on August 29, 2017. The subsidiary operates in real estate development and asset management business.

Business Overview

In 2017, the Company and subsidiary has used its best effort to enter the construction bidding process as much as it is capable to do so. The Company prioritize its construction bidding on the construction projects based on the Company’s expertise. However, in 2017, the construction industry still highly-competitive in terms of price sensitive and the highly competitive nature in bidding process.

The main reasons in which hindered the Company from securing the construction bidding contracts remain from two factors as follows;

- (1) The increase in cost of construction mainly prices of construction materials and the risen of wages;
and
- (2) The Company has been unable to obtain the financial support from financial institutions since 2015 due to major legal cases derived from the negative impact from the construction project occurred during the period of the year 2013 – 2015.

Due to the aforesaid facts, the financial institutions are unable to provide the financial support such as project finance loan or bank guarantee. As a result, the Company has been running the business by its existing cash flow in the Company and having to place the cash in the full amount as a guarantee to the Bank in order for the bank to issue bank guarantee in favor of the Company’s clients.

Outline of the Company financial information in the year of 2017

For the year ended 31 December 2017, the Company and subsidiary have total assets in the amount of Baht 906 million, total liabilities in the amount of Baht 458 million and total equity in the amount of Baht 448 million.

The significance of financial information are as follows;

	Consolidated Financial Statement	Separate Financial Statement	
	2017	2017	2016
Revenues from construction	519,389,160	519,389,160	354,906,370
Cost of construction	(505,500,082)	(505,500,082)	(327,258,194)
Gross profit	13,889,078	13,889,078	27,648,176
Other income	14,704,589	14,703,664	23,546,969
Administrative expenses	(129,469,708)	(129,388,408)	(116,002,628)
Allowance for doubtful accounts	(359,205)	(359,205)	(131,940,434)
Loss on provisions on litigations	-	-	(97,064,000)
Loss on reclassification of investments	-	-	(23,702,689)
Finance costs	(13,512,426)	(13,512,426)	(18,704,146)
Profit (loss) before income tax	(114,747,672)	(114,667,297)	(336,218,752)
Income tax income (expense)	(4,430,348)	(4,430,348)	37,231,101
Profit (loss) for the years	(119,178,020)	(119,097,645)	(298,987,651)
Other comprehensive income for the years - net of tax	(17,721,393)	(17,721,393)	121,705,355
Total comprehensive income (loss) for the years	(136,899,413)	(136,819,038)	(177,282,296)

Outline of 2017 Business operation

The outline of the Company's business operation in the year of 2017 are as follows;

1. Total incomes and Gross Profit

The Company and subsidiary had total income from the construction project Baht 519.39 million which increases in the amount of Baht 164.48 million or 46.35% compared to the year 2016. The gross profit in the year 2017 is Baht 13.89 million or 2.67% which decreases Baht 13.76 million or 49.76% when compared to the year 2016 due to the expected loss recognition from one of the current construction project. Despise the expected loss in one of the project, all other remaining projects' gross profit margin still meet the Company's expectation.

Other Revenues is Baht 14.70 million, consists of incomes from the sales of construction waste in the amount of Baht 4.24 million, amortization of accrued expenses in the amount of Baht 6.45 million, and other incomes in the amount of Baht 4.01 million. It decreases in Baht 8.84 million or 37.56% when compared to the year 2016.

2. Cost of construction

The total cost of construction in the 2017 are at the amount of Baht 505.50 million which increases in the amount of Baht 178.24 million or 54.47% when compared to the year 2016. It is a result of recognition of the expected loss in one of the long-term construction contracts. However, if the Company can control the cost of the construction in this project as per planned or any other external factors which benefits the company, this loss can be reversed to a Company's profit at the end of the project.

3. Expenses

The Company and subsidiary had overall expenses at Baht 129.47 million which increases in the amount of Baht 13.47 million or 11.61% when compared to the year 2016. This is due to the increase of the cost of litigation which are from the previous lawsuits, the Company has to engage a professional law firm for maximizing the Company's benefits. The cost of litigation fees in the year 2017 are in the total of Baht 12.69 million. As for other administrative expense, the Company still maintain it efficient in controlling the cost.



T ENGINEERING
CORPORATION PCL

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T Engineering Corporation Public Company Limited



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To summarize for the year ended 31 December 2017, the Company and subsidiary have total revenues in the amount of Baht 534.09 million, net loss in the amount of Baht 119.18 million, and comprehensive income (loss) in the amount of Baht 136.90 million.

Please be informed accordingly.

Sincerely yours,

(Mr. Tradsin Chongussayakul)

Chief Executive Officer and Acting Managing Director
T Engineering Corporation Public Company Limited