



Ref. ETE-61/023

May 10, 2018

The President of the Stock Exchange of Thailand

Subject: Submission of consolidated and separate financial information

and management discussion and analysis for the three-month period ended 31 March 2018

Eastern Technical Engineering Public Company Limited would like to submit consolidated and separate financial information for the three-month period ended 31 March 2018 and management discussion and analysis. Please see the attached document for the information

Please be informed accordingly.

Sincerely yours,

Mr.Raivin Lekavorranan

Chief Executive Officer

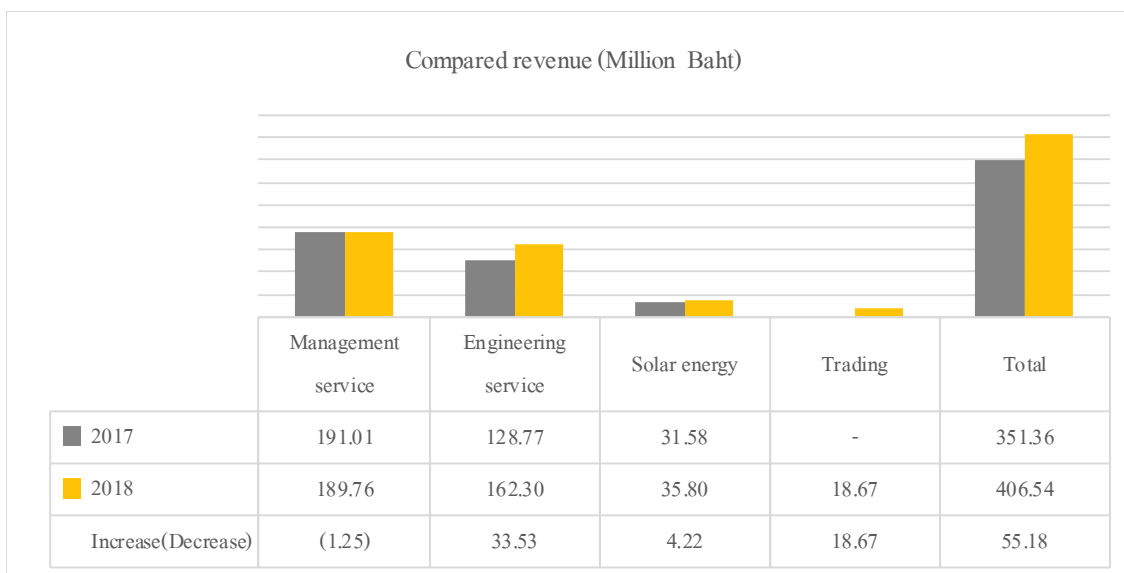
Management Discussion and Analysis, for the three-month period ended March 31, 2018

The analysis of operating result for the three-month period ended March 31, 2018

	Consolidated financial information		(Unit : Million Baht)			
	2018	2017		Change		% Change
Operating revenue	406.54	351.36	▲	55.18	▲	15.70%
Operating cost	337.23	293.88				
Gross profit	69.31	57.49	▲	11.83	▲	20.58%
Gross profit margin	17.05%	16.36%				
Other income	0.10	3.51	▼	(3.41)	▼	-97.04%
Selling expenses	1.41	1.78	▼	(0.36)	▼	-20.35%
Administrative expenses	27.85	22.39	▲	5.46	▲	24.37%
Earnings before interest and tax	40.15	36.83				
Finance costs - Existing businesses	4.80	8.82	▼	(4.02)	▼	-45.60%
Finance costs - Solar energy	8.64	9.29	▼	(0.66)	▼	-7.06%
Profit before income tax	26.72	18.71				
Income tax expense	2.41	1.42				
Profit for the year	24.30	17.29	▲	7.01	▲	40.54%

Comparing accumulated operating results with the same period of the prior year, the group's profits increased Baht 7.01 million, or 40.54% due to the following reasons:

Operating revenue increased Baht 55.18 million or increased 15.70%, from Baht 351.36 million in quarter 1/2017 to Baht 406.54 million to quarter 1/2018. The main reason for the increase was derived from additional revenue from engineering service and product trade began to be recognized in 2018.



The gross profit increased Baht 11.83 million or 20.58%; from Baht 57.49 million in quarter 1/2017 to Baht 69.31 million in quarter 1/2018, due to following reasons:

1. In 2018, Management focused on renewing the contracts with appropriate profit margin.
2. The revenue of engineering service increased.
3. Solar energy began to recognize revenue for the whole quarter 1/2018
4. Trading began to recognize revenue in quarter 1/2018

**Operating results classified by business are as follows:**

**Management service business**

	Consolidated financial information		(Unit : Million Baht)	
	2018	2017	Change	% Change
Revenue from management service	189.76	191.01	▼ (1.25)	▼ -0.65%
Cost of management service	173.71	175.84		
Gross profit	16.05	15.17	▲ 0.88	▲ 5.79%
Gross profit margin	8.46%	7.94%		

Revenue from management service decreased Baht (1.25) million or (0.65%), from Baht 191.01 million in quarter 1/2017 to Baht 189.76 million in 1/2018. Whereas, the profit from management service increased from Baht 15.17 million in quarter 1/2017 to Baht 16.05 million in quarter 1/2018 or 5.79% due to management deciding to only renew the contracts with projects that have appropriate gross profit margin only.

## Engineering service business

	Consolidated financial information		(Unit : Million Baht)			
	2018	2017	Change		% Change	
Revenue from engineering service	162.30	128.77	▲	33.53	▲	26.04%
Cost of engineering service	130.68	102.42				
Gross profit	31.62	26.35	▲	5.27	▲	20.01%
Gross profit margin	19.48%	20.46%				

Revenue from engineering service increased Baht 33.53 million, or increased from 128.77 in quarter 1/2017 to Baht 162.30 million in quarter 1/2018 or 26.04% due to following reasons:

1. Revenue increase from electrical engineering; some project signed contract in 2017.
2. Revenue increase from telecommunication engineering; started new project in quarter 1/2018.

These two reasons lead gross profit increasing by Baht 5.27 million comparing to the same period of the prior year.

## Solar Energy Business

	Consolidated financial information		(Unit : Million Baht)			
	2018	2017	Change		% Change	
Revenue from solar energy	35.80	31.58	▲	4.22	▲	13.36%
Cost of solar energy	16.89	15.62				
Gross profit	18.91	15.96	▲	2.94	▲	18.45%
Gross profit margin	52.81%	50.55%				

Revenue from solar energy business increased Baht 4.22 million, due to in quarter 1/2017 the group began to recognize revenue in Mid-January but in quarter 1/2018 the group has fully recognized revenue in every month.

## Trading

	Consolidated financial information		(Unit : Million Baht)	
	2018	2017	Change	
Revenue from sale of goods	18.67	-	▲	18.67
Cost of goods sold	15.94	-	▲	15.94
Gross profit	2.73	-	▲	2.73
Gross profit margin	14.64%		▲	14.64%

Trading; the new business of the group began to recognize revenue in quarter 1/2018.

## Other Revenue

Other revenue decreased Baht (3.41) million, due to the group gaining profit from exchange rate in 2017 from the imported solar cells for the solar energy business, but no gain in 2018.

## Selling and administration expenses

Selling expenses decreased Baht (0.36) million due to most of the customers in the government sector changing their bidding process to be e-bidding.

Administrative expenses increased Baht 5.46 million; were mainly derived from 1. the group recovering bad debt in 2017 of Baht 3.62 million which led to a decrease in expenses in 2017. However, there was no recovered bad debt in quarter 1/2018. 2. Increase in staff expenses.

## Financial Cost

In quarter 1/2018, financial costs of existing businesses decreased Baht (4.02) million, or decreased 45.06% comparing to the same period of the prior year. Regarding the repayment of short-term loan, the group used money from the initial public offering to pay short-term loan in quarter 3/2017 and it led to the financial cost of the existing business to be significantly decreased from quarter 2/2017 until now.

Financial cost in solar energy business slightly increased Baht 0.66 million due to the group receiving money from bank loan in mid-quarter 1/2017, so the interest expense was not fully calculated in that quarter.

## Statement of Financial Position

	Consolidated financial information			(Unit : Million Baht)
	March 31	December 31	Change	
	2018	2017		
Current assets	988.32	945.33	▲	42.99
Non-current assets	1,335.37	1,334.99		
<b>Total assets</b>	<b>2,323.69</b>	<b>2,280.32</b>	▲	43.37
Current liabilities	728.52	692.25	▲	36.27
Non-current liabilities	687.33	704.53	▼	(17.20)
<b>Total liabilities</b>	<b>1,415.85</b>	<b>1,396.78</b>	▲	19.07
Equity	907.84	883.54	▲	24.30

The group's assets increased Baht 43.37 million, mainly due to the following reasons:

- Trade and other receivables increased Baht 73.44 million, primarily due to the increase of trade receivables-third party of electricity engineering and construction engineering projects. Most of them were not due trade receivable at March 31, 2018.
- Other non-current asset increasing Baht 13.71 million due to retention receivables of electricity engineering project that receive payment in quarter 1/2018.
- Cash and cash equivalent decreased Baht (41.38) million.

The group's liabilities increased Baht 19.07 million, mainly due to the following reasons:

- Bank overdrafts and short-term borrowings from financial institutions increased by Baht 68.68 million due to an increase in short-term borrowings to use in business operation.
- Employee benefit obligations increased Baht 1.49 million due to recording as actuarial report.
- Trade and other payables decreased Baht (33.00) million due to an accrued cost in construction project decreased (by using percentage of completion method), it decreased mainly from actual cost of engineering service.
- Long-term borrowings from financial institutions decreased Baht (17.76) million, which mainly comes from long-term borrowing repayment in solar energy business.

The group's equity increased Baht 24.30 million due to comprehensive income.