



GEL.CS.015/2561

15 May 2018

Subject Management Discussion and Financial Analysis for the operating results of the first quarter of 2018, ended 31 March 2018

To Director and Manager

The Stock Exchange of Thailand

The Board of Director's meeting No. 4/2018 of General Engineering Public Company Limited ("the Company") held on 15 May 2018 has approved and verified the financial statements of the Company and its subsidiaries for the first quarter of 2018 which reviewed by the auditor of the Company, details are following.

1. The Operating Results Analysis

For the first quarter of 2018, ended 31 March 2018

The operating results of the Company and its subsidiaries for the first quarter of 2018, ended 31 March 2018, was described in the financial statement showing net loss at the amount of Baht 40.40 million, comparing with the same period in 2017, the net loss at the amount of Bath 3.74 million. In the first quarter of 2018, the net loss was increased by Baht 36.66 million which details are as following;

(1) Revenue from sales

The Company and its subsidiaries' revenues from sales in the first of 2018, ended 31 March 2018, was Baht 435.17 million, decreased by Baht 68.39 million or 13.58% from the same period of previous year. This was due to decrease in the delivery of pre-stressed concrete piles, post-tensioned and special cement which was Baht 101.24 million. However, the delivery of glass-fiber reinforced concrete, precast wall and other product was increased by Baht 38.25 million.

(2) Cost of sales

The Company and its subsidiaries' total cost of sales in the first quarter of 2018 was Baht 424.94 million, decreased by Baht 24.17 million or 5.38% from the same period of previous year. The decrease in cost of sales was not in line with the decrease in revenue from sales due to the fixed cost on salaries for the production that was not able to occupy full capacity.



(3) Gross profit

The Company and its subsidiaries' gross profit was of Baht 10.23 million, decreased by Baht 44.22 million or 8.46% from the period of previous year. This was due to a decrease in revenue from sales and a decrease in unit price. In addition, the decrease in cost of sales was not in line with the decrease in revenue from sales due to the fixed cost on salaries for the production that was not able to occupy full capacity.

(4) Selling expenses

The Company and its subsidiaries' selling expenses was Baht 12.17 million, increased by Baht 2.04 million or 20.14% from the same period of previous year due to an increase in commission and consultation.

(5) Administrative expenses

The Company and its subsidiaries' administrative expenses was Baht 31.86 million, decreased by Baht 0.09 million or 0.28% from the same period of previous year due to a decrease in administrative expenses which was Baht 4.22 million. In addition, the Company's subsidiaries' expenses of employees were Baht 4.13 million but its subsidiaries has not yet started its operations.

(6) Share of profit (loss) from investment in associated company and joint ventures

In the first quarter of 2018, the Company recognized the profit sharing from Mctric Public Company Limited ("Mctric") which was Baht 2.33 million and the loss sharing from Wisdom Tree Investment (S) PTE. Limited (Wisdom Tree") which was Baht 2.29 million. The Company gained the profit sharing from investment in associated and joint ventures which was Baht 0.04 million compared to the same period of previous year which the Company recognized the loss sharing from Mctric and Wisdom Tree which was Baht 13.52 million and Baht 1.10 million respectively.

2. Financial Analysis

(Unit: Thousand Baht)

Items	31 March 2018	30 December 2017	Increase (Decrease)	%
Net Assets	6,338,836	6,229,084	109,752	1.76
Net Liabilities	1,562,217	1,365,377	196,840	14.42
Shareholders' equity	4,776,619	4,863,707	(87,088)	(1.79)

Assets

As at 31 March 2018, the Company had total assets of Baht 6,338.84 million, increased by Baht 109.75 million or 1.76% from 31 December 2017. This was due to an increase in trades and other accounts receivable at amount of Baht 10.18 million, an increase in inventories at amount of Baht 75.17 million, an increase in other current assets at amount of Baht 2.27



million due to withholding tax of investment in building and machine of the Company's subsidiaries were on processing for tax refund. Restricted bank deposits decreased by Baht 16.09 million due to changed in collateral. The Company was adjusting in available-for-sales to market price at amount of Baht 58.39 million. The subsidiaries' property, plant and equipment increased by Baht 80.95 million from the factory which is under construction. The withholding tax increased by Baht 11.59 million due to a decrease in adjusting of available for sale of securities.

Liabilities

As at 31 March 2018, the Company and its subsidiaries' liabilities was Baht 1,562.22 million, increased by Baht 196.84 million or 14.42% from 31 December 2017.

The Company's current liabilities decreased by Bath 91.12 million due to an increase in short - term loan from financial institutions (promissory note) at the amount of Baht 182.96 million. As at 31 December 2017, the Company was failing to comply with the bank's requirements therefore the Company reallocated term loan to current liabilities at amount of Baht 386.68 million. As at 31 March 2018, the Company received waiver letter from the Bank thus the Company recognized such loan to loan due within 1 year at amount of Baht 111.60 million. The Company's subsidiaries had increased in current liabilities at amount of Baht 17.10 million which affected to long term loan due within 1 year decreased by Baht 257.98 million. The Company's account payable decreased by Baht 6.01 million and advance received decreased by Baht 9.59 million.

Non-current liabilities increased by Baht 287.95 million due to the Company categorized short term loan to long term loan from the financial institute at amount of Baht 285.45 million and the Company recognized the employee benefits obligation - net at amount of Baht 2.58 million.

Shareholders' equity

As at 31 March 2018, the shareholders' equity of the Company and its subsidiaries were Bath 4,776.62 million, decreased by Baht 87.08 million or 1.79% from 31 December 2017. The available for sale of securities was decreased due to the market price was lower. This was effecting in decreased in number of shareholders' equity by Baht 46.69 million. The operating result of the Company and its subsidiaries in the first quarter of 2018 showing a loss resulting in a decrease in shareholders' equity at the amount of Baht 40.40 million.

Yours sincerely,

General Engineering Public Company Limited

(Mr. Wuttichai Sresthabutra)

Director