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Tor 6/2018

23 February 2018

Subject: Clarification of the Change in the Operating Result Exceeded 20% of
Loxley Public Company Limited for Y2017 ended 31 December 2017

To: President
The Stock Exchange of Thailand

Loxley Public Company Limited (“the Company”) has submitted the consolidated financial statements for Y2017 ended 31 December 2017 and the statements of income are summarized as follows:

THB:Million	2017	2016	% Change
Revenue from sale of goods and rendering of services	15,639	13,710	14%
Cost of sale of goods and rendering of services	(13,550)	(11,770)	15%
Gross profit	2,089	1,940	8%
Selling and administrative expenses	(2,618)	(2,330)	12%
Fees and other income	289	146	99%
Share of profit of investment in associates and joint ventures, net	483	654	-26%
Earnings before interest and tax	243	410	-41%
Financial costs	(188)	(190)	-1%
Income tax expense	(57)	(43)	32%
Non-controlling interests	52	(5)	-1206%
Net profit	50	172	-71%

According to the table presented above, the operating performance for Y2017 ended 31 December 2017 showed that the Company had the revenue from sale of goods and rendering of services of 15,639 million Baht and net profit of 50 million Baht. The revenue from sale of goods and rendering of services had increased by 14%, whereas net profit decreased by more than 20% compared to that of last year. The Company would like to declare the details of this issue as follows:

Revenue from sale of goods and rendering of services

The revenue from sale of goods and rendering of services for Y2017 ended 31 December 2017 was 15,639 million Baht, increasing by 14% compared to that of the same period of last year of 13,710 million Baht. The increase of the revenue came from Technology and Service business group whose revenue increased substantially from a continuously received order backlog and customer base expansion.

Selling and Administrative Expenses

The Company had selling and administrative expenses for Y2017 ended 31 December 2017 of 2,618 million Baht, increasing by 12% compared to that of last year of 2,330 million Baht which has details as follows:

THB:Million	2017	2016	% Change
Selling and administrative expenses			
- Selling and general administrative expenses	2,281	2,330	-2%
- Loss from debt restructuring	337	-	-
Total selling and administrative expenses	2,618	2,330	12%

Major increase in selling and administrative expenses came from loss on debt restructuring of the subsidiary (Loxley Wireless Public Company Limited). This subsidiary and its accounts receivable (Office of the Welfare Promotion Commission for Teachers and Educational Personnel or OTEP) have established a debt settlement agreement in December 2017 with the total outstanding debt of 1,382 million Baht. OTEP has agreed to repay the debt as the installments within the period of 6 years, starting from January 2018. The installments resulted in a difference between the outstanding debt and the present value of the future installment cash flows. Consequently, the subsidiary had to record a loss on debt restructuring of 337 million Baht which the Company had already recorded this loss in full which resulted in a higher selling and administrative expenses as mentioned earlier.

Fees and other income

The Company had fees and other income for Y2017 ended 31 December 2017 of 289 million Baht, increasing by 99% compared to that of last year which was 146 million Baht. The increase came from the sales of the investment in the subsidiary (L Solar 1 Company Limited) whose shares were held by the Company for 70%. The Company recorded the gain on sales of this investment for 97 million Baht

Share of profit of investment in associates and joint ventures, net

The Company had share of profit of investment in associates and joint ventures, net in Y2017 ended 31 December 2017 of 483 million Baht, declining by 26% compared to that of last year of 654 million Baht. The decrease came mostly from a drop in operating performance of coated steel business.

Net profit (loss)

For Y2017 ended 31 December 2017, the Company recorded a net profit of 50 million Baht, decreasing by 71% from the net profit of 172 million Baht, being recorded in the same period of last year. The decrease in net profit was due mainly to the provision set for doubtful account of 337 million Baht recorded in

selling and administrative expenses and a drop in share of profit of investment in associates and joint ventures, net. as mentioned above.

Please be informed accordingly.

Sincerely yours,
Loxley Public Company Limited

(Mr. Pichai Mooputtarak)
Company Secretary