

Translation

CEN 022-2017

August 11, 2017

Subject Management Discussion and Analysis for business operation of quarter 2/2017

To The Manager and President

The Stock Exchange of Thailand

For 3 months period ended June 30, 2017 of Capital Engineering Network Public Company Limited ("Company") and its subsidiaries as profit 0.13 Million Baht as 103.62 Million Baht increased when compared to the same period of previous year which has loss of 103.49 Million Baht. The details are as follow:

Performance Analysis

(1) Revenue

Total revenue for company and its subsidiaries in quarter 2-2017 equals to 580.10 Million Baht or 114.76 Million Baht (24.66%) increased when compared to same period of previous which had total revenue of 465.34 Million Baht. The details are as follow:

- Revenue from sales of 359.91 Million Baht as 87.24 Million Baht or 31.99% increase when compared to same period of previous year which has total revenue of 272.73 Million Baht thus subsidiaries (Rayong Wire Industries PCL) has more sale volume and Ua Withya PCL has more revenue from its subsidiaries (as nature of business are selling agricultural products and distribution of electricity to Provincial Electricity Authority in Nakhon Ratchasima province.
- Revenue from services of 201.48 Million Baht as 16.64 Million Baht increased or 9.00% when compared to same period of previous year which has total revenue of 184.84 Million Baht due to subsidiaries has decline in deliver to customers
- Other revenue of 25.75 Million Baht as 11.39 Million Baht increased or 79.32% when compared to same period of previous year which has total revenue of 14.36 Million Baht (sales scrap materials and interest received)

(2) Gross Profit

- The gross profit of company and its subsidiaries for quarter 2-2017 from sales products and services of 50.34 Million Baht or 8.97% increase when compared to same period of previous year as profit of 7.38% due to revenue from selling more high tension steel and more distribution of electricity to Provincial Electricity

(3) Expenses

The company and its subsidiaries in quarter 2-2017 has total expenses of 602.49 Million Baht as 8.49 Million Baht decreased from 2016 as total expenses of 610.98 Million Baht as 1.39% decreased by following reasons

- Cost from selling products of 325.53 Million Baht as 57.04 Million Baht increased or 21.24% when compared to same period of previous year of 268.49 Million Baht by vary from project deliver to customers.
- Cost of service as amount of 185.58 Million Baht as 30.26 Million Baht increased or 19.48% when compared to same period of previous year of 155.32 Million Baht by fluctuated from project deliver to customers
- Cost of administrative of 69.57 Million Baht as 12.82 Million baht increased when compared to same period of previous year of 56.75 Million Baht due to subsidiaries (UWC) had expense before selling electricity.
- Financial cost of 13.08 Million Baht as 1.72 Million Baht decreased or 11.62% when compared to same period of previous year of 14.80 Million Baht

Financial Status

As at June 30, 2017 Company and its subsidiaries has total assets of 6,139.91 Million Baht as 212.28 Million Baht increased when compared to December 31, 2016 as amount of 5,927.63 Million Baht by following reasons:

- Total current assets equal to 2,503.40 Million Baht as 153.34 Million Baht increased when compared to period of December 31, 2016 as amounting of 2,350.06 Million Baht by increase in trade account receivable and other debtors of 159.50 Million Baht (more external trade account receivable of 195.82 Million Baht and other debtors of 13.09 Million Baht thus decline in accrued income of 35.22 Million Baht) more inventory as

amount of 16.67 Million Baht, decline in cash of 29.16 Million Baht and short term investment of 16.08 Million Baht

- Total non-current assets equals to 3,636.52 Million Baht as 58.95 Million Baht increased when compared to period of December 31, 2016 as amount of 3,577.57 Million Baht – Ua Withya PCL. has more deposit secured of 39.60 Million Baht in order to guarantee employment contract to customer on project and UWC has more invested with affiliate company of 8.62 Million Baht and more fixed asset of 116.91 Million Baht thus decline depreciation of 59.42 Million Bath and disposal of intangible assets of 24.45 Million Baht

Source of Funding

Liabilities

- As at June 30, 2017 the company has total liabilities of 1,994.93 Million Baht as 72.77 Million Baht increased when compared to December 31, 2016 as amount of 1,922.16 Million Baht thus subsidiaries has decline in short term loans from financial institution of 119.19 Million Baht , more trade account payable and other payable of 152.58 Million Baht (more external account payable of 140.70 Million Baht as purchase more raw materials, more unearned income of 26.98 Million Baht), more income tax payable of 42.29 Million Baht and subsidiary (Enesol) has repayment of long term loans as amount of 12.48 Million Baht

Proportion of Shareholders

- As at June 30, 2017 the company has proportion of shareholders of 2,578.28 Million Baht as 134.33 Million Baht increased when compared to December 31, 2016 of 2,443.95 Million Baht due to changes in proportion in subsidiaries.

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong

Chairman