

Translation

CEN 031-2018

August 14, 2018

Subject : Management Discussion and Analysis for business operation of  
Quarter 2-2018

To : The Manager and President  
The Stock Exchange of Thailand

Business operation of 3 months period as ended June 30, 2018 of Capital Engineering Network Public Company Limited “company” and subsidiaries has profits of 14.59 Million Baht which 14.46 Million Baht increased when compared to same period of previous year which had profit of 0.13 Million Baht by following details:

**Analysis of results of operations**

**(1) Income**

In Quarter 2-2018 the company and its subsidiaries has total revenue of 748.23 Million Baht as 168.13 Million Baht increased or 28.98% when compared to same period of previous year which had total revenue of 580.10 Million Baht by following details:

- Revenue from sales of 427.97 Million Baht as 68.00 Million Baht increase of 18.89% when compared to same period of previous year which had revenue of 359.97 Million Baht thus subsidiaries has more revenue from sales of steel and subsidiaries of Ua Withya Public Company Limited (UWC) has more revenue from sale electricity to Provincial Electricity Authority
- Revenue from services of 251.82 Million Baht as 50.34 Million Baht increase or 24.99% when compared to same period of previous year which had revenue of 201.48 Million Baht due to more delivery
- Profit from investment of 42.47 Million Baht as unrealized gains on changes in fair value of investment

## **(2) Gross Profit**

In Quarter 2-2018 the company and its subsidiaries has total gross profit from selling products and services of 23.51 Million Baht or 3.46% decreased when compared to same period of previous year which had total profit of 8.97% due to cost of raw materials in term of steel wire has risen higher than increase in selling price and subsidiaries of UWC in Buriram Province started to sell electricity as a result, the cost is higher than normal operation on the other hand in quarter 2 (during June 2017) the company started to have some profit from selling electricity.

## **(3) Expenses**

In Quarter 2-2018 the company and its subsidiaries has total expenses of 745.51 Million Baht as 143.01 Million Baht increased from year 2017 which had total expenses of 602.49 Million Baht or 23.74% by following reasons.

- Cost of sales as amounting of 422.41 Million Baht or 96.88 Million Baht increased or 29.76% when compared to same period of previous year as amounting of 325.53 Million Baht by fluctuate from increases of sales volume
- Cost of service as amounting of 233.87 Million Baht as 48.29 Million Baht increased or 26.02% when compared to same period of previous year which had amount of 185.58 Million Baht by fluctuate from project delivery to customers
- Administrative expenses of 57.72 Million Baht or 11.85 Million Baht decreased when compared to same period of previous year as amounting of 69.57 Million Baht due to the company has reversal of allowance for doubtful account of loans receivable of 3.88 Million Baht thus year 2017 the subsidiary as located in Buriram Province has recorded cost of production in administrative expenses due to plant is undergoing renovation
- Financial Costs of 16.20 Million Baht as 3.12 Million Baht increased or 23.85% when compared to same period of previous year which has financial costs of 13.08 Million Baht
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## **Financial Status**

As June 30, 2018 the company and its subsidiaries has total assets of 6,043.06 Million Baht as 9.91 Million Baht decreased when compared to December 31, 2017 which had total assets of 6,052.97 Million Baht due to following reasons.

- Current Assets of 2,687.68 Million Baht as 46.69 Million Baht increased when compared to December 31, 2017 of 2,640.99 Million Baht by having cash and cash equivalents more as

amounting of 141.66 Million Baht due to subsidiary (RWI) has received money from exercise of warrants and has reserve cash to pay for raw materials and more inventory of 190.16 Million Baht, decline in short term investment of 121.99 Million Baht due to subsidiary (RWI) paid for raw materials, decline in trade account receivable and other receivable of 169.01 Million Baht, more other external debtors of 37.76 Million Baht, increase in external receivable of 23.95 Million Baht by declining from external trade receivables of 53.18 Million Baht and related debtor (EMC) has pay debts to subsidiary (UWC) as amount of 170.00 Million Baht and decline in advance payment of 8.70 Million Baht

- Non-Current Assets of 3,355.39 Million Baht as 56.60 Million Baht when compared to December 31, 2017 as amount of 3,411.99 Million Baht by increased from secured deposits of 26.00 Million Baht, increase from fixed assets of 74.00 Million Baht, decline from depreciation charges of 76.36 Million Baht and selling intangible assets of 21.01 Million Baht, decline in Finance lease receivable of 18.65 Million Baht, decline in investment money in affiliate company as amount of 20.45 Million Baht and decrease in deferred income tax of 20.41 Million Baht

## **Source of Investment**

### **Liabilities**

- As at June 30, 2018 the company has total liabilities of 2,107.04 Million Baht as 29.75 Million Baht decreased when compared to same period of previous year of 2,136.79 -subsidiaries has more trade account payable and other payable of 100.71 Million Baht (more external trade payable of 55.89 Million Baht and also more accrued expenses of 18.75 Million Baht, more unearned income of 10.01 Million Baht, more other account payable of 26.76 Million Baht, decline of payment from purchase subsidiaries of 10.30 Million Baht). Moreover more loan from external as amount of 70.00 Million Baht, receive advance payment for shares of subsidiary (RWI) as amount of 32.08 Million Baht but decline in short term loan from financial institute of 9.01 Million Baht and long term loan of 200.00 Million Baht. By this, subsidiary (ENS) has repayment of long term loans as amount of 12.04 Million Baht

**Proportion of shareholders**

- As at June 30, 2018 the company has proportion of shareholders as amounting of 2,529.93 Million Baht as 56.84 Million Baht increased when compared to December 31, 2017 as amounting of 2,473.09 Million Baht due to company has some profit from business operation

Please be informed for acknowledgement,

Sincerely yours,

Mr. Wutichai Leenabanchong  
Chairman