

Translation

UWC 023/2562

August 16, 2019

Subject : Management Discussion and Analysis for quarter 2-2019 (amend

To : President of the Stock Exchange of Thailand

Ua Withya Public Company Limited ("Company") would like to describe and analyze the financial position and operating results for quarter 2-2019 are summarized as follows.

Performance Analysis

For the Quarter 2-2019, the Company and its subsidiaries had total revenue of 268.56 million baht, a decrease of 104.65 million baht or 28.04 percent compared to the same period in 2018 had total revenues 373.21 million baht

For the total net loss of 298.56 million baht or increased 753.52 percent compared to the same period in 2018 had total net loss of 34.98 million baht and net loss owners of the parent 294.86 million baht increased 854.86 percent compared to the same period in 2018 had total net loss owners of the parent 30.88 million baht

However, mentioned net loss is only 61.94 Million Baht from business operation and the less are loss from impairment of asset, reduction on value of products and provision projected potential loss on projection hand of 237.05 Million Baht. The overall operating results for the three-months period of year 2019 compare to the same period of year 2016 is shown in table 1 below.

Table 1 provides an overview of performance.

	Items	For the three-months ended 30 June			
		2019	2018	Increased (Decreased)	
				Amount	Percentage
1	Revenue from steel tower manufacturing	147.39	242.37	(94.98)	(39.19)
2	Revenue from sale of industrial equipment	2.45	2.70	(0.25)	(9.26)
3	Revenue from sale of other products	-	1.81	(1.81)	(100.00)
4	Revenue from sale of electricity	117.28	114.56	2.72	2.37
5	Other income	1.44	11.77	(10.33)	(87.77)

Unit : Million Baht

	Items	For the three-months ended 30 June			
		2019	2018	Increased (Decreased)	
				Amount	Percentage
6	Total Revenues	268.56	373.21	(104.65)	(28.04)
7	Total expenses	565.23	411.13	154.10	37.48
8	Profit(Loss) before income tax	(296.67)	(37.92)	(258.75)	682.36
9	Net Profit (Loss)	(298.56)	(34.98)	(263.58)	753.52
10	Net Profit (Loss) owners of the parent	(294.86)	(30.88)	(263.98)	854.86

1. Analysis of results of operations.

1.1 Income

In Quarter 2-2019 the Company and its subsidiaries had the total revenues of 268.56 million baht or 104.65 million baht decreased when compare to the same period of 2018 as amounting of 373.21 million or decreased 39.19 percent thus details are as follow:

- The Company's income from steel tower manufacturing of 147.39 million baht, a decreased of 94.98 million baht or 39.19 percent compare to the same period in 2018 was 242.37 million baht
- The revenue from sale of industrial equipment of 2.45 million baht as 0.25 million baht decreased or 9.26 percent when compared to the same period in 2018 was 2.70 million baht
- The company and its subsidiaries no has revenue from sale of other product in quarter 2-2019 when compared to same period of year 2018 of 1.81 million baht
- The company and its subsidiaries has revenue from sale of electricity of 117.28 million baht as 2.72 million baht increased or 2.37 percent when compared to same period of year 2018 of 114.56 million baht due to more sales volume in term of electricity
- The other income in quarter 2-2019 in the amount of 1.44 million baht or 0.54 percent of total revenues due to revenue from sales of scrap on raw material of 0.09 million baht, rental income from related company of 0.60 million baht, interest

receive of 0.49 million baht, interest receive from related company of 0.13 million baht and others of 0.13 million baht

1.2 Cost and Expenses

In Quarter 2-2019, the company and its subsidiaries had loss margin 66.50 percent and net loss (111.17) percent of total revenues when compare to the same period in 2018 was gross margin 4.90 percent and net loss (9.37) percent of total revenues.

Table 2: Overview of costs, expenses and gross profit to revenue.

	Items	Amount (million baht) , %				Amount increased (decreased)	
		Q2/2019	Percent	Q2/2018	Percent	Million Baht	Percent
1	Total revenues	268.56	100.00	373.21	100.00	(104.65)	(28.04)
2	Cost of steel tower manufacturing and cost of sale	447.14	166.50	354.91	95.10	92.23	25.99
3	Gross profit (loss)	(178.58)	(66.50)	18.30	4.90	(196.88)	(1,075.85)
4	Sales and administrative expenses	99.64	37.10	38.31	10.26	61.33	160.09
5	Profit (loss) before finance cost and income tax	(278.22)	(103.60)	(20.01)	(5.36)	(258.21)	1,290.40
6	Financial cost	18.45	6.87	17.91	4.80	0.54	3.02
7	Profit (loss) before income tax	(296.67)	(110.47)	(37.98)	(10.16)	(258.75)	682.36
8	Income tax (expense) income	(1.89)	(0.70)	2.94	0.79	(4.83)	(164.29)
9	Net profit (loss)	(298.56)	(111.17)	(34.98)	(9.37)	(263.58)	753.52
10	Net profit (loss) shareholders of the parent	(294.86)	(109.79)	(30.88)	(8.27)	(263.98)	854.86

1.2.1 Gross Profit

In Quarter 2-2019, the Company and its subsidiaries had loss margin 66.50 percent. It was a decreased compare to the same period of 2018, the gross margin 4.90 percent

1.2.2 Cost and Expenses

In Quarter 2-2019, the Company and its subsidiaries had a total cost and expenses 565.23 million baht, the expenses increased from 2018, with a total cost and expenses of

411.13 million baht, an increase of 154.10 million baht or 37.48 percent by the following reasons.

- Cost of steel tower manufacturing 331.56 million baht, an increase of 111.28 million baht as approximately increase of 50.52 percent when compared to the same period in 2018 in the amount of 220.27 million baht vary by amount of projects that the company has delivered to the customer thus there is recognition of all remaining expenses of closed projects in accordance to purchasing order together with remaining revenue from deliver
- Cost of sale of industrial equipment 1.61 million baht, a decrease of 0.20 million baht or 11.29 percent compared to the same period in 2018 as amounting of 1.81 million baht
- Cost of sales of other product is no has compared to the same period in 2018 as amounting of 11.03 million baht
- Cost of sale of electricity of 113.97 million baht as 7.82 million baht decreased or 6.42 percent when compared to same period of year 2018 as amounting of 121.79 million baht by fluctuate in accordance with more sales volume.
- Selling expenses amounting of 1.17 million baht a decreased of 0.29 million baht or approximately 20.03 percent when compared to the same period of the year 2018 was 1.47 million baht.
- Administrative expenses amounting of 38.39 million baht, an increase of 13.35 million baht or approximately 53.32 percent increase when compared to the same period in 2018 as amounting of 25.04 million baht as a result of :

- Recognize additional compensation cost incurred by revaluation of employee benefit in accordance to Labour Protection Act (No.7) 2019
- Recognize more administrative expenses related to disposal of non-core asset of Paradise Green Energy Company Limited (presently no longer in operation)

- Other expenses amounting of 58.84 million baht, an increase of 51.70 million baht or approximately 724.14 percent increase when compared to the same period in 2018 as amounting of 7.14 million baht. as a result of

- Provision on projected potential loss on project on hand in the amount of 36 Million Baht in compliance with Thai Accounting Standard No.37.

However, this transaction would be review quarterly until the end of project and would be reversed if the company is able to improve its cost efficiently capability

- Impairment on investment in DIMET (Siam) Public Company Limited in the amount of 23 Million Baht as quarterly book to market method

- Finance costs consist of interest expense and banking fee of 18.45 million baht, an increase of 0.54 million baht or 3.01 percent increase when compared to the same period in 2018 as amount of 17.92 million baht.

1.2.3 Net profit (loss)

In Quarter 2-2019, the Company and its subsidiaries had a net loss of (298.56) million baht due to loss from owners of the parent as amount of (294.86) million baht and loss to non-controlling interests amount of (3.70) million baht as increased loss of 263.58 million baht or equivalent 753.52 percent when compared to the same period in 2018 has net loss of (34.98) million baht was in loss to owners of the parent amount of (30.88) million baht.

Table 3 : Overview statement of financial position

	Items	Amount (Million baht)		Increased (decreased)	
		As of June 30,2019	As of December 31,2018	Million baht	Percent
1	Total Assets	2,589.00	3,116.68	(527.68)	(16.93)
2	Total Liabilities	1,590.95	1,640.87	(49.92)	(3.04)
3	Total Shareholders' Equity	998.05	1,475.81	(477.76)	(32.37)

2.1 Assets

As of June 30, 2019, the company and its subsidiaries had total assets of 2,589.00 million baht, a decreased from as of December 31, 2018, with total assets of 3,116.68 million baht, a decreased in the amount of 527.68 million baht, by following reasons.

- Cash and cash equivalents amount of 160.96 million baht had a net increase of 91.89 million baht when compared to year 2018 had in the amount of 69.07 million baht
- Trade and other receivables 358.15 million baht, decrease of 220.35 million baht, compare to year 2018, which had amount of 578.50 million baht Variable according to volume of income
- Short term loans to related company of 8.22 million baht as 0.46 million baht decreased when compared to year 2018 of 8.68 million baht resulting from lending to Interglob Company Limited (affricated company located in Cambodia as involved in Biomass Fuel Business in US Dollar. Total such lending THB as of June 30, 2019 is 3.22 Million Baht
- Inventories of 401.01 million baht a decrease of 143.12 million baht when compared to year 2018 as amount of 544.14 million baht by consider reducing the value of steel projects that have been produced for long time and cannot be used.
- Other current assets 34.96 million baht, increase of 16.82 million baht compare to year 2018 had the amount of 18.13 million baht
- Sale of assets in subsidiary; Paradise Green Energy Company Limited which consists of Land, Building and some Machines (current no longer in operation) in the amount of 152.17 Million Baht to a company according to the resolution of Board of Director of Ua Withya Public Company Limited No.3-2018 held on May 25, 2018. The transaction size on acquisition of asset equal to 5.45% in accordance to book value method. As there has been no other transaction during the past 6 months, so it is required to disclose the transaction to SET. Furthermore, loss from impairment of such assets in the amount of 21.20 Million Baht already been recognized. In 2018 Financial Statement. In addition, the company has already transferred its ownership of such assets and received full payment in quarter 2-2019
- Deposit used as collateral of 38.06 million baht and decrease of 14.97 million baht compared to year 2018 which amount of 53.04 million baht
- Investment in associates of 106.13 million baht as net decrease of 27.05 million baht when compared to year 2018 as amount of 133.18 million baht.

- Land, Building and other materials of 1,263.95 Million Baht as net decrease of 34.89 Million Baht when compared to year 2018 as amount of 1,298.84 Million Baht
- Intangible assets in the amount of 160.01 million baht. A decrease of 12.45 million baht, compared to year 2018 which had the amount of 172.46 million baht.

2.2 Liabilities

As of June 30, 2019, the Company and its subsidiaries had total liabilities of 1,590.95 million baht, decrease of 49.92 million baht from December 31, 2018, which was amount 1,640.87 million baht caused by

- Increased in short term loan from other companies of 27.50 Million Baht from 39.50 Million Baht in year 2018 to 67 Million Baht and in year 2019 came from loan from no related party in accordance to rules specified in announcement of Capital Market Supervisory Board No. TorChor 21/2551 RE: Rules on Connected Transactions and Notification of the Board of Governors of Stock Exchange of Thailand RE: Disclosure of information and Other Acts of Listed Companies concerning related transaction, B.E. 2546 (“announcement of Stock Exchange of Thailand”) and follow Mor.258 of Securities and Exchange ACT B.E. 2535 for the purpose of bond redemption.
- Increase in long term loan from financial institution of 319.31 Million Baht
- Increase of liabilities from contract on project which create burden of 36 Million Baht (as above mentioned)
- Increase of non-current assets for employee benefits of 8.32 Million Baht
- Decline on bank overdraft and short term loans from financial institution of 0.20 Million Baht
- Decline on trade account payable and other payable of 101.20 Million Baht
- Decline on short term loan from related company of 20 Million Baht
- Decline on long term loan which due within one year as amount of 300 Million Baht
- Decline on current liabilities of 9.90 Million Baht
- Decline on liabilities under financial lease of 5.62 Million Baht

- Decline on liabilities of deferred income tax of 4.03 Million Baht

2.3 Shareholders' Equity

As of June 30, 2019, the Company and its subsidiaries had a loss from operations 466.99 million baht, other comprehensive loss as amount of 4.06 Million Baht, Non-controlling interests of 6.71 Million Baht which cause decrease in ownership of 998.14 Million Baht (left) from year 2018 as amount of 1,475.81 Million Baht or 477.76 Million Baht decreased.

Please be informed accordingly,

Yours sincerely,

Mr. Monthon Chatuwallopkul
Corporate Secretary