

No. 11/2021

6 August 2021

President

The Stock Exchange of Thailand

93 Ratchadapisek Road, Kwang Dindaeng, Khet Dindaeng,
Bangkok 10400

Subject : Clarification of the operating result.

Dear sir,

We, Unimit Engineering Public Company Limited (UEC), would like to clarify the change in the operating results for Q2/2021 which has a change of over 20% from the same period of last year.

Unimit Engineering Public Company Limited (the Company)

For the three months, Q2/2021 total revenue was Baht 103 million against Baht 191 million for Q2/2020, a decrease of 46%. Gross profit for Q2/2021 was 24% vs 14% for Q2/2020. For Q2/2020 there was a write back of a provision of "Liquidate Damage". Selling and Administrative Expenses for Q2'2021 compared with 2020 was increased. In Q2/2020, there was a write back of a "Bad Debt Provision". In sum, Net Profit for Q2/2021 was Baht 6 million, compared with Baht 10 million for Q2/2020.

For the six months to June, H1/2021, total revenue was Baht 290 million against Baht 437 million for H1/2020, a decrease of 34%. Gross profit for the six months of H1/2021 was 29% vs 14% for H1/2020. For Q2/2020 there was a write back of a provision of "Liquidate Damage". Selling and Administrative Expenses for H1/2021 compared with H1/2020 was increased, due to a write back of a "Bad Debt Provision" in Q2/2020. In sum, Net Profit for the 6 months to June 2021 was Baht 48 million, compared with Baht 30 million for 2020.

Unimit Engineering (Myanmar) Company Limited (UEM, the Subsidiary)

For the three months, Q2/2021 total revenue was Baht 0.3 million compare to Baht 0.1 million for Q2/2020. Gross loss was Baht 1 million for Q2/2021 and Baht 2 million for Q2/2020. Selling and Administrative Expenses Baht 1 million for Q2'2021 compared with Baht 2 million for Q2/2020 was decreased. Net loss was Baht 3 million, compared with net loss Baht 4 million for Q2/2020.

In view of the political uncertainty situation in Myanmar, the Board of Directors of UEM had met in mid-April and had decided to temporarily closed down the operation of the factory from 1 June 2021, when the remaining contractual works were delivered to customers and the remaining works under negotiation were cancelled by mutual consent. The re-opening of the factory has yet to be decided, subjective to the prevailing situation.

With the closure of the factory, the Subsidiary, for security reasons, has retained only a few workers with a monthly payroll of about Baht 130,000. On top of this, the Subsidiary is obligated under its contract with the landlord to pay maintenance fee, electricity and security fees for an amount of about Baht 170,000 per month. The total cash expenditure during the factory closure is about Baht 300,000 per month.

Most impact in the Subsidiary's Balance Sheet is the Amortization of the prepaid land-lease and Depreciation of Fixed Assets. For accounting purposes, (a) Amortization of the land lease is about Baht 80,000 per month, or about Baht 960,000 per year. Our leasehold agreement has a remaining life of 43 years, plus renewal options, and (b), Depreciation of assets, consisting of plant buildings, machinery and Office Furniture and Equipment. The total sum, for accounting purposes and in accordance with the depreciation policy is about Baht 450,000 per month or about Baht 5.4 million per year. As these are non-cash items, the total cash expenditure during this temporary closure period is about Baht 300,000 per month.

The Company and its Subsidiary.

On a consolidated basis for three months, Q2/2021 the Company and its Subsidiary 's total revenue was Baht 103 million against Baht 191 million for Q2/2020, a decrease of 46% cause from delay in investment of the related industry and competition. Gross profit Q2/2021 was 23% vs 13% for Q2/2020. For Q2/2020 there was a write back of a provision of "Liquidate Damage". Selling and Administrative Expenses for Q2/2021 compared with Q2/2020 was increased. The reason is that in Q2/2020, we had a write back of a "Bad Debt Provision". In sum, Net profit for Q2/2021 was Baht 3 million, compared with net profit Baht 6 million for Q2/2020. Major result is from operation of the Company in Thailand. Due to political uncertainty in Myanmar, UEM temporarily closed down the operation of the factory as mentioned.

Discussion and Analysis of the Company and its subsidiaries Operational Results in Q2/2021 and Q2/2020

Corporate Revenue

In Q2/2021 the Company and its subsidiaries have total earnings of Baht 103 million, consisting of Baht 102 million contract revenues, Baht 1 million of gain from exchange and minor others income.

The changes are as follows:

Q2/2021 contract revenue is Baht 102 million, a decrease of Baht 89 million (47%) compare to Q2/2020's Baht 191 million.

Gain from exchange amount Baht 1 million, compare to Q2/2020's loss from exchange Baht 3 million.

Costs and Expenses

In Q2/2021, the company and its subsidiaries' cost of goods sold and operating expenses have reduced by Baht 78 million (43%) from Q2/2020's Baht 179 million to Baht 101 million, cause as mentioned above.

The changes are as follows:

There is a reduction in contract costs of Baht 88 million (53%) compare to Q2/2020's Baht 166 million resulting in Q2/2021's value of Baht 78 million.

There is an increase in the selling and operating expenses of Baht 13 million from Baht 10 million in Q2/2020 to Baht 23 million in Q2/2021. Major from a write back of a bad debt provision in Q2/2020 due to success collect.

Profit / (Loss)

The Company and its subsidiary have a consolidated profit for the period Q2/2021 of Baht 3 million decreased Baht 3 million (54%) compared to consolidated profit of Baht 6 million in Q2/2020.

Please be informed accordingly.

Sincerely yours,

Ms. Vilai Siripoonkiatikul

Authorized Signature