

The 2nd Quarter and 6-Month of 2013 Operating Performance Analysis
of TRC Construction Public Company Limited and Its Subsidiaries

(Unit: Million Baht)

Consolidated FS	1st Qtr	2nd Qtr		Difference between 2013 and 2012	
	2013	2013	2012		
Services income and sales	640.33	582.85	1,059.51	-476.66	-44.99%
Interest income and other income	2.06	6.92	8.18	-1.26	-15.43%
Total revenues	642.40	589.77	1,067.69	-477.92	-44.76%
Cost of services and cost of goods sold	-571.62	-524.48	-950.24	-425.75	-44.81%
Gross margin	68.71	58.37	109.27	-50.90	-46.58%
Administrative expenses	-54.48	-45.40	-49.57	-4.17	-8.42%
EBIT	16.30	19.89	67.88	-47.99	-70.70%
Finance cost	-1.31	-0.91	-0.96	-0.04	-4.29%
Income tax expenses	-8.95	-5.61	-18.82	-13.21	-70.19%
Profit for the period	6.04	13.37	48.11	-34.74	-72.21%
Adjust: Minority interest of the subsidiaries	3.90	3.21	5.06	-1.84	-36.46%
Profit attribute to equity holders of the parent	9.94	16.58	53.16	-36.58	-68.81%
Earnings per Share (Baht)	0.01	0.02	0.07		
Gross Profit Margin	10.73%	10.02%	10.31%		
Net Profit Margin	1.55%	2.81%	4.98%		
Debt to Equity (Times)	1.36	1.32	1.83		

(Unit: Million Baht)

Consolidated FS	6-Month		Difference between 2013 and 2012	
	2013	2012		
Services income and sales	1,223.19	2,061.71	-838.52	-40.67%
Interest income and other income	8.98	20.74	-11.76	-56.69%
Total revenues	1,232.17	2,082.45	-850.28	-40.83%
Cost of services	-1,096.10	-1,827.28	-731.18	-40.01%
Gross margin	127.08	234.43	-107.35	-45.79%
Administrative expenses	-99.88	-96.38	3.50	3.63%
EBIT	36.19	158.79	-122.60	-77.21%
Finance cost	-2.22	-1.52	0.71	46.53%
Income tax expenses	-14.56	-37.79	-23.23	-61.48%
Profit for the period	19.41	119.49	-100.08	-83.75%
Adjust: Minority interest of the subsidiaries	7.11	3.62	3.49	96.22%
Profit attribute to equity holders of the parent	26.52	123.11	-96.59	-78.46%
Earnings per Share (Baht)	0.03	0.15		
Gross Profit Margin	10.39%	11.37%		
Net Profit Margin	2.15%	5.91%		

The 2nd Quarter of 2013 Operating Performance

TRC Construction Public Company Limited (“the Company”) and its subsidiaries’ services income and sales for the 2nd quarter of 2013 were recorded at Baht 582.85 million decreasing 44.99% from Baht 1,059.51 million of last year and Baht 640.33 million of the previous quarter or equivalent to 8.98% decrease. This was resulted from the decreased revenue recognition of the Ubon-Ethanol Project (Work value of Baht 2,134 million), awarded to SahakarnWisavakorn Co., Ltd. (“SKW”), a subsidiary. This project completed in the 2nd quarter of this year. In addition, TRC Engineering LLC (a subsidiary in Sultanate of Oman) has no project on hand because the new project is postponed by client. Main services income of this quarter was from GNS-Gas Pipeline to Nongsang Power Plant Project with work value of Baht 1,677.82 million, GUT Gas Pipeline Project from Gulf JP UT Co., Ltd. with work value of Baht 1,547.43 million and PTTAR-IRPC Multiproduct Pipeline Project from IRPC Public Company Limited with work value of Baht 728.81 million, respectively.

Cost of services and sales in the 2nd quarter was at Baht 524.48 million, decreasing from Baht 571.62 million of the 1st quarter which was consistent with the decrease of services income and sales. Administrative expenses were at Baht 45.40 million, decreasing from Baht 54.48 million of the 1st quarter or equivalent to 16.67% decrease. Main administrative expenses were wage and salary.

The gross profit was at Baht of 58.37 million, decreasing from Baht 109.27 million of the same quarter of last year or representing 46.58% decrease and also decreasing from the previous quarter which was at Baht 68.71 Baht or equivalent to 15.05% decrease. The gross profit margin was 10.02%. Meanwhile, the same quarter of last year represented at 10.31% and the previous quarter was at 10.73%. The decrease of gross margin was from the gross loss of TRC Engineering LLC (“TRCE”), a subsidiary in Sultanate of Oman, which continuously affecting a gross loss since the 4th quarter of 2012 due to the postponement of client. Therefore, TRCE has no project on hand while its cost and administrative expenses still have been incurred.

The net profit attributable to equity holders of the Company in the 2nd quarter was Baht 16.58 million, increasing from Baht 9.94 million of the previous quarter or representing 66.80% increase. Meanwhile, the net profit decreased from Baht 53.16 million of the same quarter of last year or representing 68.81% decrease. The net profit margin in the 2nd quarter was 2.81%, decreasing from 4.98% of the same quarter of 2012 due to the operating loss of TRCE. However, in the second half of this year, TRCE is going to attend the biddings in Sultanate of Oman under the collaboration with Thai business alliance in Petrochemical Group. It is anticipated that TRCE will be able to recover the operating performance within this year.

In the 2nd quarter, SKW recorded a net profit (SKW got loss in the 1st quarter). In this year, SKW has continuously attended the bidding for infrastructure projects of government sector and construction projects of private sector. In May 2013, SKW awarded a new project namely “The civil work for road, bridge across irrigation canal No. 26 and drainage system phase 1 of TPANK Wang Noi 2 Project” from Ticon Logistics Park Co., Ltd. with work value of Baht 163.16 million.

The 6-Month of 2013 Performance

The first half of 2013, the Company and its subsidiaries’ services income and sales were recorded at Baht 1,223.19 million, decreasing from Baht 2,061.71 million of the same period of last year or equivalent to 40.67% decrease. This was resulted from the decreased revenue recognition of Ubon-Ethanol Project which was awarded to SKW and the delay of the bidding stage for the large projects both domestic and overseas. Cost of services and sales in the first half of 2013 was at Baht 1,096.10 million, representing 40.01% decrease from the same period of the last year which was consistent with the decrease of services income and sales. Administrative expenses were at Baht 99.88 million, representing 3.63% increase from the same period of last year.

The 6-Month of 2013, the Company and its subsidiaries recorded a net profit of Baht 26.52 million and Baht 0.03 earnings per share. While the net profit of the same period of the last year was Baht 123.11 million equivalent to Baht 0.15 earnings per share. The decrease of net profit was mainly resulted from the operating loss of TRCE according to the above-mentioned the 2nd quarter operating performance analysis.

Backlog

	No. of the Projects	Value of the uncompleted work (Million Baht)
<u>Backlog as at the end of the 2nd Quarter of 2013:</u>		
TRC Construction Plc.	15	2,575
SahakarnWisavakorn Co., Ltd.	5	181
TRC Middle East LLC (Sultanate of Oman)	1	157
TRC Engineering LLC (Sultanate of Oman)	None	None
Total backlog as at 30 June 2013	21	2,913
<u>New Project awarded in July 2013:</u>		
PTT Navanakorn Rangsit Gas Pipeline Project	1	1,067
Total	22	3,980

In June 2013, the Company and Sinopec International Petroleum Service Corporation, a Chinese strategic partner, jointly submitted the bidding proposal of a Cross Country Pipeline Project from PTT Public Company Limited namely “Provincial Gas Transmission Pipeline Project to NakornRatchasima”, project value approximately of USD 260 million. The result of bidding shall be announced in October 2013.

SKW’s New Subsidiary Establishment

On 20 March 2013, Sahakarn Wisavakorn Co., Ltd. and Kuedo Kongyung Co., Ltd, a Korean strategic partner, jointly established a new company namely “SKK Joint Venture Co., Ltd. with 89.97% and 10% shareholding, respectively. The main objective of new company establishment is to bid works from the State Railway of Thailand.

Result of the Right Offering (“RO”) Subscription

During 17-21 June 2013, the Company proceeded the RO subscription for newly issued ordinary shares in amount not exceeding 33,658,559 shares at par value Baht 0.50 per share at the ratio of 20 existing shares to 1 new share at offering price Baht 2.50 per share.

Conclusion of RO Subscription and Proceeds:

Total new ordinary shares issuance due to RO Subscription	31,269,062	Shares
Exercising Price	2.50	Baht/Share
RO Proceeds	78,172,655	Baht
Paid-up Capital:		
Paid-up Capital before RO	392,658,855.50	Baht
Increased Capital due to RO	<u>15,634,531.00</u>	Baht
Current Paid-up Capital	<u>408,293,386.50</u>	Baht

(Mr. Smai Leesakul)

Chief Executive officer

13 August 2013