

**The 2<sup>nd</sup> Quarter and 6-Month of 2014 Operating Performance Analysis  
of TRC Construction Public Company Limited and Its Subsidiaries**

(Unit : Million Baht)

	The 1st Qtr 2014	The 2nd Qtr 2014	The 2nd Qtr 2013	Change (2 nd Qtr 2014-2 nd Qtr 2013)	
				Amount	Percentage
Construction service income	726.46	686.13	534.14	151.99	28.45
Interest and other income	1.79	10.35	10.21	0.14	1.39
Total revenues	728.25	696.48	544.35	152.13	27.95
Cost of construction service	-607.91	-542.48	-479.06	63.42	13.24
Gross profit	118.55	143.65	55.08	88.57	160.79
Administrative expenses	-73.74	-83.75	-45.40	38.35	84.47
Profit before share of loss from investment in joint venture, finance cost and income tax expenses	46.61	70.25	19.89	50.36	253.16
Share of loss from investment in joint venture	-1.77	-0.53	0.00	0.53	N/A
Finance cost	-1.43	-1.01	-0.91	0.10	10.83
Income tax expenses	-10.01	-16.70	-5.61	11.09	197.72
Profit for the period	33.40	52.01	13.37	38.64	289.06
Non-controlling interests of the subsidiaries	1.56	1.72	3.21	-1.50	-46.58
<b>Profit attribute to equity holders of the Company</b>	<b>34.95</b>	<b>53.73</b>	<b>16.58</b>	<b>37.15</b>	<b>224.03</b>
Earnings per Share (Baht)	0.04	0.07	0.02		
Gross Profit Margin	16.32%	20.94%	10.31%		
Net Profit Margin	4.80%	7.71%	3.05%		
Debt to Equity (Time(s))	0.73	0.80	1.36		

(Unit : Million Baht)

	The 6-Month 2014	The 6-Month 2013	Change	
			Amount	Percentage
Construction services income	1,412.59	1,174.47	238.12	20.27
Interest and other income	12.14	12.27	-0.13	-1.08
Total revenues	1,424.73	1,186.74	237.98	20.05
Cost of construction services	-1,150.39	-1,050.68	99.71	9.49
Gross profit	262.20	123.79	138.41	111.81
Administrative expenses	-157.48	-99.88	57.61	57.68
Profit before share of loss from investment in joint venture, finance cost and income tax expenses	116.86	36.19	80.67	222.90
Share of loss from investments in joint venture	-2.30	0.00	2.30	N/A
Finance cost	-2.44	-2.22	0.22	10.09
Income tax expenses	-26.71	-14.56	12.15	83.48
Profit for the period	85.41	19.41	65.99	339.94
Non-controlling interests of the subsidiaries	3.27	7.11	-3.84	-53.96
<b>Profit attribute to equity holders of the Company</b>	<b>88.68</b>	<b>26.52</b>	<b>62.16</b>	<b>234.36</b>
Earnings per Share (Baht)	0.11	0.03		
Gross Profit Margin	18.56%	10.54%		
Net Profit Margin	6.22%	2.23%		

## **The 2<sup>nd</sup> Quarter of 2014 Operating Performance: 224% Net Profit Increase**

1. **Construction services income** of Baht 686.13 million was recorded showing an increase of Baht 151.99 million from last year or representing 28.45 % increase. The highest revenue recognition was from GUT Gas Pipeline Project of Gulf JP UT Co., Ltd., Navanakorn-Rangsit Interconnecting Gas Pipeline Project and Construction of Region VIII Pipeline Operation Center of PTT Public Company Limited, respectively. The Company still did not recognize the services income from Provincial Gas Transmission Pipeline from Saraburi to Nakhon Ratchasima Project. The captioned project will be recognized the services income commencing from the third quarter of 2014 onwards.
2. **Gross profit** was Baht 143.65 million increasing Baht 88.57 million and Baht 25.09 million from the same period of last year and from the 1<sup>st</sup> quarter of 2014, respectively. Gross Profit Margin was at 20.94% increasing from the previous year and the previous quarter which were at 10.31% and 16.32%, respectively due to an effective cost control as planned.
3. **Administrative expenses** were Baht 83.75 million increasing Baht 38.35 million or representing 84.47% increase. Most increased expenses were from employees' expenses such as more recruitment, training & seminar expenses, expenses of the ESOP-W2 and design & engineering advisory fee for bidding overseas projects.
4. **Profit attribute to equity holders of the Company** of Baht 53.73 million was recorded showing an increase from previous quarter's profit which was Baht 34.95 million representing 53.71% increase. Net profit also increased Baht 37.15 million from the same period of last year representing a significant increase of 224.03 % due to more effective performance of Sahakarn Wisavakorn Co., Ltd. and TRC Engineering LLC (Sultanate of Oman).

## **The 6-Month of 2014 Operating Performance**

The first half of 2014, the Company and its subsidiaries recorded the services income of Baht 1,412.59 million increasing from Baht 1,174.47 million of the same period of last year or equivalent to 20.27% increase. Sahakarn Wisavakorn Co., Ltd. recorded services income at Baht 284.59 million increasing of 87.04% from last year.

The 6-month of 2014 gross margin was 18.56 % increasing from last year which was at 10.54% due to the effective project management. Most of the projects on hand are works in which the Company and Sahakarn are expert such as pipeline project and civil works.

The 6-month of 2014 net profit attribute to equity holders of the Company significantly increased 234.36%. Net profit was Baht 88.68 million representing 6.22% net profit margin and Baht 0.11 earnings per share. While the net profit of the same period of last year was Baht 26.52 million representing 2.23% net profit margin and Baht 0.03 earnings per share.

#### **Assets, Liabilities and Debt to Equity Ratio**

As at 30 June 2014, the Company and its subsidiaries had a total of assets of Baht 2,188.51 million increasing from Baht 211.51 million as end of 2013. Total liabilities were Baht 974.76 million increasing Baht 151.62 million. The significant increased current assets consisted of the followings:

- Cash and cash equivalents increased from Baht 195.56 million to Baht 479.08 million representing 144.97% increase due to the collection of accounts receivable.
- Trade and other receivables increased from Baht 252.96 million to Baht 476.56 million consisting of the increase of construction services income.
- Construction in progress significantly increased from Baht 2.38 million to Baht 123.28 million. The 96% of construction in progress was from Provincial Gas Transmission Pipeline from Saraburi to Nakhon Ratchasima Province.

Non-current assets increased from Baht 1,977.00 million as at the end of 2013 to Baht 2,188.51 million representing 10.70% increase. The significant increased non-current assets consisted of property, plant and equipment increasing from Baht 325.38 million to Baht 425.96 million or 30.91 % increase due to new head office construction and vehicle procurement.

Current liabilities increased from Baht 749.38 million to Baht 911.80 million representing 21.67% increase. The significant increased current liabilities consisted of the following s:

- Trade and other payables increased from Baht 321.38 million to Baht 423.69 million representing 31.84% increase. Most of the increased items were from more material procurement and subcontractors.
- Unbilled payable increased from Baht 96.53 million to Baht 312.69 million representing 223.93% increase. Most of the unbilled payable was from Navanakorn – Rangsit Interconnecting Gas Pipeline Project (work value of Baht 1,070 million) and GUT Gas Pipeline Project (work value of Baht 1,590 million). There was a cost of construction services recognition according to the completion of works from subcontractors which have not yet been due.

Debt to equity ratio decreased from 1.36 times as at the end of 2013 to 0.80 time as at 30 June 2014.

## Backlog on Hand

As at 30 June 2014, the Company and its subsidiaries had projects on hand with the remaining uncompleted works as follows:

	Number of the Projects	Uncompleted Work Value (Million Baht)
TRC Construction Public Company Limited	8	2,808.43*
Sahakarn Wisavakorn Co., Ltd.	6	318.63
TRC Middle East LLC, Sultanate of Oman	<u>1</u>	<u>15.22</u>
<b>Total</b>	<b><u>15</u></b>	<b><u>3,142.28</u></b>

\* Note: For Provincial Gas Transmission Pipeline from Saraburi to Nakhon Ratchasima Project, work value mentioned here is only TRC's portion approximately of Baht 1,639 million.

## Significant Events during the 2<sup>nd</sup> Quarter of 2014 - Present

- **An Increase of Shareholding in The TRC Middle East LLC**

TRC International Limited, a subsidiary in Hong Kong (in which the Company indirectly holds 100% of TRC International Limited's shares through TRC Investment Limited, a subsidiary in Republic of Mauritius) has acquired additional shares of TRC Middle East LLC, a subsidiary in Sultanate of Oman. As a result, shareholding of TRC International Limited in TRC Middle East LLC increased from 60% to 70% since 16 June 2014.

- **Head Office Relocation**

Since 23 June 2014, the Company and Sahakarn Wisavakorn Co., Ltd. have relocated the head office to No.8 Soi Sukhapiban 5 soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Telephone number: +66 2022 7777.

- **Results of the 1<sup>st</sup> Exercise of ESOP Warrants No. 2 (TRC- W2) : 30 June 2014**

Newly issued shares from the 1 <sup>st</sup> exercise of ESOP-W2	2,446,903	shares
Exercise price	3.03	Baht/share
Capital increase proceeds	7,414,116.09	Baht
Issued and paid-up share capital:		
Issued and paid-up capital before the 1 <sup>st</sup> exercise of ESOP-W2	408,293,386.50	Baht
Share capital increased from the 1st exercise of ESOP-W2 (Registered on 3 July 2014)	<u>1,223,451.50</u>	Baht
Issued and paid-up capital at present	<u>409,516,838.00</u>	Baht

- **Letter of Intent of Biodiesel Project (Phase II)**

As at 6 August 2014, TRC obtained a Letter of Intent informing that TRC has been selected as the successful bidder for the construction of the Biodiesel Plant (Phase II) Of Bangchak Biofuel Company Limited, an associate of Bangchak Petroleum Public Company Limited. The project's work value is approximately of Baht 1,200 – 1,700 million with 18 month construction period. If including this project to backlog as at the end of the 2<sup>nd</sup> quarter of 2014, the uncompleted works will be approximately of Baht 4,342 - 4,842 million.



(Mr. Smai Leesakul)

Chief Executive Officer

13 August 2014