

**The 3<sup>rd</sup> Quarter and 9-Month of 2013 Operating Performance Analysis  
of TRC Construction Public Company Limited and Its Subsidiaries**

(Unit: Million Baht)

Consolidated FS	1st Qtr 2013	2nd Qtr 2013	3rd Qtr		Difference between 2013 and 2012	
			2013	2012		
Services income and sales	640.33	582.85	717.43	1,262.19	-544.76	-43.16%
Interest income and other income	2.06	6.92	1.57	1.94	-0.36	-18.70%
Total revenues	642.40	589.77	719.00	1,264.13	-545.13	-43.12%
Cost of services and cost of goods sold	-571.62	-524.48	-607.19	-1,088.10	-480.91	-44.20%
Gross margin	68.71	58.37	110.24	174.09	-63.85	-36.68%
Administrative expenses	-54.48	-45.40	-68.58	-59.07	9.51	16.10%
EBIT	16.30	19.89	43.23	116.96	-73.72	-63.04%
Finance cost	-1.31	-0.91	-0.88	-2.48	-1.60	-154.97%
Income tax expenses	-8.95	-5.61	-15.58	-23.54	-7.96	-33.81%
Profit for the period	6.04	13.37	26.77	90.94	-64.17	-70.56%
Adjust: Minority interest of the subsidiaries	3.90	3.21	4.70	5.05	9.75	193.18%
<b>Profit attribute to equity holders of the parent</b>	<b>9.94</b>	<b>16.58</b>	<b>31.47</b>	<b>85.89</b>	<b>-54.42</b>	<b>-63.36%</b>
Earnings per Share (Baht)						
Gross Profit Margin	10.73%	10.02%	15.37%	13.79%		
Net Profit Margin	1.55%	2.81%	4.38%	6.79%		
Debt to Equity (Times)	1.36	1.32	0.91	1.82		

Consolidated FS	9-Month		Difference between 2013 and 2012	
	2013	2012		
Services income and sales	1,940.61	3,323.90	-1,383.29	-41.62%
Interest income and other income	10.56	22.67	-12.12	-53.44%
Total revenues	1,951.17	3,346.57	-1,395.41	-41.70%
Cost of services and cost of goods sold	-1,703.29	-2,915.38	-1,212.09	-41.58%
Gross margin	237.32	408.52	-171.20	-41.91%
Administrative expenses	-168.46	-155.45	13.01	8.37%
EBIT	79.42	275.75	-196.33	-71.20%
Finance cost	-3.10	-3.99	-0.89	-22.39%
Income tax expenses	-30.14	-61.33	-31.19	-50.86%
Profit for the period	46.18	210.43	-164.24	-78.05%
Adjust: Minority interest of the subsidiaries	11.81	-1.42	13.23	930.52%
<b>Profit attribute to equity holders of the parent</b>	<b>57.99</b>	<b>209.00</b>	<b>-151.01</b>	<b>-72.25%</b>
Earnings per Share (Baht)				
Gross Profit Margin	12.23%	12.29%		
Net Profit Margin	2.97%	6.25%		

**Acquisition of Notice of Award for Provincial Gas Transmission Pipeline Project to Nakorn Ratchasima with work value of Baht 7,696 million from PTT in October 2013**

In October 2013, TRC Construction Public Company Limited (“the Company”) and Sinopec International Petroleum Service Corporation, a Chinese strategic partner under “Sinopec-TRC Joint Venture” obtained the Notice of Award for Provincial Gas Transmission Pipeline Project to Nakorn Ratchasima from PTT Public Company Limited with work value of USD 103.45 million and Baht 4,433.65 million or approximately of Baht 7,696 million (Using Fx: Baht 31.53 /USD). TRC’s work portion will be approximately of 30%.

### **The 3<sup>rd</sup> Quarter of 2013 Operating Performance**

The 3<sup>rd</sup> quarter of 2013, the Company and its subsidiaries' services income and sales were recorded at Baht 717.43 million decrease from the same quarter of 2012 which was at Baht 1,262.19 million or equivalent to 43.16% decrease but increasing from the previous quarter which was at Baht 582.85 million or equivalent to 23.09% increase. The decrease from last year was resulted from the completion of Ubon-Ethanol Project (Work value of Baht 2,134 million), awarded to SahakarnWisavakom Co., Ltd. ("SKW"), a subsidiary, in the 2<sup>nd</sup> quarter of this year. In addition, TRC Engineering LLC (a subsidiary in Sultanate of Oman) had still no project on hand. Main services income of this quarter was firstly from the GUT Gas Pipeline Project of Gulf JP UT Co., Ltd with work value of Baht 1,547.43 million, secondly from the GNS-Gas Pipeline to Nongsang Power Plant with work value of Baht 1,677.82 million and Navanakorn Rangsit Gas Pipeline Project from PTT Public Company Limited, a new project acquired this year, with work value approximately of Baht 1 billion.

Cost of services and sales in the 3<sup>rd</sup> quarter was at Baht 607.19 million. The administrative expenses were at Baht 68.58 million decreasing from the same quarter of 2012 which was consistent with the decrease of services income. The administrative expenses were mainly wage and salary.

For this quarter, there are following extraordinary expenses:

- ESOP Warrants's expenses recording: On 1 July 2013, the Company issued and allocated 31,600,000 warrants under the 2<sup>nd</sup> Employee Stock Option Plan (ESOP-W2) to the directors and/or employees of the Company and/or its subsidiary. Maturity of warrants is 3 years from the date of issuance and exercising price of Baht 4.70 per share. During the 3<sup>rd</sup> quarter of 2013, the Company and its subsidiaries recorded expenses of the ESOP amounting to Baht 4.12 million calculated by Black- Scholes Merton model as personal expenses.
- Allowance for doubtful accounts: The Company and a subsidiary in Sultanate of Oman recorded allowance for doubtful accounts for account receivables pasted due over 1 year at a total of Baht 16.57 million.

The gross profit of the 3<sup>rd</sup> quarter was at Baht of 110.24 million decreasing from the same quarter of 2012 which was at Baht 174.09 million or representing 36.68% decrease but increasing from the previous quarter which was at Baht 58.37 Baht or equivalent to 88.86% increase. The gross profit margin was 15.37% equaling to the standard level of the Company since the main works were from pipeline projects. Meanwhile, the same quarter of 2012 represented at 13.37% and the previous quarter was at 10.02%.

The net profit attributable to equity holders of the Company in the 3<sup>rd</sup> quarter was at Baht 31.47 million increasing from the previous quarter which was at Baht 16.58 million or representing 89.81% increase. Meanwhile, the

net profit decreased from the same quarter of 2012 which was at Baht 85.89 million or representing 63.36% decrease. The net profit margin in the 3<sup>rd</sup> quarter was 4.38% increasing from the previous quarter at 2.81% but decreasing from the same quarter of 2012 at 6.79% due to the operating loss of TRC Engineering LLC (“TRCE”). TRC E’s net loss in the 3<sup>rd</sup> quarter was lower than previous quarter. At present, TRC Engineering LLC is attending the biddings in Sultanate of Oman under the collaboration with Thai business alliance in Petrochemical Group. It is expected that TRCE’s operating performance can be recovered next year.

The debt to equity of the Company and its subsidiaries as at the end of the 3<sup>rd</sup> quarter of 2013 was at 0.91 time decreasing from the end of 2012 and the 3<sup>rd</sup> quarter of 2012 which was at 1.53 times and 1.82 times, respectively. As the Company increased the capital in 2013 in a form of stock dividend in May totally 112.1 million shares and the right offering to the existing shareholders in June totalling 31.3 million shares. This caused the registered capital increase from Baht 336.59 million as end of 2012 to Baht 408.29 million as end of the 3<sup>rd</sup> quarter of 2013.

### **The 9-Month of 2013 Performance**

The 9-month of 2013, the Company and its subsidiaries’ services income and sales were recorded at Baht 1,940.61 million representing a decrease from the same period of last year which was at Baht 3,323.90 million or equivalent to 41.62% decrease. The main reasons for such a decrease were a delay of the bidding stage for the large projects for both domestic and international ones in 2013, nearly completion of carry-forward projects and works delivery of Ubon Ethanal Project. Cost of services and sales for the 9-month of 2013 was at Baht 1,703.29 million, representing 41.58% decrease from the same period of last year which was consistent with the decrease of services income and sales. Meanwhile, the administrative expenses were at Baht 168.46 million, representing a 8.37% increase from the same period of last year.

The Company and its subsidiaries’ net profit for the 9-month of 2013 was Baht 57.99 million or equivalent a net profit margin of 2.97%. Earnings per share was Baht 0.07 decreasing from the same period of last year which net profit was Baht 209.00 million, net profit margin at 6.25%, and earnings per share of Baht 0.26.

**Updated Backlog**

	No. of the Projects	Value of the uncompleted work (Million Baht)
TRC	10	2,119
Sahakarn Wisavakorn Co., Ltd.	11	417
TRC Middle East LLC (Sultanate of Oman)	1	93
TRC Engineering LLC (Sultanate of Oman)	<u>None</u>	<u>None</u>
Total backlog as at 30 September 2013	22	2,629
Provincial Gas Transmission Pipeline Project to Nakorn Ratchasima (Sinopec-TRC Joint Venture obtained Notice of Award in October 2013.)	1	2,309  (Only TRC's work portion approximately of 30%)
<b>Total</b>	<b><u>23</u></b>	<b><u>4,938</u></b>



(Mr. Smai Leesakul)

Chief Executive Officer

13 November 2013