

**The 2014 Operating Performance Analysis
of TRC Construction Public Company Limited and Its Subsidiaries**

(Unit : Million Baht)

	9-Month 2014	the 4th Q tr 2014	2014	2013	Change (2014 - 2013)	
					Amount	Percentage
Construction services income	2,214.83	881.30	3,096.13	2,526.48	569.65	22.55
Interest and other income	16.49	15.11	31.60	31.54	0.06	0.21
Total revenues	2,231.33	896.41	3,127.73	2,558.02	569.71	22.27
Cost of construction services	-1,763.73	-774.56	-2,538.29	-2,148.41	389.89	18.15
Gross profit	451.10	106.73	557.84	378.08	179.76	47.55
Administrative expenses	-236.31	-67.16	-303.46	-230.69	72.77	31.55
Doubtful debt	0.00	0.00	0.00	-16.31	-16.31	-100.00
Profit before share of loss from investment in joint venture, finance cost and income tax expenses	231.29	54.69	285.97	162.61	123.36	75.86
Share of profit(loss) from investments in joint venture	5.24	-5.24	0.00	-0.02	-0.02	-100.00
Finance cost	-3.02	-0.34	-3.36	-3.14	0.21	6.76
Income tax expenses	-53.40	-15.97	-69.37	-51.42	17.95	34.92
Profit for the period	180.11	33.14	213.25	108.03	105.22	97.40
Non-controlling interests of the subsidiaries	4.46	-2.79	1.68	18.33	-16.66	-90.86
Profit attribute to equity holders of the Company	184.57	30.35	214.92	126.36	88.56	70.09
Earnings per Share (Baht)	0.21	0.05	0.26	0.15		
Gross Profit Margin	20.37%	12.11%	18.02%	14.96%		
Net Profit Margin	8.27%	3.39%	6.87%	4.94%		
Debt to Equity (Time(s))			0.87	0.71		

The 2014 Operating Performance: 22% Total Revenues & 70% Net Profit Growth

- Construction services income** was Baht 3,096.13 million increasing Baht 569.65 million from last year or 22.55% increase. Most revenue was recognised from backlog on hand from the previous year and short-term projects acquired in this year. The Company has executed and delivered completed projects to the customers within the project period.
- Gross profit** was Baht 557.84 million increasing Baht 179.76 million from last year. Gross Profit Margin was at 18% increasing from last year which was at 15%.
- Administrative expenses** were Baht 303.46 million increasing Baht 72.77 million or 31.55% increase. Most increased expenses were from employees' expenses such as salary staffs, bonus, 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** was Baht 214.92 million increasing Baht 126.36 million from last year or 70.09% increase.

Assets, Liabilities and Debt to Equity Ratio

As at 31 December 2014, the Company and its subsidiaries had a total of assets of Baht 2,063.90 million increasing from Baht 565.57 million as at the end of 2013. Total liabilities were Baht 1,252.90 million increasing Baht 429.76 million. The significant increased current assets consisted of the followings:

- Cash and cash equivalents increased from Baht 195.56 million to Baht 606.66 million representing 210.21% increase due to the collection of accounts receivable and proceeds from the 3rd exercise of ESOP-W2.
- Trade and other receivables increased from Baht 252.96 million to Baht 876.69 million consistent with the increase of construction services income.

Non-current assets increased from Baht 478.66 million as at the end of 2013 to Baht 566.71 million representing 18.40% increase. The significant increased non-current assets consisted of property, plant and equipment which increasing from Baht 325.38 million to Baht 455.00 million or 39.84% increase due to new head office construction and vehicle procurement.

Current liabilities increased from Baht 749.38 million to Baht 1,203.36 million representing 60.58% increase.

The significant increased current liabilities consisted of the followings:

- Unbilled payable increased from Baht 96.53 million to Baht 337.90 million representing 250.06% increase. There was a cost of construction services recognition according to the completion of works from subcontractors which have not yet been due.
- Unearned construction revenue increased from Bath 33.49 million to Bath 149.40 million representing 346.12% increase because the Company collected work proceeds more than revenue recognition on the basis of percentage of completion.

Debt to equity ratio increased from 0.71 time as at the end of 2013 to 0.87 time as at 31 December 2014.

Backlog on Hand

As at 31 December 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	3,486.94
Sahakarn Wisavakorn Co., Ltd.	4	<u>123.59</u>
Total	<u>12</u>	<u>3,610.53</u>

Significant Events during the 2014 – Present

- **Amendment to ESOP-W2’s Exercise Price**

The 2014 Annual General Meeting of Shareholders approved the amendment to ESOP-W2’s exercise price from Baht 4.70 per share to Baht 3.03 per share.

- **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.

- **TRC International Limited’s Investment in APMC’s Shares**

On 6 January 2015, TRC International Limited increased its investment in ASEAN Potash Mining Public Company Limited’s ordinary shares (“APMC”) by buying shares from APMC’s shareholder at Baht 200 per share, for Baht 50 million. As a result, shareholding of TRC International Limited in APMC increased to 4.48% of APMC’s paid-up capital.

Subsequently, in January 2015, APMC issued and offered additional ordinary shares to the shareholders. As a result, the shareholding of TRC International Limited in APMC decreased to 4.40%.

- **Results of the Exercise of ESOP Warrants No.2 (TRC- W2) in 2014**

Newly issued shares from the 1 st exercise of ESOP-W2	2,446,903	shares
Newly issued shares from the 2 nd exercise of ESOP-W2	3,580,030	shares
Newly issued shares from the 3 rd exercise of ESOP-W2	<u>3,538,964</u>	shares
Total newly issued shares from the exercise of ESOP-W2	9,565,897	shares
Exercise price	3.03	Baht/share
Capital increase proceeds from the 1 st exercise of ESOP-W2	7,414,116.09	Baht
Capital increase proceeds from the 2 nd exercise of ESOP-W2	10,847,490.90	Baht
Capital increase proceeds from the 3 rd exercise of ESOP-W2	<u>10,723,060.92</u>	Baht
Total capital increase proceeds	28,984,667.91	Baht
Issued and paid-up share capital:		
Issued and paid-up capital before the exercise of ESOP-W2	408,293,386.50	Baht

Share capital increased from the 1 st exercise of ESOP-W2 (Registered on 3 July 2014)	1,223,451.50	Baht
Share capital increased from the 2 nd exercise of ESOP-W2 (Registered on 7 October 2014)	1,790,015.00	Baht
Share capital increased from the 3 rd exercise of ESOP-W2 (Registered on 8 January 2015)	1,769,482.00	Baht
Issued and paid-up capital at present	<u>413,076,335.00</u>	Baht

- **Significant Projects Acquisition in 2014**

1. 450 TPD Biodiesel Plant Project of Bangchak Biofuel Company Limited. The project's work value is Baht 1,200 million.
2. The New Incinerator Project of Trans Thai - Malaysia (Thailand) Limited. The Gas Separation Plant located in Chana, Songkhla Province. The project's work value is Baht 519,000,000 and USD 11,330,000 or total work value approximately of Baht 890 million.

- **Letter of Intent of the 1st Transmission Pipeline Life Extension Project: 28" Recoating Section**

On 5 February 2015, TRC obtained a Letter of Intent informing that TRC has been selected as the successful bidder for the construction of the 1st Transmission Pipeline Life Extension Project: 28" Recoating Section from PTT Public Company Limited. The project's work value is Baht 3,725 million with 45-month construction period. The company expects to sign construction contract within April 2014. If including this project to the backlog as at the end 2014, the value of uncompleted works will be approximately of Baht 7,336 million.

Dividend payment for 2014 Operating Performance and Schedule for the 2015 Annual General Meeting of Shareholders ("2015 AGM")

The Board of Director's Meeting to consider the proposed agenda for the 2015 AGM including the dividend payment for the 2014 operating performance will be held on 17 March 2015. The 2015 AGM is scheduled to be arranged on 29 April 2015.



(Mr. Smai Leesakul)

Chief Executive Officer

24 February 2015