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August 14, 2015

Subject: Clarification on the Change of Q2/2015 Operating Results for Exceeding 20%

To: President
The Stock Exchange of Thailand

BJC Heavy Industries Public Company Limited ("Company") would clarify the reasons of changing in the operating results in Q2/2015 as following.

Overview of Operating Results

The Company realized total contracted revenues (excluding Other Income) of 2,236.1 million baht in the 1H 2015, which is a year-on-year growth of 21.6% or 397.7 million baht. Underlying 1H 2015 net profits, when excluding FX impacts, also grew by 10.8% or 36.9 million baht compared to the same period last year. Taking into account the FX impacts, however, the 1H 2015 net profits declined by 14.1% or 56.6 million baht versus 1H 2014.

In May, the Company signed a new contract exceeding 5,400 million baht for the FPSO Compression Modules project directly with TUPi B.V. (Petrobras and its partners), who are the Project Owners. This contract includes an option which can increase the total contract value to exceed 10,000 million baht. Securing this new project enabled the Company to build up its backlog to c. 7,500 million baht. After the 2Q revenue recognition and work scope revision of the Toyo Setal project, the backlog was c. 6,500 million baht at the end of 2Q 2015.

The Company realized total revenues (including Other Income) of 853.2 million baht and delivered net profits of 180.3 million baht in 2Q 2015, which included the FX gain of 104.4 million baht. After 4 consecutive quarters of growth, revenues slowed down in 2Q 2015, largely driven by the transition period requiring preparation and ramp-up for the new TUPi FPSO Modules Project after the completion of the Roy Hill and APLNG Wellhead Separator projects in 1Q 2015. In addition, there was a partial suspension of the QGI FPSO Modules Project due to contractual disagreements between QGI (EPC Client) and Petrobras (Project Owner). This disagreement has been resolved and the project is expected to restart towards the end of 3Q 2015.

With the ramp-up of the TUPi project and the restart of the QGI project, the Company expects to deliver significant growth in both revenue and income in the 2H 2015.

2/2015 operating result

Revenue

Contract Revenue

Contracted Revenue (excluding Other Income) in 2Q 2015 was 737.4 million baht, falling by 761.4 million baht or 50.8% from 1,498.7 million baht in 1Q 2015. This decrease has been driven by the completion of the Roy Hill and APLNG Wellhead Separator projects in 1Q 2015 along with the partial suspension of the QGI FPSO modules project. Revenue reductions were partially offset by the Company starting to recognize revenues from the TUPi FPSO modules and the Toyo Setal piping supply project.

Compared to the same period last year, Contracted Revenue decreased by 252.9 million baht or 25.5%. Lower revenues were a function of the project mix with reductions from completing the Roy Hill and APLNG Wellhead Separator projects, partially offset by the increases from the new projects, namely QGI, TUPI and Toyo Setal projects.

Expenses

Contract Costs

In 2Q 2015, the Company's Contracted Costs of 549.5 million baht decreased 49.8% from 1,094.4 million baht in 1Q 2015 and decreased 21.6% from 701.7 million baht in 2Q 2014. These reductions are directly driven by the slowdown in project activities and the corresponding 2Q 2015 fall in Contracted Revenues.

Selling, General & Administrative Expenses (SG&A)

SG&A Expenses in 2Q 2015 was 124.4 million baht, decreasing by 49.2% from 245.0 million baht in the 1Q 2015. The dramatic decrease is primarily driven by the FX losses of 140.5 million baht in 1Q 2015.

When compared to the same period last year, however, SG&A Expenses in 2Q 2015 increased 36.7%, driven by increased transportation costs and the compensation payments involved in right-sizing the work force for the reduced project activities during the period.

Profits

Gross Profits

Gross Profits (excluding Other Income) decreased to 187.9 million baht in 2Q 2015 from 404.3 million baht in 1Q 2015, driven primarily by transitioning to start the new TUPI project after completion of the Roy Hill and APLNG Wellhead Separator projects in 1Q 2015, along with the partial suspension of the QGI FPSO modules project. Gross Profits (excluding Other Income) decreased 100.7 million baht from 288.6 million baht in 2Q 2014 due to comparative lower project activities and higher costs related to the transition period.

Net Profits

Net Profits increased to 180.3 million baht in 2Q 2015 from 163.5 million baht in 1Q 2015 driven by FX gains, but decreased from 231.7 million baht in 2Q 2014, reflecting the slowdown in project activities and higher costs related to the transition period.

Best regards,
BJC Heavy Industries Public Company Limited

-Signed-
(Mr. Seung Woo Lee)
Chief Operating Officer