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Subject: Clarification on Significant Changes in 2Q2016 Operating Results Exceeding 20%

To: President
The Securities and Exchange Commission

BJC Heavy Industries Public Company Limited (hereinafter referred to as "the company") would like to clarify the underlying drivers for the changes in 2Q2016 Operating Results as compared with those in 2Q2015 as following.

Overview of 2Q2016 Operating Results

In the first six months of 2016, there were several factors impacting the movement of commodity prices such as the market anticipation of raising FED's policy rate, OPEC's production policy, the departure of the UK from the EU (Brexit) and the volatilities of foreign exchange rate. All these cited above had the profound effect on the commodity prices particularly in oil prices. The substantial dip in oil prices was seen in early January 2016 when Brent crude oil was recorded at approximately 26 dollars per barrel. However, among the current challenging market environment, BJCHI has still secured TUPI FPSO modules project (03B) in oil and gas industry with the total value of 2,800 million baht from the direct project owner (TUPI BV.). This is another significant testament for BJCHI's success stemming from continuously providing the exceptional quality of work, on-time delivery as competitive prices to clients.

In 2Q2016, the company's revenue resulted mainly from oil and gas-related projects in Brazil mainly composing of TUPI FPSO modules project (02B) where has been secured since 2Q2015 from the direct project owner. We expects to deliver TUPI FPSO modules project (02B) to the customer within 3Q2016. At the same time, BJCHI is still executing QGI FPSO modules project where has been fully resumed since 1Q2016. We strongly believe that the QGI FPSO modules project will be completely finished and delivered to the client within 4Q2016 as planned. In additional to the existing projects we are executing for customers, BJCHI is considering to provide services to other markets such as North America, Asia and Australia and industries such as renewable energy, infrastructure and mining.

Revenue

Contracted Revenue

In 2Q2016, Contracted Revenue (excluding other incomes) was 1,720.1 million baht, rising of 982.8 million baht or 133.3% from 737.4 million baht in 2Q2015. The increased contract revenue resulted from revenue recognition of TUPI FPSO modules project and QGI FPSO modules project while there was no revenue recognition of QGI FPSO modules project due to the project suspension in 2Q2015 before resuming again in 1Q2016.

Expenses

Contracted Costs

Contracted Cost in 2Q2016 was 1,499.6 million baht, increasing of 950.1 million baht or 172.9 % from 549.5 million baht in 2Q2015. The rise in contracted costs was significantly caused by the increased project activities from the 2nd shipment of TUPi FPSO modules project, the expense from consumable related cost as well as the transition period between TUPi FPSO modules project (01B and 02B) and TUPi FPSO modules project (03B)

SG&A

SG&A Expenses in 2Q2016 were 71.3 million baht, decreasing of 52.9 million baht or 42.6% from 124.1 million baht in 2Q2015. The decrease in SG&A expenses was largely driven by the cost management policy.

Profits

Gross Profits

In 2Q2016, the company's Gross Profits (excluding other incomes) were 220.5 million baht, increasing by 17.4% from 187.9 million baht in 2Q2015 due to the continued revenue recognition of TUPi FPSO modules project and the re-start of QGI project since 1Q2016 as compared to the period of the partial suspension of the QGI FPSO modules project in 2Q2015.

Net Profits

Net Profits in 2Q2016 were 191.7 million baht, increasing of 11.9 million baht or 6.6% as compared with those in the same period of last year because the company has continuously recognized revenue from TUPi FPSO modules project and the re-start of QGI FPSO modules project. Furthermore, the company recognized the FX gain in 2Q2016 of 14.5 million baht.

Best Regards,
BJC Heavy Industries Public Company Limited

-Seung Woo Lee-

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