

August 15, 2016

Subject : Management Discussion and Analysis for 2nd Quarter the period ending 30 June 2016

To : The President of Stock Exchange of Thailand

Sino-Thai Engineering and Construction Public Company Limited (The Company and its subsidiaries) would like to inform the Company's operation result on the second quarter consolidated financial statements ending 30 June 2016 which was reviewed by the Company's auditor as follows:

- 1. Revenues :** The total revenue of the Company and its subsidiaries for the three-month period and six-month period in 2016 were Baht 3,822.62 million and Baht 8,329.31 million comparing to the same periods of the previous year, the total revenue of the Company and its subsidiaries were Baht 5,059.56 million and Baht 9,333.14 million respectively, decreasing by Baht 1,236.94 million or 24.45% for the three-month period and Baht 1,003.83 million or 10.76% for the six-month period. Since the Company's revenue recognition was the percentage of completion method and some of new construction projects were just beginning.
- 2. Expenses :** The Company and its subsidiaries had total expenses at Baht 3,571.71 million for the three-month period and Baht 7,759.59 million for the six-month period, comparing to the same periods of the previous year, the amount of total expenses were Baht 4,666.62 million for the three-month period and Baht 8,536.82 million for the six-month period reflecting the decrease of total expenses in the amount of Baht 1,094.91 million or decreasing 23.46% for the three-month period and Baht 777.23 million or decreasing 9.10% for the six-month period. This resulted from decrease of cost of construction according to the revenue recognition. The main expenses were cost of construction totaling Baht 3,444.58 million for the three-month period and Baht 7,519.37 million for the six-month period, administrative expenses totaling Baht 122.03 million and Baht 230.59 million, and cost of sales and services totaling Baht 5.10 million and Baht 9.63 million respectively.

3. Profitability : The consolidated financial statements for the second quarter ending 30 June 2016 showed that the Company and its subsidiaries had profitability as follows:

- The Company and its subsidiaries had gross profit margin from construction 9.13% for the three-month period and 9.00% for the six-month period comparing to the same periods of the year 2015, gross profit margin from construction were 9.28% and 10.21% respectively.
- The Company and its subsidiaries had operating profit before tax and interest expenses amounting to Baht 255.03 million, representing 6.70% for the three-month period and Baht 581.37 million, representing 7.01% for the six-month period. When comparing the same period of previous year, the Company and its subsidiaries had operating profit amounting to Baht 393.32 million, representing 7.88% for the three-month period and Baht 798.57 million, representing 8.67% for the six-month period.

Please be informed accordingly,

Yours sincerely,

(Mr. Pakpoom Srichamni)

Director