

Ref. SR-E2558/003

12 November 2015

Subject: Management Discussion and Analysis for quarter 3, 2015 and the 9 months ended 30 September 2015

To: Managing Director
The Stock Exchange of Thailand

Siamraj Public Company Limited (“the Company”) would like to clarify the operating results for quarter 3, 2015 and the 9 months ended 30 September 2015. The details are as follows:

Unit: THB million	Consolidated Financial Statement			
	Quarter 3		9 months ended 30 September	
	2014	2015	2014	2015
Main revenue	440.81	397.07	1,746.30	1,340.68
Other revenue	7.64	12.38	15.06	79.47
Total revenue	448.44	409.45	1,761.36	1,420.15
Profit from business operation ¹	18.34	8.69	95.44	105.23
Net profit	18.34	(24.45)	95.44	54.68

Note: 1. Profit from business operation is the profit excluding the effect of accounting adjustment

For quarter 3, 2015, the Company generated THB 397.07 million of main revenue from 3 business unit: Metering and Pipeline Transmission business unit, Natural Gas for Vehicle business unit, and Engineered Pumps and Systems business unit. The main revenue decreases from the same period of 2014 for THB 43.74 million or 9.92% decrease. For the first 9 months of 2015, the Company generated main revenue of THB 1,340.68 million decreasing from the same period of 2014 for THB 405.62 million or 23.23% decrease resulting mainly from Metering and Pipeline Transmission business unit. It is because the Company recognized only THB 0.56 million from the Zawtika project in quarter 1, 2015; meanwhile, the first 9 months of 2014, the Company recognized the revenue from the Zawtika project according to percentage of completion for THB 837.57 million. The Company already recognized mostly revenue of Zawtika project in 2014.

In addition, in quarter 2, 2015, the Company recognized revenue from commission fee of THB 57.30 million. The Company got the commission fee from being a provider and coordinator for selling Gas Turbine to power plants which is the regular business operation occurred occasionally with the opportunity from Engineered Pumps and Systems business unit. The Company’s role of provider and coordinator to supplier is because the supplier is in foreign country and seeks the Thai company who has good relationship and acquaintance with the customer targets in order to coordinate and assist regarding engineering services and technics. As a result, for

the first 9 months of 2015 the other revenue is THB 79.47 million increasing from the same period of 2014 for THB 64.41 million or 427.56% increase.

For the performance of quarter 3, 2015, the Company has net loss of THB 24.45 million, resulting to the Company's net profit for the first 9 months of 2015 to be THB 54.68 million decreasing from the same period of 2014 for THB 40.77 million or 42.72% decrease. The deficit in quarter 3, 2015 is due to significant accounting adjustments as follows:

1. Impairment on devalue of inventories

The Company considers the impairment on devalue of inventories in Natural Gas for Vehicles business unit. The inventories are Motor wegs considered as the slow moving items and NGV cylinders which made of steel. Recently, the market price of steel trends to be devalue continuously; therefore, the Company recorded the impairment on devalue of the inventories in quarter 3, 2015 totally THB 22.30 million by referring to the market price of those inventories according to the policy of impairment on devalue of inventories and conservative business operation. However, if the market price of steel tends to be value, the expense from impairment will be added back to the inventories.

2. Impairment on commission fee receivable

In quarter 2, 2015, the Company recognized revenue from commission fee of THB 57.30 million from Engineered Pumps and Systems business unit. The Company got the commission fee from being a provider and coordinator for selling Gas Turbine to power plants. The Company receives cash payment from commission fee for THB 38.56 million. Currently, the Company has account receivable for commission fee of THB 18.74 million (Exchange rate at the transaction date). However, the Company records impairment on commission fee of THB 10.00 million according to conservative business operation. In addition, the Company and Siemens are business partners with good relationship. Also, Siemens is an acceptable entity in the industry and trusted in financial stability. Therefore, the Company expects to receive total of remaining cash payment from commission fee in quarter 4, 2015.

However, if it is not included the accounting adjustments, in quarter 3, 2015, the Company has net profit of THB 8.69 million and for the first 9 months of 2015, the Company has net profit of THB 105.23 million.

To be acknowledged accordingly



Sincerely Yours,

(Mrs. Wacharee Atthakorn)

Authorized to sign behalf of the Company