

2011

Annual

R e p o r t 2011



TRC

TRC Construction Public Company Limited
บริษัท ทีอาร์ซี คอนสตรัคชั่น จำกัด (มหาชน)



Quality Management System (QMS) ISO 9001:2008

"To do it right and best from the beginning"

ISO 9001:2008 " จงทำให้ถูกต้องและดีที่สุด ตั้งแต่แรก "

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Message from Chairman of the Board of Directors

During 2011, Thailand was distressed by historic worst floods crisis which caused a big impact to the entire economy and society. As a result, Thailand economic overview in 2011 then decreased to 1.5% even though during the beginning of the year, there was a better signal of the economic growth from continuous economic recovery in 2010. Unavoidably, the Company was affected by such a situation as well since the areas of two projects located in flooded area. However, such an impact less affected to the Company since one of those, the large scale project located in Pathumthani has just been in the preparation stage whereas another, the small project, located in Ayudhya was suspended. However, those projects are approved for extension of delivery date by the project owners.

For an overview of TRC Construction Public Company Limited and its subsidiaries, during 2011, TRC was awarded for the large scale project; Nong Saeng Power Plant Gas Pipeline Project, for the construction of gas pipeline and Metering and Regulating Station for IPP with work value of Baht 1,185 million plus USD 16.35 million and Ethanol Processing Plant for the Plant Outside Battery Limit (OSBL) with its capacity of 400,000 liters per day awarding to Sahakarn Wisavakorn Co., Ltd. from Ubon Ethanol Co., Ltd. with work value of Baht 2,465 million. This project was deemed as another achievement of TRC for extension of capability to execute the large scale project. For abroad business expansion, TRC International Limited, a subsidiary in Hong Kong, has established another subsidiary in Sultanate of Oman namely TRC Engineering LLC to support abroad business expansion especially for countries in Middle East.

TRC and its subsidiaries gained the total revenue of Baht 2,262 million or 49% increase from last year. The net profit attributable to equity holders of the Company was Baht 149 million. Backlog projects which have not yet been delivered grew swiftly from end of 2010 which was Baht 1,280 million to Baht 4,691 million as ended at 2011 and the revenue will be periodically recognized until 2013.

TRC was also assessed its vendor performance under the 2011 ISO Quality Management of Purchasing and Materials Management Division of PTT Public Company Limited as “A Grade” vendor for all required assessment items.

As having realized in social responsibility, community and environmental terms, TRC has defined its policy to allocate an annual budget to support various activities and projects related to the aforementioned terms. During 2011, TRC and its subsidiaries, raised fund to support the activities held by the educational institutes such as the education fund for deficient students and activities for public interests held by student clubs of various universities including supporting directors, management and employees to participate in activities related to community development and environment such as participation of reforestation campaign “Young Plant for Forested Watershed for His Majesty the King” at Sirinthorn Dam in Ubon Ratchathani, etc.

On behalf of the Board of Directors, I hereby take this opportunity to express my thankfulness to all shareholders, customers, vendors, partners, financial institutes, public and private sectors including the Company’s management and all employees for their continuous confidence, reliance and support. I commit that the Company will develop the business operations and enhance the sustainable and stable growth for the subsidiaries to achieve the target of being the leading natural gas pipeline, petrochemical and energy industries contractor with adhering to transparency of business operations and in accordance with the good corporate governance.



(Mrs. Paichit Rattananon)
Chairman of the Board of Directors

28 February 2012

Report of the Audit Committee

In 2011, TRC Board of Directors had approved to renew and extend another 2-year holding office term of all of the Audit Committee whose the third term to be expired in April 2011. All of them are independent directors who were qualified according to the rules and regulation of the Stock Exchange of Thailand. The Audit Committee consists of:

- | | |
|--|---|
| 1. Assoc. Prof. Kamjorn Tatiyakavee, MD. | Chairman of the Committee (Expert) |
| 2. Assoc. Prof. Pises Sethsathira | Audit Committee (Legal Expert) |
| 3. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. | Audit Committee (Accounting and Finance Expert) |

During the 2011 Accounting year, the Audit Committee carried out their duties independently and completely as assigned by the Board of Directors. They had participated in the meeting with the Company's management, auditors, internal auditors to propose, discuss and exchange their opinions in concerned agenda. The Audit Committee Meetings were held through the year for 4 times with their 100 per cent attendances. In addition, the meetings among the Audit Committee and the auditors were also held without the attendances of the Company's management. Their performance in 2011 can be summarized as follows:

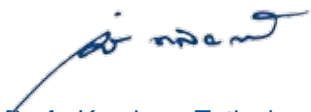
The Financial Report The Audit Committee reviewed the significant information of the Company's 2011 financial statements of TRC and its subsidiaries on quarterly basis and found that the financial report of them were arranged accurately and in compliance with the general accepted accounting principles and containing an adequacy of information disclosure.

The Good Corporate Governance The Board of Directors and the Company's management have strictly emphasized and adhered to the good corporate governance practice, the rules and regulation of the Stock Exchange of Thailand and all related laws. The Committee also reviewed the connected transactions arising in 2011 and later reported to the Board of Directors according to the approval process for connected transactions and to be in line with the Stock Exchange of Thailand's regulation on the connected transactions disclosure.

The Internal Control and Internal Audit The Audit Committee reviewed the internal audit control system arranged by the Internal Audit Department on monthly and quarterly basis and found that such an activity was undertaken appropriately. They also acknowledged and expressed their comments together with the Company's managements on the 2011 Management Letter of the Company as reported by the auditor and defined timeframe for further improvement to ensure that the aforementioned significant observations were recognized and taken action appropriately by the Company's management. The Audit Committee approved the audit working plan and manpower plan for the year 2011, considered a sufficiency of the internal Auditors development to achieve the annual audit plan, reviewed the internal auditors' performance and their following-up on improvement responding to the notes to financial statements.

The Auditors The Audit Committee reviewed the external auditors' qualifications, working quality and standard, working team, expertise, independence and remuneration to be proposed to the Board of Directors and further approval of the 2012 Annual General Meeting of Shareholders in order to appoint the auditors from Ernst & Young Office Limited as the 2012 auditors whose performance always in proper manner and qualifications in compliance with the regulation of the Stock Exchange of Thailand.

The Audit Committee was of the view that as the Company has been significantly aware of the good corporate governance practice, the internal audit control system has been sufficiently effective and no significant default for the financial statements ended at 31 December 2011 and no problem transaction significantly affecting the financial statements.


(Assoc. Prof. Kamjorn Tatiyakavee, MD.)
Chairman of the Audit Committee
28 February 2012

Report of the Board of Directors' Responsibilities to the 2011 Financial Report

The Company's Board of Directors are responsible for TRC Construction Public Company Limited and its subsidiaries' financial statements prepared in compliance with general accepted accounting principles and with selected accounting policy as deemed appropriate, applicable consistency basis and in accordance with general accepted accounting standards. The assessment of the necessary financial transactions according to the new accounting standards was applied and significant information has been adequately disclosed in the notes to financial statements. The Board of Directors has appointed the Audit Committee since 2005 to oversee the financial statements and internal control evaluation and in the same year, the Internal Audit Department was established with directly reporting to the Audit Committee in order to ensure that the accounting record is accurate, adequate, in time and the internal control system is designed to protect against fraud and irregularity. The opinion of Audit Committee for the 2011 duties has been shown in the Audit Committee Report in this 2011 Annual Report.

To increase an efficiency of information management, administration and internal control, in 2010, TRC and Sahakarn Wisavakarn Co., Ltd., has applied the Enterprise Resource Planning (ERP) which has been also used by the subsidiary in Sultanate of Oman. In addition, in 2010, TRC and its subsidiaries have been in readiness for revised accounting standards including the new accounting standards to be enforced for the 2011 accounting period onwards. The Management is confident that such an accounting standard will not affect significantly to the information of the financial statements for the year 2011 in which the new accounting standard is enforced except the Accounting Standard No. 19 regarding Employee Benefits which reduced TRC and its subsidiaries' net profit of Baht 2.43 million. Due to the aforementioned change of accounting standards, the accumulative effect of the change of Baht 14.24 million has been separately presented in the statements of changes in shareholders' equity.

In 2011, the Board of Directors approved the improvement of the authority table of TRC and Sahakarn Wisavakorn Co., Ltd. for appropriateness of working.

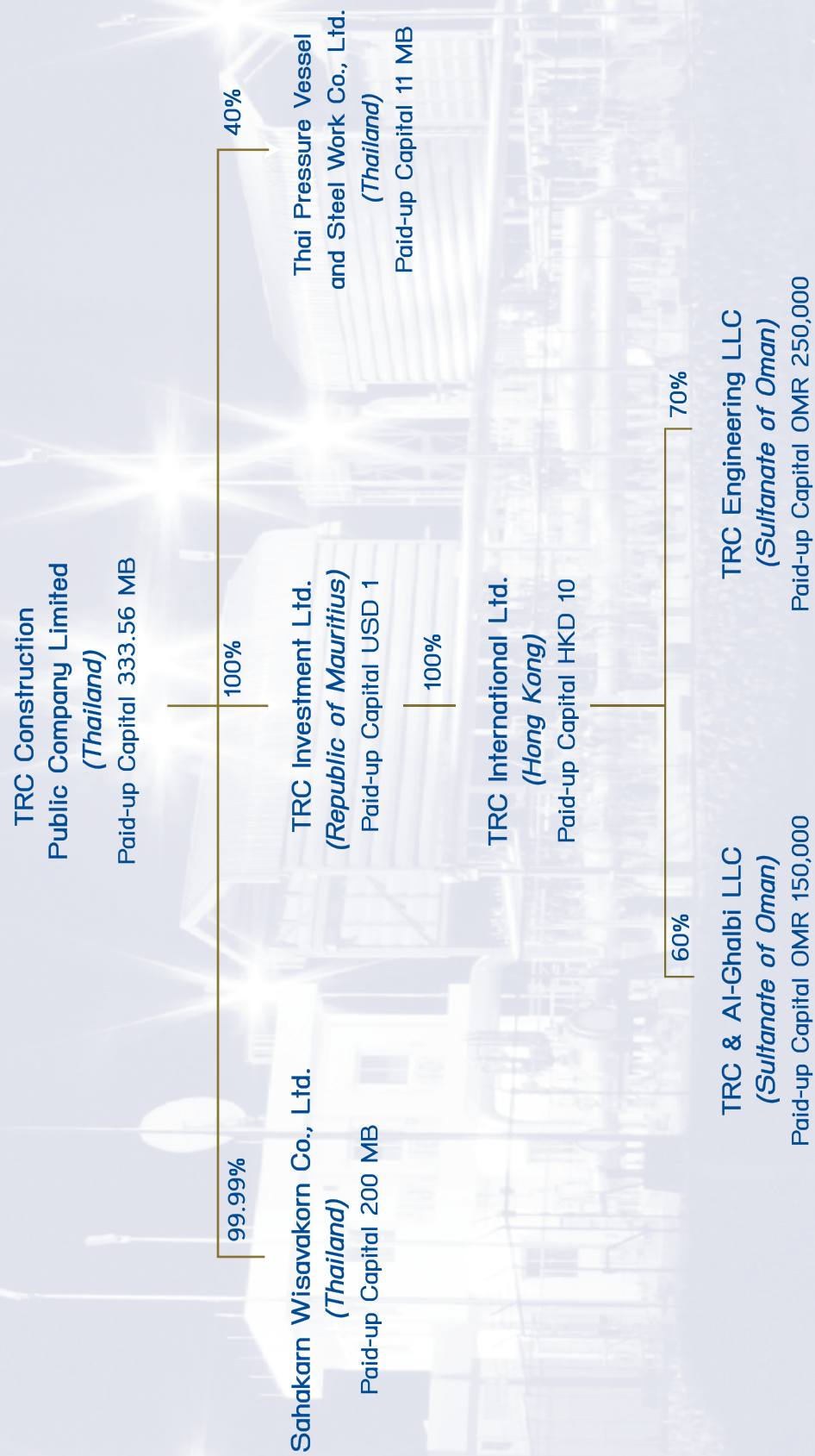
The Board of Directors is of the view that the internal control system of the Company and its subsidiaries can assure that the 2011 consolidated financial statements ended 31 December 2011 presented appropriate and accurate financial position, results of operation, cash flows, including the notes to financial statements with accuracy and in accordance with general accepted accounting principles and the notes to the financial statements.



Mrs. Paichit Rattananon
Chairman of the Board of Directors

28 February 2012

TRC Group Structure as of December 31, 2011



The Board of Directors of Managements

Mrs. Paichit Rattananon



Age 56 years old

Chairman of the Boards and Authorized Director of TRC

Education

- Master of Arts in Political Economy, Faculty of Economics, Chulalongkorn University
- The National Defense College of Thailand: NDC 48

Training

- From Thai Institute of Director Association:
 - Director Accreditation Program (DAP) 38/2005
 - Role of the Chairman Program (RCP) 15/2007
 - Director Certification Program (DCP) 142/2011
- Capital Market Academy Leader Program 5 (CMA 5)

Shareholding in TRC as at December 31, 2011

20.595% (68,696,426 shares)

Directly and indirectly holds the shares through KPK 1999 Co., Ltd. which Mrs. Paichit holds 99.99% of its shares

Family Relationship among Executives

Mother of Mr. Pasit Leesakul, Vice president, Project Development and Investment Division of TRC

Working Experience in the last 5 years

- 2008-present Director
TRC International Limited (Hong Kong)
- 2005-present Chairman
TRC Construction Public Company Limited
- 2004-present Managing Director
Thai Tokushukai Company Limited
- 2002-present Managing Director
KPK 1999 Company Limited

Assoc. Prof. Kamjorn Tatiyakavee, MD.

Age 56 years old

Independent Director, Chairman of Audit Committee and
Chairman of Remuneration and Nomination Committee of TRC

Education

- Bachelor of Medicine, Chulalongkorn University
- Diploma of Pediatrics, Chulalongkorn University

Training

Director Accreditation Program (DAP) 35/2005 from Thai Institute of Director Association

Shareholding in TRC as at December 31, 2011 0.061% (202,142 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2009-present
 - Deputy Secretary-General and
Office of the Education Commission, Ministry of Education
 - Chairman of Remuneration and Nomination Committee
TRC Construction Public Company Limited
- 2005-present
 - Independent Director and Chairman of Audit Committee
TRC Construction Public Company Limited
- 2001-2009
 - Director
Information Technology Center, Thai Red Cross
- 1996-2009
 - Director
Medical Information Center, Faculty of Medicine, Chulalongkorn University



Assoc. Prof. Pises Sethsathira

Age 55 years old

Independent Director, Audit Committee and
Remuneration and Nomination Committee of TRC

Education

Master of Laws (LL.M) Columbia University, U.S.A.

Training

From Thai Institute of Director Association:

- Director Accreditation Program (DAP) 35/2005
- Audit Committee Program (ACP) 17/2007

Shareholding in TRC as at December 31, 2011 0.037% (125,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2010-present Executive Vice President, Banking Finance 1 and Capital Market Division
Siam Commercial Bank Public Company Limited
- 2009-present Remuneration and Nomination Committee
TRC Construction Public Company Limited
- 2009-2010 Executive Vice President, Corporate Finance Law Division
Siam Commercial Bank Public Company Limited
- 2005-present Independent Director and Audit Committee
TRC Construction Public Company Limited
- 2005-Jul 2009 Managing Director
Trinity Advisory 2001 Company Limited
- 1996-Mar 2009 Independent Director and Audit Committee
Scandinavian Leasing Public Company Limited
- 1991-present Independent Director and Audit Committee
Thailand Iron Works Public Company Limited



Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.

Age 48 years old

Independent Director, Audit Committee and

Remuneration and Nomination Committee of TRC

Education

- PH.D. in Finance
- Manager: FRM[®], Global Association of Risk Professionals (GARP), U.S.A.

Training

From Thai Institute of Director Association:

- Director Accreditation Program (DAP) 35/2005
- Role of the Compensation Committee (RCC) 11/2010

Shareholding in TRC as at December 31, 2011 0.022% (75,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2011– present
 - Independent Director and Audit Committee
Stars Microelectronics (Thailand) Public Company Limited
 - Independent Director and Audit Committee
Panjawattana Plastic Public Company Limited
- May 10–present
 - Associate Professor, NIDA Business School
 - National Institute of Development Administration
- 2010–present
 - Independent Director and Chairman of Audit Committee
Universal Adsorbents and Chemicals Public Company Limited
- 2009–present
 - Remuneration and Nomination Committee
TRC Construction Public Company Limited
- 2008–present
 - Independent Director and Audit Committee
Getabac Company Limited
 - Director
Securities Analysts Association
- 2007–Apr 2010
 - Dean
National Institute of Development Administration
- 2005–present
 - Independent Director and Audit Committee
TRC Construction Public Company Limited



Pol. Lt. Gen. Jarumporn Suramanee

Age 58 years old

Independent Director and Remuneration and Nomination Committee of TRC

Education

- Master of Criminal Justice, Eastern Kentucky University, U.S.A.
- Bachelor of Public Administration (Police), Royal Police Cadet Academy

Training

From Thai Institute of Director Association:

- Audit Committee Program (ACP) 15/2006
- Director Accreditation Program (DAP) 51/2006
- Director Certification Program (DCP) 81/2006

Shareholding in TRC as at December 31, 2011 0.037% (125,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2011-present Assistant Commissioner General
Royal Thai Police
- 2010-2011 Commissioner
Office of Forensic Science
- 2009-present Remuneration and Nomination Committee
TRC Construction Public Company Limited
- 2008-2010 Inspector General
Office of Inspector General, Royal Thai Police
- 2007-present Independent Director
TRC Construction Public Company Limited
- 2007-2008 Deputy Commissioner
Central Investigation Bureau



Mr. Arun Chirachavala

Age 58 years old

Independent Director of TRC

Education

- M.S. Industrial Engineering Stanford University
- B.S. Industrial Engineering Stanford University
- Recipient of King's Scholarship

Training

From Thai Institute of Director Association:

- Director Accreditation Program (DAP) 34/2005
- Director Certification Program (DCP) 88/2007

Shareholding in TRC as at December 31, 2011 None

Family Relationship among Executives None

Working Experience in the last 5 years

- 2009-present Independent Director
TRC Construction Public Company Limited
- 2009-present Chairman
K.W.C. Warehouse Company Limited
- 2008-present Chairman
Krungdhep Document Company Limited
- 2008-present Independent Director and Chairman of Audit Committee
United Overseas Bank (Thai) Public Company Limited
- 2007-present Executive Chairman
Krungdhep Sophon Public Company Limited
- 2006-present Director
Palang Sophon Company Limited



Mr. Smai Leesakul

Age 56 years old

- Authorized Director and Chief Executive Officer of TRC and SKW
- Remuneration and Nomination Committee and
Acting Vice President, Commercial Division of TRC

Education

- Master of Management, SASIN Graduate Institute of Business
Administration of Chulalongkorn University
- Bachelor of Industrial Engineering, Chulalongkorn University
- The National Defense College: NDC 46

Training

- Director Accreditation Program (DAP) 64/2007 from Thai Institute of Director Association
- Capital Market Academy Leader Program 7 (CMA 7)

Shareholding in TRC as at December 31, 2011 0.809% (2,700,000 shares)

Family Relationship among Executives Father of Mr. Pasit Leesakul, Vice president, Project
Development and Investment Division of TRC

Working Experience in the last 5 years

- Apr 2011-present Director
TRC Engineering LLC (Sultanate of Oman)
- 2010-present Director
TRC & Al-Ghalbi LLC (Sultanate of Oman)
- 2009-present Remuneration and Nomination Committee
TRC Construction Public Company Limited
- 2008-present Director
TRC International Limited (Hong Kong) and
TRC Investment Limited (Republic of Mauritius)
- 2007-present Director and Chief Executive Officer
TRC Construction Public Company Limited and
Sahakarn Wisavakorn Company Limited.
- 2006-2010 Director
Ratcha Ploen Company Limited
- 2002- present General Secretary
The Federation of Design and Construction Services of Thailand (FEDCON)
- 2006-2007 Board of Directors
Provincial Water Authority of Thailand (PWA)



Mr. Paitoon Goserakwong

Age 59 years old

- Authorized Director, President and Acting Vice President, Operation Division of TRC
- Director of SKW

Education

- Master of Arts in Industrial Management, Northern Illinois University, U.S.A.
- Bachelor of Chemical Engineering, Chulalongkorn University

Training

From Thai Institute of Director Association:

- Director Accreditation Program (DAP) 26/2004
- Director Certification Program (DCP) 53/2005

Shareholding in TRC as at December 31, 2011 None

Family Relationship among Executives None

Working Experience in the last 5 years

- 2007- present Director
Sahakarn Wisavakorn Company Limited
- 1998-present Director, President and Acting Vice President, Operation Division
TRC Construction Public Company Limited



Mrs. Podchanee Phaosavasdi

Age 50 years old

- Authorized Director of TRC and SKW
- Vice President, Corporate Affairs Division of TRC
- Deputy Managing Director, Corporate Affairs Division of SKW

Education

Master of Business Administration-Marketing, Ramkhamhaeng University

Training

From Thai Institute of Director Association:

- Director Accreditation Program (DAP) 64/2007
- Role of the Compensation Committee (RCC) 9/2009
- Director Certification Program (DCP) 151/2011

Shareholding in TRC as at December 31, 2011 0.030% (100,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- Apr 2011-present Director
TRC Engineering LLC (Sultanate of Oman)
- 2007-present Director and Vice President, Corporate Affairs Division
TRC Construction Public Company Limited
- 2006-present Director and Deputy Managing Director, Corporate Affairs
Sahakarn Wisavakorn Company Limited
- 2004-2008 Director
D E Capital Public Company Limited
- 2006-present Director
Sahakarn Wisavakorn Company Limited
- 2005-2007 Chief Financial Officer
Sahakarn Wisavakorn Company Limited



Mr. Sakda Tantivathanakul

Age 54 years old

Assistant Vice President, Operation Division of TRC

Education

Bachelor of Civil Engineering, Chiang Mai University

Shareholding in TRC as at December 31, 2011 0.026% (87,750 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 1999–present Assistant Vice President, Operation Division
TRC Construction Public Company Limited



Mr. Chaveng Reesrikitti

Age 52 years old

- Assistant Vice President, Operation Division of TRC
- Director of SKW

Education

Bachelor of Mechanical Engineering, Chiang Mai University



Shareholding in TRC as at December 31, 2011 0.035% (117,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 1999–present Assistant Vice President, Operation Division
TRC Construction Public Company Limited
- 2009–present Director
Sahakarn Wisavakorn Company Limited

Mr. Pasit Leesakul

Age 28 years old

Vice President, Project Development and Investment Division of TRC

Education

Master of Business Corporate Finance Concentration,
McCollum Graduate School of Business, Bentley College, U.S.A.



Training

- NIDA-Wharton 5: Executive Leadership Program
- TLCA Executive Development Program (EDP 7)

Shareholding in TRC as at December 31, 2011 1.516% (5,056,185 shares)

Family Relationship among Executives Son of Mr. Smai Leesakul, Chief Executive officer and Mrs. Paichit Rattananon, Chairman

Working Experience in the last 5 years

- Mar12-present Vice President, Project Development and Investment Division
TRC Construction Public Company Limited
- 2010-Feb12 Acting Vice President, Project Development and Investment Division
TRC Construction Public Company Limited
- 2009 Assistant Vice President, Project Development and Investment Division
TRC Construction Public Company Limited
- 2007-2008 Financial Analyst
BTU Ventures, U.S.A.

Ms. Ounruen Sujarittham

Age 44 years old

Corporate Finance Manager and the Company Secretary of TRC

Education

Master of Business Administration-Finance,

National Institute of Development Administration



Shareholding in TRC as at December 31, 2011 0.036% (120,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2007-present Company Secretary
TRC Construction Public Company Limited
- 2004-present Corporate Finance Manager
TRC Construction Public Company Limited

Ms. Rewadee Ardhan

Age 43 years old

Accounting and Finance Manager of TRC

Education

Master of Business Administration-Management, Eastern Asia University

Shareholding in TRC as at December 31, 2011 None

Family Relationship among Executives None

Working Experience in the last 5 years

- 2000-present Accounting and Finance Manager
TRC Construction Public Company Limited



1. Financial Highlights

	2009	2010	2011
Statements of Financial Position and Income Statements (Million Baht)			
Total assets	921.35	1,082.24	2,377.97
Total liabilities	416.56	404.28	1,580.54
Shareholders' equity	504.79	677.96	797.43
Services income and sales	1,694.65	1,451.51	2,227.80
Total revenues	1,723.53	1,567.41	2,261.55
Gross profit	277.65	327.89	326.05
Profit (Loss) before share of loss from investments in joint venture and associate, finance cost and corporate income tax	(92.94)	244.39	174.03
Finance cost	(5.10)	(5.04)	(3.77)
Share of loss from investment in joint venture and associate	(12.19)	(6.86)	(0.09)
Corporate income tax	(50.77)	(44.39)	(12.58)
Net (Loss) income after tax	(161.00)	188.10	157.60
Minority interests of the subsidiaries	(4.67)	(5.26)	(8.56)
Net profit (loss) attributable to equity holders of the Company	(165.67)	182.84	149.04
Financial Ratio			
Gross profit margin	16.38%	25.92%	14.45%
Net profit (loss) margin	(9.61%)	12.04%	6.59%
Return on equity	(27.12%)	30.92%	20.20%
Return on assets	(14.97%)	18.25%	8.61%
Debt to equity (Time(s))	0.83	0.60	1.98
Information about Common Shares			
Dividend per share (Baht)	0.06	0.15	0.12*
Dividend payout ratio on net profit	n/a	48.13%	79.30%
Earnings (Loss) per share (Baht)	(0.50)	0.55	0.45
Book value per share (Baht)	1.53	2.05	2.39
Number of issued and paid-up ordinary shares (Shares)	329,999,589	330,668,089	333,558,339
Number of weighted average ordinary shares (Shares)	329,999,589	330,175,478	332,768,435
Closing market price at the end of December (Baht per Share)	2.16	4.16	3.20
Market capitalization (Million Baht)	712.80	1,375.58	1,067.39

* Note: The 2011 dividend at the rate of Baht 0.12 per share will be proposed to the 2012 Annual General Meeting of Shareholders which scheduled to be in April 2012 for approval.

2. General Information

Name	:	TRC Construction Public Company Limited ("the Company")
Nature of Business	:	Engages in Pipeline System Construction, Engineering System Installation and Factory Construction in Energy and Petrochemical Businesses and Project Development and Investment Business
Head Office Address	:	TP&T Building, 14 th Floor, 1 Soi Vibhavadi Rangsit 19, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Registration Number	:	0107548000293
Website	:	www.trc-con.com
Telephone	:	+66 2936 1660
Facsimile	:	+66 2936 1670-1
Registered Capital	:	Baht 337,699,934
Paid-up Capital	:	Baht 333,558,339
Number of Issued Ordinary Shares	:	333,558,339 shares
Par Value	:	Baht 1

References

Share Registrar	:	Thailand Securities Depository Company Limited
Address	:	The Stock Exchange of Thailand Building , 4 th , 7 th Floor, 62 Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone	:	+66 2229 2800
Facsimile	:	+66 2359 1259
Auditor	:	Ernst & Young Office Limited
Address	:	Lake Ratchada Complex, 33 rd Floor, 193/136-137 Ratchadaphisek Road, Bangkok 10110, Thailand
Telephone	:	+66 2264 0777, +66 2661 9190
Facsimile	:	+66 2264 0789-90, +66 2661 9192

Companies in which TRC holds at least 10% stakes

- Subsidiaries

Name	: Sahakarn Wisavakorn Co., Ltd. ("SKW")
Portion of Share Holding	: 99.99%
Nature of business	: Public Utility and General Construction Service Business
Head Office Address	: TP&T Building, 14 th Floor, 1 Soi Vibhavadi Rangsit 19, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Registration Number	: 0105497000257
Website	: www.sahakarn.com
Telephone	: +66 2936 1660
Facsimile	: +66 2936 1670-1
Registered Capital	: Baht 200,000,000
Paid-up Capital	: Baht 200,000,000
Number of Issued Ordinary Shares	: 20,000,000 shares
Par Value	: Baht 10

Name	: TRC Investment Limited
Portion of Share Holding	: 100%
Nature of business	: Investment and bidding of new projects
Head Office Address	: 10 th Floor, Raffle Tower, 19 Cybercity, Ebene, Pubilc of Mauritius
Registration Number	: 079207 C1/GBL
Telephone	: +66 2936 1660
Facsimile	: +66 2936 1670-1
Registered Capital	: USD 1
Paid-up Capital	: USD 1
Number of Issued Ordinary Shares	: 1 share
Par Value	: USD 1

Name	: TRC International Limited
Portion of Share Holding	: 100% (Share holding through TRC Investment Limited)
Nature of business	: Investment and bidding of new projects
Head Office Address	: Suites 2302-6, 23 rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
Registration Number	: 1202588
Telephone	: +66 2936 1660
Facsimile	: +66 2936 1670-1
Registered Capital	: HKD 10,000
Paid-up Capital	: HKD 10
Number of Issued Ordinary Shares	: 1 share
Par Value	: HKD 10

Name	: TRC Engineering LLC
Portion of Share Holding	: 70% (Share holding through TRC International Limited)
Nature of business	: Construction Service Business in Sultanate of Oman
Head Office Address	: Way No.4803, Building No.180, P.O.Box 659, Al-Azaibah, Muscat, Post Code 116, Sultanate of Oman
Registration Number	: 1108601
Telephone	: +968 246 133 35
Facsimile	: +968 246 133 36
Registered Capital	: Oman Rial 250,000
Paid-up Capital	: Oman Rial 250,000
Number of Issued Ordinary	
Shares	: 250,000 shares
Par Value	: Oman Rial 1

Name	: TRC & Al-Ghalbi LLC
Portion of Share Holding	: 60% (Share holding through TRC International Limited)
Nature of business	: Construction Service Business in Sultanate of Oman
Head Office Address	: Way No.4803, Building No.180, P.O.Box 659, Al-Azaibah, Muscat, Post Code 116, Sultanate of Oman
Registration Number	: 1070009
Telephone	: +968 246 133 35
Facsimile	: +968 246 133 36
Registered Capital	: Oman Rial 150,000
Paid-up Capital	: Oman Rial 150,000
Number of Issued Ordinary	
Shares	: 150,000 shares
Par Value	: Oman Rial 1

- Associate

Name	: Thai Pressure Vessel and Steel Work Co., Ltd.
Portion of Share Holding	: 40%
Nature of business	: Manufacturing and Fabrication of Steel Work
Head Office Address	: TP&T Building, 14 th Floor, 1 Soi Vibhavadi Rangsit 19, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Registration Number	: 01055552025201
Telephone	: +66 2936 1660
Facsimile	: +66 2936 1674
Registered Capital	: Baht 20,000,000
Paid-up Capital	: Baht 11,000,000
Number of Issued Ordinary	
Shares	: 2,000,000 shares
Par Value	: Baht 10 (Partially paid-up at Baht 5.5 per share)

3. Nature of Business

Background in Summary and Major Developments

TRC Construction Public Company Limited has been incorporated since 20 November 1998 to provide service for transmission pipeline system and petrochemical and process plant construction and engineering. The Company has listed to the Market for Alternative Investment since 22 December 2005 with its 30 million shares offered to public at Baht 1.70 per share.

The Company has developed and extended its business by continuously undertaking the large scale projects as follows:

2005 The first project for the Engineering System Installation and Factory Construction for Petrochemical Business Unit is WS Recovery Project, the Baht 515 million contract, for Thai Incinerate Service Co., Ltd. to construct and install the boiler for alkaline substance from Cyclo-hexanone for steam production and also undertaking of Baht 2,100 million contract of Wangnoi-Kaengkhoi Natural Gas Transmission Pipeline Project for PTT Public Company Limited which the Company had incorporated in a form of CPP-TRC joint venture established under the cooperation of China Petroleum Pipeline Bureau (CPP), a subsidiary of the biggest energy Company in China, China National Petroleum Corporation (CNPC). The Company undertook this project by subcontracting from the joint venture for the works value of Baht 269.35 million.

2006 The Company had been contracted for the cross country pipeline, Songkhla Transmission Pipeline Project, with the contract value of Baht 335.5 million and US\$ 5.9 million (equivalent to a total value of Baht 540.04 million) and also contracted for the Water Transmission Network, Phase II of Prasae Project subcontracting from Sahakarn Wisavakorn Co., Ltd. (the project owner is the Royal Irrigation Department) with the contract value of Baht 140.19 million.

2007 The Company increased its registered capital of 106,66,615 shares causing an increase of the registered capital from Baht 150,000,000 to Baht 256,666,615 for the purpose of new ordinary shares swap with Sahakarn Wisavakorn Co., Ltd. 's shares, the expert contractor in civil field having more than 50 years experience in infrastructure works. As a result of such an exchange, Sahakarn Wisavakorn Co., Ltd. has become TRC's subsidiary since the 2nd quarter of 2007. Further to the captioned incorporation, this helps support both companies' capabilities in running their businesses and competitiveness including enlarging the scope of business in bidding participation for government projects.

After the acquisition of Sahakarn Wisavakorn Co., Ltd., the Company set up the new business unit, namely "Project Development and Investment", responsible for the large scale project originally under the feasibility study of Sahakarn Wisavakorn Co., Ltd. This can enhance extending the scope of business and potentiality of the Company to generate continuous stream of revenue.

Along with establishment of the new business unit, the Company co-invested in Ratcha Ploen Co., Ltd. under cooperation with 2 business partners; Zelan Corporation Sdn Bhd. from Malaysia and Maneeya Reality Co., Ltd. with the proportion of share hold representing in percentage of 35:35:30 respectively. Consequently, the Ratcha Ploen Co., Ltd. became the associated Company. The associated Company obtained the right of long-term period land rent from The Crown Property Bureau for the land area of 6 rai on Rachdamri Road adjacent to Grand Hyatt Erawan Hotel to develop a large scale property project.

In addition, the Company had been contracted for the interconnecting project of SCG Group of Companies (CCC Interconnecting Pipeline Project) with the project value of Baht 337 million, Natural Gas Transmission Pipeline System Construction Project of PTT Public Company Limited for the group of industrial factories located in Navanakorn Industrial Estate, Bang Pa-in, with the project value of Baht 157 million and Bio-Diesel Plant Project, Bang Pa-in from Bangchak Bio Fuel Co., Ltd. for Baht 757 million (The construction was started in 2008.).

2008 The Company had established 2 new subsidiary international companies, TRC International Limited in Hong Kong of which all shares were held by TRC Investment Limited of which all shares held by the Company. TRC International Limited invested in Ratcha Ploen Co., Ltd. resulting to TRC's and TRC International's share at portions of 0.32% and 34.68%, respectively.

TRC and its subsidiaries had entered into the contracts of 6 large-scale projects as follows:

1. Malibu Khao Tao of M Thalay Co., Ltd., the incorporated Company between Maneeya Group Co., Ltd. and Mr.Pravit Maleenont for Baht 2,000 million in which Sahakarn Wisavakorn undertook the structural and architectural works for Baht 398 million.
2. Reformer Complex II Project-H2 Line which contracted from PTT Aromatics and Refining Public Company Limited for Baht 219 million.
3. Bangchak Pipeline Project of PTT Public Company Limited for Baht 315 million.
4. CO2 System Installation for Improvement of Natural Gas Project from PTT Public Company Limited for Baht 159.8 million.
5. Natural Gas Transmission to NGV Station of PTT Public Company Limited for Baht 241.73 million (totally 14 stations)
6. Natural Gas Pipeline for Bang Pa-In Industrial Estate of PTT NGD Co., Ltd. for Baht 130.99 million.

Apart from domestic bidding, the Company seeks for new opportunity to extend its business to abroad by cooperating with partners to enter bidding of fuel oil transmission pipeline and natural gas pipeline projects in Sultanate of Oman. Moreover, the Company also submitted the bidding and be awarded for Long Term Contract for Piping and Steel Structural Works and Steel Structure Support Flame for Wind Turbine Project on Yadana Complex of Total E & P Myanmar.

The Company increased its register capital of Baht 73,333,319 for dividend allocation to shareholders and of Baht 7,700,000 to support the Employees Stock Option Program (ESOP) for warrants issued to directors and employees of the Company and subsidiary (TRC-WA1 ESOP) which were later allocated on 7 August 2009 and first right exercising on 30 September 2010.

The Company's registered capital as of 31 December 2008 was Baht 337,699,934 and paid-up capital of Baht 329,999,589.

2009 The Company had succeeded in abroad expansion by being awarded for oil transmission pipeline from 72 oil fields to Rima Production Center, Construction of Flow Line Rima Satellites Small Fields of Petrogas Rima LLC, Sultanate of Oman with the approximate project value of Oman rial 9.7 million or USD 25.2 million which was undertaken by the Company's subsidiary, TRC & Al-Ghalbi LLC, the incorporated Company between TRC International Limited holding 60% and Omani partner. There were three large scale domestic projects as follows:

1. N/G Pipeline Expansion Loop Construction to Hin Kong phrase II from PTT Public Company Limited for Baht 267 million
2. EPC and Commissioning of the Revamp Onshore Compressor Station No.1 Project from PTT Public Company Limited for Euro 13.12 million and Baht 433.8 million under the corporation with Siemen Ltd. and Siemens Pte. Ltd. in a form of consortium and TRC's work value at Baht 251.70 million
3. N/G Distribution for Rojana Industrial Estate from PTT Natural Gas Distribution Co., Ltd. for Baht 130 million

The Company also incorporated with Getabec Co., Ltd. to establish "Thai Pressure Vessel and Steel Work Co., Ltd." by holding 40% of shares to be as production base of fabrication works serving for Company's business.

2010 The Company and TRC International Limited, the subsidiary in Hong Kong sold shares holding in Ratcha Ploen Co., Ltd. to Maneeya Realty Co., Ltd. at a total sale value of Baht 57.31 million earning capital gain from share sale of Baht 59.16 million (including Baht 21.23 million, the reversal of allowance for impairment of the investment in Racha Ploen).

The Company was awarded for the large scale projects of Gulf JP Co., Ltd., the Gas Pipeline Construction Work for Gulf JP's SPP Projects, totally 7 projects with the work value of Baht 831,000,000 and US\$ 4,745,000.

On 1 October 2010, the Company registered its increased paid-up capital for the new increased capital shares occurred by exercising of TRC-WA1 of the 1st ESOP Program, totally 668,500 shares resulting to the registered capital ended 31 December 2010 to be at Baht 337,699,934 and paid-up capital of Baht 330,668,089.

2011

Domestic Transaction Development

- TRC was awarded for the large scale projects as follows:
 1. The projects of Gulf JP Group consist of the contract for the Gas Pipeline Construction Work for Gulf JP's SPP Projects which is the continuous on-hand project from last year. During 2011, the Company had started the Gas Pipeline Construction Work for the Independent Power Plant (IPP) Projects with work value of Baht 1,185,000,000 and USD 16,345,000 having been obtained the letter of intent since 2010.
 2. PTTAR-IRPC Multiproduct Pipeline from IRPC Public Company Limited with work value of Baht 722,500,000
 3. Schedule of Rates Period Contract for Main and Services at Various Location from PTT Natural Gas Distribution Co., Ltd. and Amata Corporation Public Company Limited with work value of Baht 144,000,000 and Baht 58,000,000, respectively.
- Sahakarn Wisavakorn Co., Ltd. was awarded for the large scale project in 2011, an Ethanol Processing Plant with a capacity of 400,000 liters per day for the part of Plant Outside Battery Limit: OSBL with construction work value of Baht 2,465 million from Ubon Bio Ethanol Co., Ltd. which is the incorporated company of Thai Oil Ethanol Co., Ltd and Bangchak Petroleum Public Company Limited
- The Company's directors and employees quarterly exercised their rights for warrants of ESOP (TRC-WA1) which has been continuous from the previous year. The 2nd exercising of their rights was done on 30 December 2010 (registered an increase capital on 4 January 2011) and the 3rd on 30

March 2011, the 4th on 30 June 2011 and the 5th on 30 September 2011. An aggregate of exercised shares from the 2nd to the 5th were 2,890,250 shares causing the Company's registered capital as of 31 December 2011 was Baht 337,699,934 and paid-up capital of Baht 333,558,339.

International Transaction Development

Further to the operating achievement of TRC & Al-Ghalbi LLC in Sultanate of Oman, the Company then foresees an opportunity of business expansion to abroad. Consequently, another new subsidiary was established in Sultanate of Oman namely TRC Engineering LLC in which TRC International Limited holds 70% of total shares. The new subsidiary was awarded in 2011 for totally 3 projects with a total of work value at OMR 3.08 million (approximately Baht 244 million). One of those three awarded projects was the project of PTTEP Oman Co., Ltd., a subsidiary of PTT Exploration and Production Public Company Limited, which has run its business in Sultanate of Oman.

Nature of Business

- TRC Construction Public Company Limited

TRC Construction Public Company Limited is a contractor whose works engage with pipeline system construction, and engineering system installation and factory construction in energy and petrochemical industries, as well as project development and investment business. TRC may propose the bid by itself, coordinating with local/international partners or forming a joint venture or consortium to bid and manage the projects.

The nature of services provided by the Company can be divided into 5 main types as follows:

1. **Engineering service** is the service that the customers hire the Company to design the engineering process. This service requires knowledge in engineering design regarding construction and installation in order to provide effective service to customers.
2. **Procurement service** is the service that TRC procures the construction materials as per the customers' demands for construction and installation as planned. TRC usually obtains this kind of service contract together with the construction service contract.
3. **Construction service** is the construction and engineering system installation after the engineering and procurement services are done.
4. **Construction Management service** is the service to manage the construction projects according to the construction plans.
5. **Project Development and Investment** is seeking for opportunities of development and investment in the projects related to the Company's business.

The customers may sign the contract with the Company for sole or varied services. Also, the Company may subcontract some parts of the services to sub-contractors who are specialized in such services.

Currently, the Company has 4 business units, as follows:

1. The Pipeline System Construction Business Unit

The Company's pipeline system construction business unit mainly focuses on natural gas transmission pipeline system construction for companies in energy and petrochemical industries owing to the

Company's specialization in energy and petrochemical sector. In the past, the Company mainly constructed the natural gas distribution pipeline system and entered into the business of the cross-country natural gas pipeline project, which was a large scale project, in 2005, the Wangnoi-Kaengkhoi Natural Gas Pipeline Project was the first project that the Company undertook for the cross-country natural gas pipeline project through the CPP-TRC Joint Venture, the cooperation between China Petroleum Pipeline Bureau and the Company. In 2006, the Company was awarded for the contract of Songkhla Transmission Pipeline for the amount of Baht 540.4 million. In addition, the Company has entered into bids for other pipeline system projects such as pipeline system project for petrochemical raw materials, water pipeline project, etc.

2. The Engineering System Installation and Factory Construction for Energy and Petrochemical Business Unit

This business unit engages in both engineering system installation and factory construction where most of the services are to be provided for companies in energy and petrochemical industries. The Company may carry out both factory construction and the engineering system installation. Most of the engineering installation works are factories in energy and petrochemical businesses. At this stage, the Company may seek for international partner(s) belonging to technology support (s) in order to enter into any project bids based on requirements of each customer.

3. The Project Development and Investment Business Unit

The Project Development and Investment business unit has been additionally set since 2007. This business unit mainly focuses on the development of energy, property, power plant, and petrochemical plant projects, as well as any projects which are under the feasibility study and under the joint development, such as the Stung Meteuk Hydropower Project in Cambodia, the large scale concession project, etc.

4. The Overseas Business Unit

The Company has expanded its business to abroad through the cooperation with both domestic and international partners and the current international awarded project is the construction of Flow Lines Rima Satellites Small Fields in Sultanate of Oman.

- Sahakarn Wisavakorn Co., Ltd.

Sahakarn Wisavakorn Co., Ltd., former name United Engineering Co., Ltd., was established by Mr. Pratueng Kamprakob in 1954 with a registered capital of Baht 500,000 to provide construction business service. At present, Sahakarn Wisavakorn Co., Ltd. has 4 main types of business: 1) general construction, 2) infrastructure construction, 3) buildings construction, and 4) factories construction. Sahakarn Wisavakorn Co., Ltd. services covers from an architectural design up to a completion of building construction.

Sahakarn Wisavakorn Co., Ltd. business had a continuous growth until in 1997, it confronted with the financial crisis and entered into rehabilitation program in 2000. Eventually, Sahakarn Wisavakorn Co., Ltd. successfully rehabilitated and the Central Bankruptcy Court had an order to rule the Company out of the rehabilitation program as of 1 March 2004.

In April 2007, the existing shareholders of Sahakarn Wisavakorn Co., Ltd. swapped their shares with TRC Construction Public Company. As a result, Sahakarn Wisavakorn Co., Ltd. has become a subsidiary of TRC Construction Public Company since the second quarter of 2007.

In February 2008, Sahakarn Wisavakorn Co., Ltd. increased its registered capital from Baht 160 million to Baht 200 million in order to enhance its potentiality and opportunity in entering bidding process for construction works.

Sahakarn Zelan (Thailand) Co., Ltd., the subsidiary of Sahakarn Wisavakorn Co., Ltd. registered with the Ministry of Commerce for dissolution with liquidation on 15 October 2010.

In 2011, Sahakarn Wisavakorn Co., Ltd. was awarded for the large scale project of the Construction for Ethanol Processing Plant Project with work value of Baht 2,465 million and subsequently during the first quarter of 2012 additionally awarded for another 2 projects as follows:

1. Civil Works for ABS VI of Thai ABS Co., Ltd. with work value of Baht 280.
2. Pilot Flocculation Building Construction Project of IRPC Public Company Limited with work value of Baht 29 million

Sahakarn Wisavakorn Co., Ltd. has been registered and classified as a first class and special class contractor by many public entities such as Department of Highways, the Royal Irrigation Department, Department of Rural Roads, Bangkok Metropolitan Administration, Provincial Waterworks Authority, Ports Authority of Thailand, etc. Due to its creditability as a leading contractor, Sahakarn Wisavakorn Co., Ltd. can enter into highly valued public sector project biddings. In addition, in January 2009, Sahakarn has been certified for its ISO 9001:2008 representing its international standard of works.

Revenue Structure

Revenue	Operated by	% of Share Holding	2009		2010		2011	
			Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
1 Sales and services income								
1.1 Revenue from Pipeline System Construction	TRC		911.30	52.87	944.02	62.14	989.55	43.76
	TRC & Al Ghalbi	60.00%	138.28	8.02	267.83	17.63	281.25	12.43
	TRC	70.00%	-	-	-	-	28.51	1.26
	Engineering SKW	99.99%	2.47	0.14	-	-	-	-
			1,052.05	61.03	1,211.85	79.77	1,299.32	57.45
1.2 Revenue from Engineering System Installation and Factory Construction for Energy and Petrochemical Business	TRC		472.74	27.43	184.28	12.13	89.38	3.95
1.3 Revenue from Civil Work Construction	SKW	99.99%	101.69	5.90	41.19	2.71	826.25	36.54
1.4 Sales	SKW	99.99%	6.96	0.40	-	-	2.93	0.13
1.5 Revenue from Other Services	TRC		61.21	3.55	14.18	0.94	3.87	0.17
	TRC	100.00%	-	-	-	-	6.07	0.27
	Inter		61.21	3.55	14.18	0.94	9.94	0.44
Total sales and services income			1,694.65	98.32	1,451.50	95.55	2,227.80	98.51
2 Interest income			3.10	0.18	4.00	0.26	10.88	0.48
3 Gain on sale of investment in associate	TRC	100.00%	-	-	59.03	3.89	-	-
	Inter		-	-	-	-	-	-
	TRC		-	-	0.14	0.01	-	-
Total gain on sale of investment in associate			-	-	59.17	3.90	-	-
4 Other income			25.78	1.50	4.46	0.29	22.87	1.01
Total revenues			1,723.53	100.00	1,519.13	100.00	2,261.55	100.00

Projects on Hand

As of 31 December 2011, the Company and its subsidiaries had 18 projects on hand as below summary.

	Number of the Projects	Uncompleted Work Value (MB)
TRC construction Public Company Limited	13	2,834.56
Sahakarn Wisavakorn Co., Ltd.	1	1,683.04
TRC Engineering LLC	3	151.07*
TRC & Al-Ghalbi LLC	1	22.15*
Total	18	4,690.82

* Note: The outstanding work of TRC Engineering LLC and TRC & Al-Ghalbi LLC is calculated from 60% and 70% (portion of shareholding of TRC International Limited) of the total work value of uncompleted work.

- TRC construction Public Company Limited

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
Pipeline System Engineering Unit					
1. Gas Pipeline Construction Work for Gulf JP's IPP Project (The Project value 1,185 MB and USD 16.345 Million)	E,P,C	Gulf JP Company Limited	1,696.96	1,528.83 ⁽²⁾	Oct 11-Jun 13
2. PTTAR-IRPC Multiproduct Pipeline	E,P,C	IRPC Public Company Limited	722.50	614.13	Jul 11—Dec 12
3.-8. Gas Pipeline Construction Work for Gulf JP's 7 Small Power Plant (SPP) Projects (831 MB and USD 4.745 million)	E,P,C	Gulf JP Company Limited	987.86	482.00 ⁽²⁾	Oct 10—Sep 13
9. Schedule of Rate Period Contract for HDPE Natural Gas Pipeline Distribution Project	E,P,C	PTT Natural Gas Distribution Company Limited	144.00	136.80	Nov 11-Oct 13
10. Schedule of Rate Period Contract for HDPE Natural Gas Pipeline Distribution Project	E,P,C	AMATA Natural Gas Distribution Company Limited	58.00	55.10	Nov 11-Oct 13
11. I1 and PTT Piperack Modification Project	E,P,C	Glow SSP3 Company Limited	23.08	14.00	Nov 11-Mar 12

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
12. TPP Piperack Extension (State#1)	E,P,C	- Bangkok Industrial Gas Company Limited - Thai Industrial Gases Public Company Limited - Vinythai Public Company Limited	15.71	2.61	Sep 11-Dec 11
Total			3,648.11	2,833.47	
Engineering System & Factory Construction in Energy and Petrochemical Business Unit					
Revamp onshore Compressor Station No.1	E,P,C	PTT Public Company Limited	273.59	1.09	Aug 09-Sep 12
Total			273.59	1.09	
Grand Total 13 Projects			3,921.70	2,834.56	

- Sahakarn Wisavakorn Co., Ltd.

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
The Construction and Commissioning of 400,000 LPD Cassava-Based Fuel Ethanol Plant Project	E,P,C	Ubon Bio Ethanol Company Limited	2,465.28	1,683.04	Apr 11-Oct 12
Total 1 Project			2,465.28	1,683.04	

- TRC & Al-Ghalbi LLC (Sultanate of Oman)

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
Construction of Flow Lines Rima Satellites Small Fields (The project value approximately OMR 9.7 million)	E,P,C	Petrogas Rima LLC Sultanate of Oman	724.27	36.91	May 09-May 12
Total 1 Project			724.27	36.91	

- TRC Engineering LLC (Sultanate of Oman)

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
1. Pipe Line Project (The project value approximately OMR 1.55 million)	E,P,C	PTTEP Oman Company Limited	122.57	101.62	Aug11-Dec12
2. HDPE Installation for flow Line and Pipe Line Shams-16 Munhamir-1&2 flow Line and Munhamir Crude Export (The project value approximately OMR 0.87 million)	C	Attila Dogan Seeh A1 Sarya LLC	68.89	68.66	Apr 11-Apr 14
3. Well Casing Cathodics Protection (The project value approximately OMR 0.67 million)	P,C	German Cathodics Protection GmBH	52.87	45.54	Apr 11-May 12
Total 3 Projects			244.33	215.82	

Notes:

(1) E = Engineering, P = Procurement, C = Construction

(2) The value of uncompleted work of the group of Gulf JP using Fx at Baht 31.4525 /USD

(3) The value of uncompleted work of Construction of Subsidiaries at Sultanate of Oman using Fx at Baht 79.2053/OMR

Industry Overview and Competition

- Natural Gas Pipeline/ Transmission Pipeline

- Industry Overview

For the investment and transmission pipeline network including procurement and natural gas distribution, currently PTT Public Company Limited (“PTT”) is the sole purchaser, distributor, owner, regulator and developer of the transmission pipeline network in Thailand. The transmission pipeline system of PTT Group is linked from the natural gas fields in Gulf of Thailand, Yadana and Yetagun in the Union of Myanmar, to the power generators, gas separation plants and various industrial plants.

For distribution pipeline system, most of investment and management are regulated by PTT. Apart from PTT, there is only PTT Natural Gas Distribution Co., Ltd., a joint venture company between PTT and Suez Tractebel S.A. from Belgium and Laddawan Fund Co., Ltd., developing and constructing distribution pipeline system for transport and natural gas distributed to customers in industrial areas around Bangkok and boundary.

As of 31 December 2010, the transmission pipeline system of PTT has been 3,562 kilometer in length consisting of approximate 1,412 kilometer of onshore transmission pipeline and 2,150 kilometer of offshore transmission pipeline (excluding another 853 kilometer of distribution pipeline linked from the transmission system to the industrial customers).

The situation of natural gas and domestic requirements in Thailand according to the assessment report of the Energy Policy and Planning Office (EPPO), Ministry of Energy, it is found that Thailand’s natural gas remains the most popular fuel used by 44% of a total of consumption quantity in 2011, counted for 4,158 million cubic feet per day, increasing 2.9% from 4,039 million cubic feet per day in 2010. However, such an increase seems less when comparing to last years since in 2011, there were natural disasters starting from an earthquake and tsunami in Japan causing an impact to Thai industrial and business sectors, followed with floods in Thailand’s central area, Bangkok and boundary causing a wide range of impact to transportation and industrial sectors especially industrial estates in Ayudhaya and Pathumthani, totally 7 industrial estates which were excessively affected until unable to continue their operation.

Considering the proportion of natural gas consumption in production sector, it is found that natural gas is highly used as fuel by 60% for power generation, 21% for gas separation plants, 14% for industrial sector and 6% for transportation sector (NGV vehicles).

The natural gas consumption grew up in line with an increase of requirements from industrial and transportation sectors especially used as materials for petrochemical industries which grows up by 32.4% of a total of consumption quantity since the 6th PTT’s gas separation plant whose capacity of 800 million cubic feet per day has started the production at the end of 2010 and continued commercial production along 2011. Considering natural gas consumption as fuel, it is found that the consumption in industrial plants expand by 19.2% and 26.9% for NGV transports resulting from the government’s policy on encouragement of natural gas usage to compensate

usage of oil including promotion of NGV station expansion to support high demand of consumers. In 2011, there were 463 NGV stations throughout Thailand, higher than 2010 in which there were only 425 stations, consisting of 233 stations in Bangkok and boundary and 230 stations in upcountry. Meanwhile, natural gas consumption for power generation was 8.5% decrease affected by less consumption due to natural disasters arising in 2011 causing an impact to the power usage of Thailand.

- Trend

The Energy Policy and Planning Office: EPPO expects that the natural gas consumption in 2012 will be 4,412 million cubic feet per day or 6.1% rising from 2011 since Thailand economic in 2012 tends to be better than 2011 which expanded only 1.5%. NESDB forecasts that Thailand economic will grow up in a range of 4.5–5.5% with support of the economic stimulating policy including recovering measure for flooding damages as well as an investment in water management plan which can help drive domestic economic term.

According to the assessment on natural gas demand in short-term period of (2010–2014), it is expected that natural gas demand will increase approximately 4,821 million cubic feet per day in 2014 or in 6% average expansion per year due to the economic recovery and high demand in power generation sector according to the Power Development Plan for the year 2010–2030 (PDP: 2010) to support both independent power producers (IPP) and small power producers (SPP). In long-term period of 2015–2030, it is expected that such a demand will increasingly reach 5,542 million cubic feet per day in 2030 or 1% average expansion per year.

The Board of Energy Policy (BEP) has approved long-term natural gas supply plan to support high demand from both power plant, industrial, transportation and gas separation plant sectors. Such additional long-term plan will acquire natural gas from new natural gas fields in the Gulf of Thailand and neighboring countries; Pailin Gas Field, Republic of Myanmar's field, Thai-Cambodia joint's field and Natuna Gas Field in Indonesia including CNG import plan to protect occasional shortage of natural gas.

BEP has approved the revision of the 3rd Natural Gas Transmission Pipeline Master Plan: 2001–2011 (Revised I) to be in line with the natural gas supply plan and new power plant expansion plan according to PDP 2010 to increase an efficiency of natural gas transmission pipeline network and for high interest of the expansion of natural gas transmission pipeline network. In addition, this will also support an expansion of SPP in cogeneration system to various location of Thailand including an expansion of natural gas consumption in regional industrial and transportation sectors through an increase of natural gas transmission pipeline network i.e. Nakhonratchasima Project of laying natural gas transmission onshore pipeline under Baht 16,000 million investment value, Nakhonsawan Project of laying natural gas transmission onshore pipeline under Baht 23,000 million investment value, the Project of laying natural gas transmission onshore pipeline from Thailand-Myanmar border (BVW#1) under Baht 680 million investment value and Rojana Power Plant Project of laying natural gas transmission onshore pipeline under Baht 993 million investment

value. The aforementioned revision to the 3rd Natural Gas Transmission Pipeline Master Plan will pull up approximately Baht 34,595 of investment value increase from the previous approved investment value to Baht 199,672 million enabling the capacity of highest natural gas transmission at 7,520 million cubic feet per day and support natural gas demand until 2026.

Considering PTT's 5-year Development Plan with the budget of Baht 375,996 million, it is found that most of investment will be adjusted and invested in PTT's subsidiaries in which PTT wholly owned 100% investment to expand its energy business to abroad including capability expansion to support an increase of natural gas demand of approximately Baht 179,168 million or 50% of a total investment budget. A total of Baht 119,070 million or 33% will be invested in the natural gas business mainly for the 4th Natural Gas Pipeline Project (Rayong-Khaeng Khoi), Wangnoi-Nakornsawan Gas Pipeline Project and Kaeng Khoi-Nakornratchasima Gas Pipeline Project according to the 3rd Natural Gas Transmission Pipeline Master Plan: 2001-2011 (Revised) .

Five-year Investment Plan of PTT (During 2012-2016)

(Unit: Million Baht)

Business	2012	2013	2014	2015	2016	Total	%
Natural Gas	27,163	31,813	35,812	16,653	7,611	119,070	33%
Oil	4,647	9,861	11,115	16,376	7,096	49,095	14%
Investment in join investment	4,165	2,513	2,203	1,239	543	10,663	3%
Head Office and others	55,492	41,279	32,383	26,880	23,134	179,168	50%
Total	91,467	85,484	81,513	61,148	38,384	357,996	100%

Source: PTT's news reported to the Stock Exchange of Thailand on 23 December 2011

In conclusion, trend of the construction industry for new projects in field of natural gas transmission during the next 5 years will remain consistently grow up and in line with the long-term natural gas supply plan and expansion of natural gas transmission pipeline network to support high demand due to domestic economic recovery, especially for the construction industry for construction of natural gas transmission pipeline projects linking to the power generation plant using natural gas as fuel for power generation such as Cogeneration Power Plant which inclines to increasingly expand to support power plan expansion plan according to PDP 2010.

Moreover, the natural gas transmission industry tends to significantly expand in the projects related to improvement of PTT's capability in efficiency of gas distribution to existing transmission pipelines such as installation works of gas compressor station within gas station and gas separation plant, the projects of connecting distribution pipeline to the transmission pipeline to increase higher pressure to the pipeline system and maintain as well as prolong the existing pipeline system of which life usage is going to expire for safely continuous usage, etc.

In 2012, the Company continues focusing on expansion of the construction works for natural gas transmission pipeline projects for both IPP and SPP according to PDP 2010 especially for SPP producers using cogeneration system whose power supply offering proposal were approved by the Energy Regulatory Commission (ERC) for power supply during 2015-2021, totally 22 projects with a total of 1,980 megawatt power quantity. These power producers obtaining the licenses are another considerable group of the Company's target customers apart from PTT, the current main customer.

- Construction Industry in Industrial and Energy Sectors

• Industry Overview

According to Kasikorn Research Center's assessment on the construction investment overview in 2011, the construction investment value at current year price expanded 4.4% or Baht 846,000 million higher than 9.4 % of 2010 or Baht 801,333 million whereas the construction investment overview at constant price declined 2.8% but higher than 6.8% in 2010.

Thailand construction overview in 2011 expanded in lower average when compared to the previous year affected by 15.9% declining of constructions of government sector especially in the last quarter due to delay of the annual budget reimbursement of 2012 and a decrease of budget reimbursement under 2012 Thai Khem Khaeng Scheme (TKK 2012) of which the projects were completed or nearly completed. However, even though the private sector's construction especially industrial construction continuously expanded from the end of 2010 to increase production capacity to support high demand resulting from economic recovery, in the 2nd quarter of 2011, the industrial sector was affected by earthquake disaster and tsunami in Japan causing a decline of investment in expanding production capacity including wide-range and long-term Thailand's flooding situation in central area, Bangkok and boundary causing severe impact to Thailand construction industry and being a significant cause of pulling down the growth of Thailand construction industry more than expected.

• Trend

In 2012, Kasikorn Research Center assesses that the construction investment overview at current year price tends to be higher 12.2-14.5% from last year with value of Baht 949,000-969,000 million whereas the construction investment overview at constant price may expand at the average of 6.9-8.9% as a result of 8.5-10.5% expansion in government sector's construction and 5.5-7.5% expansion in the private sector.

After Thailand had faced critically the worst floods in decades in 2011, such a disaster causes an extreme change to trend of construction industry in 2012. The projects related to floods problem become mainly interesting for both government and private sectors, no matter they are the government and private sectors' investment for repairing of damages affected by floods. It is expected that an overview of construction industry in 2012 tends to increase to support higher construction expansion. Considering the budget of 2012 especially for the investment of Baht 2,500,000 million, it is found that 75% of investment budget is totally related to construction. The construction in government sector is expected to be emphasized on water management to protect any damages may be occurred by future flooding including maintenance and rehabilitation of basic infrastructure and utilities affected by flooding last year.

The construction in private sector especially for industrial construction apart from construction for maintenance and rehabilitation of buildings affected by flooding, according to Kasikorn Research Center, it is expected that the construction will mainly focus on automotive and auto parts industry after operation suspension due to disaster in Japan. It is also expected that the investment for expansion of production capacity will increase whereas the construction of SPP will incline to grow up obviously and continuously in order to support both expansion of new power plants according to PDP 2010 and higher Thailand energy demand. In addition, considering the natural disaster in term of Nuclear Power Plant in Japan, the possibility of domestic nuclear power plant development remains unobvious in the near future.

Moreover, the construction industry for alternative energies production such as ethanol and biodiesel tends to increase to support the Renewable Energy Development Plan : REDP for the period of 15 years (2008–2022) on the purpose of decreasing the import quantity of crude oil from abroad and value adding as well as stabilizing the agricultural products. The ethanol production/usage in 2012–2016 was expected to reach an average of 6.20 million liters per day and 9.00 million liters per day in 2017–2022 whereas the biodiesel production/usage was expected to reach an average of 3.64 million liters per day in 2012–2016 and 4.50 million liters per day in 2017–2022.

The ethanol market situation in 2012 tends to increase due to cancellation of benzene 91 effective since 1 October 2012 and the money recollection policy for the Oil Fund effective since 16 January 2012 causing high demand of ethanol for gasohol production. It is forecasted that quantity of domestic ethanol demand will be at 1.8 million liters per day increasing from 2011 which was at 1.3 million liters per day whereas a total of domestic ethanol production capacity will increase 4.3 million liters per day since more 5 ethanol plants will be opened. However, the actual production quantity will be mainly based on the domestic demand and material prices. Some part of ethanol products will be stored as stock of manufacturers and oil entrepreneurs while remaining will be forced for export sale and the interesting market is the Asia region especially the ASEAN countries since Thailand has readiness in term of energy crops of raw materials. Therefore, this becomes an advantageous and potential for Thailand to be both ethanol producer and exporter of the Asian countries. In addition, the Free Trade Area for ethanol in long– term period will be one of the mechanisms turning Thailand to become the hub of ethanol producers and traders in the Asian region in the future.

Biodiesel market situation in 2012 tends to higher expand due to biodiesel 5 enforcement throughout the country since September 2011 affecting an increase of biodiesel demand as well. For future direction of biodiesel production development, the government sector will remain push on the expansion of palm oil production to support an increase of biodiesel production in replacement of diesel usage. The private sector therefore should expedite pushing on biodiesel production development and future continual increase of palm oil used for biodiesel production by enabling biodiesel mixed with biodiesel B 100 (pure biodiesel) to be commercially produced and sold throughout the country and also improving the quality of alternative energy production for better qualified and value-added biodiesel production.

However, even though an overview of the construction industry inclines to expand, there are other factors which may cause an effect to direction of construction industry market such as risk from fragileness of world economy, political factor which may cause an impact to the implementation of the projects in the government sector, en efficiency of government budget reimbursement, the government policy clarification in term of investment including confidence of investors towards risk of future possible disaster as well as clarification on the government measure for water management. Meanwhile, the factor in term of construction's operating cost tends to be higher obviously from both oil price, materials cost and an increase of lowest wage according to the government policy (increase Baht 300 for 7 provinces and other provinces at 39.5% increase) including restructuring of juristic person tax. In term of the environment and community, both still require attention which can become as restriction of the investment of main basic infrastructure supporting to industries especially upstream industries in the future.

Competitive Strategy

The Company's competitive strategies and business policies can be summarized as follows:

1. **Quality Control** The Company has a policy to control the quality of works and to deliver the works punctually in order to obtain customer's satisfactions.
2. **Reputations and Experiences of Engineers in Management Level** The management of the Company has more than 20 years of experience in construction business and has reputations for their knowledge and expertise. Consequently, they are capable to review and oversee the works of projectg managers.
3. **Past Credentials With the quality** of works and services for which the Company was assigned to carry on accompanied with success of large scale projects in both turn-key natural gas transmission pipeline and construction of energy and petrochemical plants including expansion of business in abroad, the Company has gained some respects and reliabilities from the customers with the quality of works and services in the past. Consequently, most of the customers do not only come back for the Company's services but also recommend others for the Company.
4. **The Employee's Capabilities** The Company has a large number of skilled employees who can provide efficient services to customers. The Company also has a policy to maintain such quality of employees by providing them consistent training courses.
5. **Cooperation with Strategic Partners** This is to strengthen capability to gain more works from the customers such as seeking for cooperation with partners belonging to petrochemical products for competitive price of bidding as well as cooperation with foreign partners for abroad business expansion.

Target Customers

For the natural gas construction business unit and the engineering system installation and factory construction for energy and petrochemical industry business unit, the target customers of the Company mainly consist of government agencies and private companies in energy and petrochemical businesses and power plant as well as companies whose manufacturing bases are located at industrial estates that are accessible to distribution pipeline such as PTT Public Company Limited and other companies in Map Ta Phut Industrial Estate, etc.

For Sahakarn Wisavakorn Co., Ltd., the target customers are the government agencies and state enterprises providing the service of public utilities such as Department of Highways, Department of Rural Roads, Royal Irrigation Department etc. including private sectors in real estate, energy and petrochemical industries.

Product Resources

- **Human Resource**

The Company operates as a construction contractor where the number of workforce needed in any period of time depends on the size of the projects that the Company succeeds in the biddings. Therefore, the Company has a policy to hire only a sufficient number of staffs where the Company provides Standby Team including welding staffs in case of staff insufficiency.

Due to rapid business expansion of TRC group during 2009-2011, permanent employees were increasingly employed for various departments especially engineers in Marketing and Operation Divisions including Procurement to support large scale project management.

- **Source of Fund**

The Company has a policy to finance each project with project finance facilities from financial institutions. In some cases, the Company may gain the financial support(s) from the partner(s) , cooperating with the Company in a form of joint venture, to be used as the revolving funds.

- **Sub-Contractors**

In some cases, the Company may need to subcontract some parts of the works that Company has no expertise or during the period of workload. The Company selects subcontractors from their financial status, past credentials as well as their readiness of workforce and machines & equipment. Moreover, the Company has a policy to set the conditions (back-to-back) including the acceptance of job, the guarantee, the inspection and the claims of the subcontract to be similar to those of the main contract that the Company signed with the customers. The acquisition of Sahakarn Wisavakorn Co., Ltd. in 2007 supports the civil works of the Company and serves the customers' requirements.

- **Machinery & Equipment**

The Company has a policy to purchase some of the machinery & equipment used for basic works and to rent other machinery and equipment for projects on a case by case basis. In addition, TRC and Sahakarn Wisavakorn Co., Ltd. can share in some machinery and equipment such as trucks, excavators, tractors etc. thereby leading to project cost saving on machinery and equipment.

- **Raw Materials**

The raw materials used by the Company can be divided into 2 groups as follows:

1. **Exclusive construction materials** which are the major part of total raw materials used including pipe, valves, etc. The project owners normally indicate the specific details of these materials, therefore; the Company will have to buy them from domestic or international distributors or manufacturers. However, the project owners usually specify more than one supplier and normally before the bid and the Company will negotiate and request price confirmation from such suppliers to maintain the prices of the materials for a specific period of time.
2. **Common construction materials** which are the less part of the total raw materials used including wire, sandpaper, etc. The Company normally purchases these materials from domestic suppliers who have long-term business relationship with the Company or other construction shops as deemed appropriate.

4. Risk Factors

1. Risk from Business

1.1 Risk associated with the dependence on a few numbers of customers

The Company's mainstream of revenue was contributed by the natural gas transmission pipeline construction for energy and petrochemical businesses, mostly related to the PTT group, which is the National Energy Company of Thailand. The awarded projects are mostly natural gas transmission pipeline (the proportion of revenue received from the PTT group to the Company's and its subsidiaries' total revenue was 32: 46: 46 from 2009 to 2011, respectively).

Nevertheless, the Company endeavors to reduce the risk from dependency by expanding its customer base to other energy businesses such as power producing business under the scheme of SPP (Small Power Producer) or IPP (Independent Power Producer). In the meantime, to mitigate risk maybe arisen from natural gas transmission pipeline construction, the Company therefore expanded its business into the engineering system installation and factory construction for petrochemical industry and also other industries related to alternative energy sources such as biodiesel and ethanol production plants, etc. and has its policy to expand business to abroad.

During the year of 2011,, the Company had aiming toward PTT subsidiary companies and was awarded with 2 major projects with the total value of Baht 3,188 million. The first project is a liquid pipeline project called Multiproduct Pipeline Project with the value of Baht 723 million from IRPC (PTT subsidiary company). The second project is, awarded to Sahakarn Wisavakorn Co., Ltd., an Ethanol Processing Plant with a capacity of 400,000 liters per day in Ubon Ratchathani of which the owner is Ubon Bio Ethanol Co., Ltd. (an incorporated company of Bangchak Petroleum Public Company Limited And Thai Oil Ethanol Co., Ltd.). Recently in 2011, the Company established another new subsidiary in Sultanate of Oman namely TRC Engineering LLC to enter into bidding of construction works in Middle East which will enhance the expansion of the Company's customers' base in both domestic and international and also mitigate risk associated with dependency on domestic existing customers. After the establishment of the new entity, it has awarded for PTTEP Oman Co., Ltd., the subsidiary of PTTEP established in Sultanate of Oman, the pipeline project with the total work value of Baht 123 million.

1.2 Risk from business expansion on intensive capital requirement and project development period

The Project Development and Investment Division carries on studying and developing energy project, petrochemical, and power plant projects including overseas business. The business expansion to overseas has been undertaken on the purpose of diversifying domestic risk to the Company by tapping into new market and new clients as well as diversifying cyclical construction business risk by creating sustainable income from investment in the related energy business.

Project development usually involves medium to high uncertainty of project being success and at a preliminary stage, capital injection is required and may spend some period of time before gaining the target profit. The risk may be arisen in case of project failure or no strategic partners and could result in materialized effect to the Company financial statements.

In order to mitigate such risk, in 2009 the Executive Committee has also played role as the Risk Management Committee to evaluate various terms of risks before making decision to enter into bidding or investment in each type of businesses. Entering into bidding or investment in any large scale projects is required to obtain an approval of the Board of Directors before undertaking. The Company has the apparent policy to

have the Company and its subsidiaries invest for only required expenses including cooperate with competent partners in order to contribute an advantage and high success for the projects.

1.3 Risk of new contracts and the timing of the performance of these contracts

The Company's operating result , income evaluation and cash flow are fluctuated in line with timing of obtaining new contracts and a number of works on hand of existing contracts. As the Company's revenue are mostly derived from the progress of the awarded projects in each period of time, it is unforeseen whether and when the new contracts will be awarded since most of them are the large-scale projects of which the process of contractor selection is very complicated and take up a period of time subject to various factors including economic, marketing conditions and financial status of the clients.. In addition, the large scale projects under energy and petrochemical businesses, and power plant have to perform in accordance with the laws and regulation concerning the environmental impact and safety since they are involved in public and community in wide range. It is expected that in the future, varied related regulations and laws will be more strictly and each project is required to conduct the Environmental Impact Assessment Report (EIA) and Health Impact Assessment Report (HIA) including with public hearing which may cause delay of those report preparation and then causing delay to an approval of tender announcement including a possible impact to the period of construction commencement which will cause an impact to the Company's plan for the new awarded contracts.

1.4 Risk from relying on partners

In some large scale projects, the project owners may require excessive qualification of bidders that the company cannot bid for the projects, for example, requirement of size of assets, experiences or specific know-how, etc. Therefore, the company may loss an opportunity to bid if cannot find appropriate partners to form a joint venture.

However, such risk has decreased since the company has accumulated its experiences from large scale projects in line of both gas pipeline and petrochemicals with outstanding completion of works. As a result, with the aforementioned experiences, the company can independently compete the bidding. In addition, after its subsidiary, Sahakarn Wisavakorn Co., Ltd., has supported for civil works, the company has been more capable to carry out the entire construction works.

1.5 Risk from relying on manpower

The uncertainty of the Company's contract award timing can also present difficulties in matching workforce size with contract needs. In some cases, the Company maintains and bears the cost of ready workforce that is larger than required to perform and deliver the project. If an expected award project is delayed or not received, the Company is likely to incur additional labor costs resulting in over supply and stand by charge of labor force. Moreover, according to the labor market situation, noncyclical high demand on craftsmen for construction business may cause a lack of craftsmen in some period. Therefore, to mitigate such risk, the Company then considers to increase a portion of subcontractors as deemed appropriate in each period of time and type of works.

2. Risk from Project Execution

2.1 Risk associated with the fluctuation of prices of construction materials and cost related to logistic

The fluctuation of construction material prices and energy commodities has direct effect to the construction operating cost which is very difficult to control to be in line with the budget. The construction material and oil price depend on domestic and international economic situation including market demand at that time. In case that higher increase of construction price after being awarded, no matter because of high price of oil or lack of construction materials, may cause an impact to operating cost management which will be higher than estimated and also may cause an impact to the Company's operating result. To mitigate such risk, the Company will estimate and forecast price of construction materials in advance in order to plan and maintain operating cost level to be appropriate and in line with change of construction materials price or confirm purchase order to lock in the price of such material that is matched to the proposed price during bidding period. Moreover, the Company also maintains its good relationship with suppliers and follows up movement of construction materials price all the time and opens a competitive opportunity among suppliers for negotiation to gain highest benefit of pricing.

2.2 Risk associated with the project delay and partners

The Company may face a risk of incremental expenses or project damage expense charged in case that there is any delay on the project. For the delay caused by the owner, the Company may face a risk of incremental expenses such as wages and utilities expenses, etc. However, the Company can limit this risk by managing manpower and expenses effectively and appropriately when required. Also, the Company tries, on its best effort and good faith basis, to negotiate for the compensation from the owner as much as possible. In the past, the Company well succeeded in negotiation with the project owner.

In case that the delay is caused by the Company, the risk of damage expenses claimed by the owner can be expected. To protect this kind of risk, the project planning as well as the preparation of equipment, skilled staffs and experienced engineers are required in order to complete the construction punctually.

There were some projects of which the Company cannot deliver works as scheduled, therefore, it is necessary to reserve penalty expenses due to potential delay.

There are also times when the Company operates through joint venture or consortium in which the Company has a smaller interest that could result in the Company having limited control over many decision makings. Most of the time, the clients mandate the Company to enter into a jointly and severally condition of the contract where the Company has to take full contractually responsibility over the company's partners. These type of risk can be mitigate through proper structure of the Consortium and clear cut in the scope of work of the Company and its partners, however, there are always unforeseen grey area that arise during Project implementation.

2.3 Uncertainty in unexpected adjustment and cancellations of the Company's backlog

The Company cannot guarantee that the revenue projected in the backlog will be realized or profitable. Project terminations, suspension, delays or changes in project scope may occur, with respect to contracts reflected in the Company's backlog. Projects may remain in the backlog for an extended period of time due to various uncertainty and unpredictable external factors.

3. Financial Risk

3.1 Risk from insufficient cash flow

In comparison of the past, based on experience and competency, the company can increasingly be awarded for the large scale projects. As a result, more cash flow has been required to be afforded for project bidding, construction execution and bank guarantee process for various credit lines which may cause a risk of insufficient cash flow resulting in construction works. To protect such risk, the liquidity has been managed carefully and payment term to suppliers has been also scheduled in compliance with the installment collection from the project owners. Material and equipment orders have been planned in compliance with requirement period to reduce bankroll and storing cost required. In addition, project financing has been approved under the condition of low cash deposit. As a result of good operating performance and constant liquidity, the company has been also continuously obtained reduction of fee, interest rate and pledge of fixed deposit ratio.

3.2 Risk from exchange rate

As some of materials and equipments are imported, risk from exchange rate is unavoidable. Normally, material order exchange rate in the proposed price for bidding has been estimated at higher price than the current one to protect the exchange rate fluctuation. For the large scale project requiring high cost of imported materials, the Company may probably incorporate with the project owner to value some part of project cost in the same foreign currency as paid for materials. In addition, the Company has its policy to make an advance sales agreement of foreign currency exchange to control operating cost and mitigate risk from exchange rate.

As ended at 2011, the Company and its subsidiaries have debt arisen from goods and materials procurement of which the currency hedge was not signed of USD 2.54 million and EUR 0.51 million since the Company's management considered that such an order was short term having low risk from exchange rate.

In addition, as the Company has started to expand its business to abroad by carrying on the construction project in Sultanate of Oman under the subsidiary; TRC & Al-Ghalbi LLC and TRC Engineering LLC, this may cause an exchange rate risk such as loan lending from the Company in US dollars. Since during 2011, the Euro Crisis created high volatility in the currency market. The Company therefore has its policy to sign the loan agreement between the Company and its subsidiaries in abroad and using Baht currency as main reference to protect risk from exchange rate volatility.

3.3 Risk associated with outstanding construction payment or delay of construction payment

In case that project owner or partner of contract has faced the financial problem, payment for work progress may not be paid or late or partially paid. This can be a risk causing lack of liquidity and affect the company's operating result especially during the economic recession since the financial institutes will be more careful of loan release. In some cases, some of customers may be refused to approve loan for project financing. Recognizing such risk, the company therefore intends to enter into bidding of the firm financial companies only and also gains support from financial institutes for revolving fund for construction. Since the company's nature is the contractor for natural gas and petrochemicals business and most of the customers are well-known companies having strong financial status (mostly a state enterprise), the Company estimates and foresee this risk category to be quite low.

In some projects, change order as required by the customers is needed to be carried out without any agreed scope of works and operation cost. Some of them may face objection whether it is an excessive scope of works from the existing contract or over charged cost than the customers or project owners' expectation even though the owners already agreed that it is an additional one and willing to pay as requested. The Company therefore may need to bear the uncollectable operating cost until such change order has been approved with payment from the project owners. However, in some cases, it may take time and longer than the completion schedule and cause an impact to the Company's operating result. To mitigate such risk, the Company has paid attention to follow up the outcome of approved works and also coordinate with the customers or their representatives regularly and closely in order to expedite their approval of change order as well as payment collection and finally enable to reduce period of bearing the operating cost.

3.4 Risk associated with financial support to its subsidiaries

Due to necessity of business operation, the Company needs to provide the financial support to its subsidiaries in a form of loan i.e. loan for overseas subsidiaries, bank guarantee or parent guarantee arrangement under the Company's credit line, etc. which may cause a risk in case that such subsidiary's operating result is not satisfying as expected or faces cash flow problem and unable to repay debt as scheduled or fails to repay debt to the Bank. As a result, the Company as guarantor needs to take responsibility. Realizing this risk, the Company strictly performs in accordance with the approval process as specified in the authority table when required to provide any financial support.

5. Shareholding Structure and Management

1. Major Shareholders

The top 10 major shareholders as of 27 December 2011

Name	No. of Shares	%
1. KPK 1999 Co., Ltd. ⁽¹⁾	47,571,427	14.26
2. Mrs. Paichit Rattananon ⁽¹⁾	21,124,999	6.33
3. Samlee Corporation	41,142,857	12.33
4. CITYBANK NOMINEES SINGAPORE PTE LTD UBS AG LONDON BRANCH-RNBS IPB CLIENT SEG	15,141,600	4.54
5. QUAM SECURITIES COMPANY LIMITED A/C CLIENT	13,495,200	4.05
6. Rotary Trel Pte Ltd.	9,642,857	2.89
7. Thai NVDR Company Limited	9,462,002	2.84
8. Mr. Pasit Leesakul ⁽²⁾	5,056,185	1.52
9. Brooker Corporate Advisory Company Limited	4,600,200	1.38
10. Mr. Narongkiat Jirakiat	4,078,500	1.22
Total	171,315,827	51.36
Number of Total Paid-up Shares	333,558,339	100.00

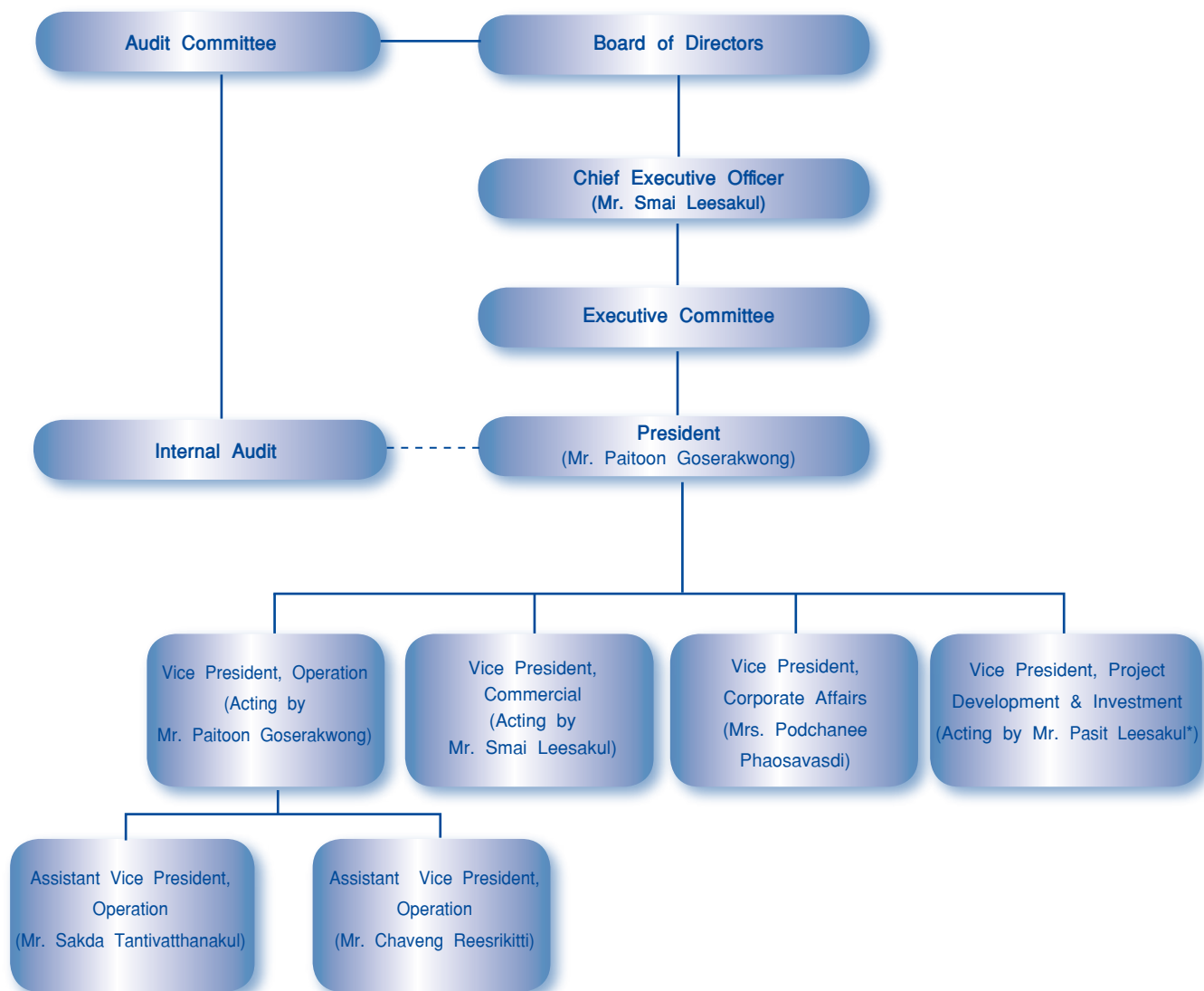
Notes:

- (1) The group of Mrs. Paichit Rattananon consists of Mrs. Paichit Rattananon and KPK 1999 Co., Ltd. in which 99.99% shareholding is owned by Mrs. Paichit Rattananon.
- (2) Mr. Pasit Leesakul is a son of Mr. Smai Leesakul, Chief Executive Officer and Mrs. Paichit Rattananon, Chairman.

2. Management

(1) Management

Organization Chart as at December 31, 2011



*Note: Mr. Pasit Leesakul is promoted for the position Vice President, Project Development & Investment in March 2012

Management Structure

Management structure of the Company for the year 2011 comprises of 4 committees consisting of Board of Directors, Audit Committee, Remuneration and Nomination Committee and Executive Committee who also performs as the Risk Management Committee as per the following details:

1. The Board of Directors of the Company and its Subsidiaries as of 31 December 2011

- **Board of Directors of TRC Construction Public Company Limited** consists of 9 members as follows:

1. Mrs. Paichit Rattananon	Chairman, a representative from KPK 1999 Co., Ltd., the major shareholders
2. Assoc. Prof. Kamjorn Tatiyakavee, MD.	Independent Director and Chairman of the Audit Committee
3. Assoc. Prof. Pises Sethsathira	Independent Director and Audit Committee
4. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director and Audit Committee
5. Pol. Lt. Gen. Jarumporn Suramanee	Independent Director
6. Mr. Arun Chirachavala	Independent Director
7. Mr. Smai Leesakul	Director
8. Mr. Paitoon Goserakwong	Director
9. Mrs. Podchanee Phaosavasdi	Director
and Ms. Ounruen Sujarittam	Company Secretary

- **Board of Directors of Sahakarn Wisavakorn Co., Ltd.** consists of 5 members as follows:

1. Mr. Smai Leesakul	Chairman
2. Mr. Paitoon Goserakwong	Director
3. Mr. Kanidchon Leesakul	Director
4. Mrs. Podchanee Phaosavasdi	Director
5. Mr. Chaveng Reesrikitti	Director

Authorized Directors of the Company and its Subsidiaries

- **TRC Construction Public Company Limited**

Mrs. Paichit Rattananon, Mr. Smai Leesakul, Mr. Paitoon Goserakwong and Mrs. Podchanee Phaosavasdi, two of four directors sign together with the company's seal.

- **Sahakarn Wisavakorn Co., Ltd.**

Mr. Smai leesakul, Mrs. Podchanee Phaosavasdi, Mr. Paitoon Goserakwong and Mr.Kanidchon Leesakul, two of four directors sign together with the company's seal.

Scope of Duties and Responsibilities of the Board of Directors

1. To perform duties in accordance with laws, objectives, article of association as well as the resolutions of the Shareholders' Meeting except for the transactions that shall be approved by the Shareholders' Meeting such as the connected transaction, the acquisition and disposition of assets, the purchasing and selling of significant assets as per the regulations of the Stock Exchange of Thailand or any other relevant authorities;
2. To appoint or change the authorized directors of the Company;
3. To set the policies, strategies and directions for the Company except for the policies that require the Shareholders' Meeting approval as well as to govern the management to effectively perform their duties according to such policies, strategies and directions with a purpose of the shareholders' wealth and sustainable growth of the Company;
4. To review and approve the significant transactions such as business plan, budget, large investment, management's authorities and any other transactions required by laws;
5. To evaluate the management's performance as well as to determine their remunerations;
6. To be responsible for the operating result and the management performance with good intention and care;
7. To ensure that the Company has reliable accounting system, financial reports and auditing process as well as to provide the measurement to assess the appropriateness of the internal control system and the efficiency and effectiveness of internal auditing, risk management and financial reporting;
8. To ensure that the conflict of interests between the Company and related persons does not exist;
9. To set the Company's rules and internal procedures;
10. To report the Board of Directors' responsibilities for financial reports together with external auditor's report in the Company's annual report. Such Board of Directors' report shall include all the subjects as specified in the code of conduct for directors of the listed company;
11. The Board of Directors shall be able to authorize the following transactions after they receive the Shareholders' Meeting approval to do so. For the transactions that might lead to any conflicts of interests, the director who might have such conflict of interest must not vote on that transaction.
 - (a) The transactions that are required by law to receive the Shareholders' Meeting approval.
 - (b) The transactions that might lead to any conflict of interests as well as are required by laws and/or regulations of the Stock Exchange of Thailand to receive the Shareholders' Meeting approval.

The transactions as specified below shall be approved by the Board of Directors' Meeting and the Shareholders' Meeting with not less than three-fourth of the voting right of the shareholders who are present at the meeting and have the right to vote.

- (a) To sale or transfer the whole or any significant part of the Company;
- (b) To purchase or acquire business of other companies or a private company;
- (c) To engage in, amend or cancel the rental agreement of the whole or any significant business of the Company, to assign others to manage the Company and to merge the Company with others with a purpose of profit sharing;

- (d) To amend the Company's memorandum of association;
- (e) To increase, to decrease, to issue debentures, to merge and to liquidate the Company;
- (f) To perform any other activities those are required by securities laws or regulations of the Stock Exchange of Thailand to have the approval of the Board of Directors' Meeting and the Shareholders' Meeting with such aforementioned voting condition.

12. The Board of Directors shall appoint some of the directors as members of Executive Committee to perform the works as assigned by the Board of Directors.

However, such appointment does not include the authority to approve the transactions that such directors and/or their related persons have the conflict of interests with the Company or its subsidiary (if any). Also, the Connected Transaction and the Acquisition and Disposition of significant assets must be approved by the Shareholders' Meeting as stated in the regulations of the Stock Exchange of Thailand.

2. The Audit Committee

As of 31 December 2011, the Audit Committee consists of 3 independent directors as follows:

- | | |
|--|----------------------------------|
| 1. Assoc. Prof. Kamjorn Tatiyakavee, MD. | Chairman of the Audit Committee |
| 2. Assoc. Prof. Pises Sethsathira | Audit Committee |
| 3. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. | Audit Committee |
| and Ms. Sarinthip Laomahamek | Secretary to the Audit Committee |

Audit Committee has 2-year term except the retiring by rotation according to the Company's Articles of Association whose a retiring director is eligible for re-election. Current Audit Committee has been appointed since 2005.

Scope of duties and responsibilities of the Audit Committee

The Charter of the Audit Committee consisting of objective of Audit Committee setting up, scope of duties and responsibilities (amendment), qualification, term, the meeting, quorum, remuneration, responsibility unit and the quality control of Audit Committee is as declared in the Company's website.

Scope of duties and responsibilities of the Audit Committee are as follows:

1. To review and ensure that the disclosure of information in financial statements is accurate and adequate by cooperating with the Company's external auditor and management who is responsible for the quarterly and annually financial statements. Also, to recommend the external auditor to review or audit any transactions deemed significant during the auditing period;
2. To review To review internal control system and internal audit system to ensure appropriateness and effectiveness and consider independence of internal audit as well as approve the appointment, transfer, reward and termination for head of internal audit;
3. To review and ensure that the Company's operations are in compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand, as well as relevant laws;
4. To consider, select and nominate the external auditor and also propose the external auditor's remuneration including attend the meeting with the external audit without joining of the Company's management at least once per year;

5. To consider the connected transactions or transactions that may lead to any conflict of interest and non-compliance with the laws and the Stock Exchange of Thailand's regulation to ensure that those transactions are reasonable and bring highest benefit to the Company;
6. To perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee such as to review the financial management and risk management policy, review compliance with business ethic of the management and review with the management the important reports required for disclosure to the public according to the laws i.e. Management's report and analysis, etc.;
7. To prepare the corporate governance report of the Audit Committee for disclosure in the company's Annual Report in which has been signed by the Chairman of the Audit Committee and consisting of at least
 - 7.1 Comment on appropriateness and completeness and reliability of the Company's Financial statements
 - 7.2 Comment on sufficiency of the Company's internal control system
 - 7.3 Comment on compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand as well as relevant laws
 - 7.4 Comment on appropriateness of the auditors
 - 7.5 Comment on connected transactions
 - 7.6 A number of Audit Committee Meetings and attendances of each member
 - 7.7 Comment or overview observation from which the Audit Committee has been gained after performing in compliance with the charter
 - 7.8 Any reports which deem appropriate to be reported to the shareholders and other general investors under the scope of works and responsibility as assigned by the Board of Directors;
8. To report all activities as scheduled in order that the Board of Directors can acknowledge the Committee's activities as follows:
 - 8.1 The Audit Committee's minutes of meetings clearly specifying the committee's comment in various issues
 - 8.2 The report of the Committee's comment on financial statements, internal audit and internal audit process
 - 8.3 Any report which deem appropriate for acknowledgement of the Board of Directors;
9. During performing their duties, if the Committee finds any doubtful transactions or behaviors as shown below which may cause a significant impact to the Company's financial status and operating result, the Committee should report to the Board of Directors for further improvement as deem appropriated:
 - 9.1 Conflict of interest transactions
 - 9.2 Any suspicion or presumption of corruption, paradox or default which are significant for internal audit system
 - 9.3 Any suspicion that there are non-compliance with the rules and regulation of the Securities Exchange Commission and the Stock Exchange of Thailand or relevant laws

In case that the abovementioned report has been already submitted to the Board of Directors and the discussion among the Board of Directors, the Committee and the Company's management has been made for further improvement, however, after the due date, the Committee finds that there is the negligence without inappropriate reason, one of the Committee's members can further report this to the Securities Exchange Commission and the Stock Exchange of Thailand;

10. In case that the auditor finds any doubtful acts which are non compliance with the laws done by director, manager or any person who is responsible for the Company's operating and the matters of fact has been reported to the Committee for acknowledgement and prompt inspection. The Committee should then report the outcome of preliminary inspection to the Securities Exchange Commission, the Stock Exchange of Thailand and the auditor for acknowledgement within 30 days after getting the auditor's report. Any doubtful acts required to be reported including the procedure to gain the matters of fact should be in line with the Capital Market Commission's regulation;
11. To have authorization to invite directors, management, department heads or employees for discussion or clarification on the Committee's inquiry;
12. To review the scope of works and responsibility as well as appraise the Committee's performance on yearly basis;
13. To perform any other duties as assigned by the Board of Directors and agreed upon by the Audit Committee.

The Board of Directors has the right to adjust and/or change the scope of duties and responsibilities of the Audit Committee as deemed necessary or appropriate.

3. The Remuneration and Nomination Committee

As of 31 December 2011, the Remuneration and Nomination Committee consists of 5 members as follows:

- | | |
|---|--|
| 1. Assoc. Prof. Kamjorn Tatiyakavee, MD. | Independent Director, Chairman of the Remuneration and Nomination Committee |
| 2. Assoc. Prof. Pises Sethsathira | Independent Director, Member of the Remuneration and Nomination Committee |
| 3. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM. | Independent Director, Member of the Remuneration and Nomination Committee |
| 4. Pol. Lt. Gen. Jarumporn Suramane | Independent Director, Member of the Remuneration and Nomination Committee |
| 5. Mr. Smai Leesakul | Chief Executive Officer, Member of the Remuneration and Nomination Committee |

Scope of duties and responsibilities of the Remuneration and Nomination Committee

1. Remuneration

- 1.1 To consider forms and criteria for remuneration package of directors, Chief Executive Officer and President to be appropriate with their performance comparing to other companies in the same industry on fair basis;

- 1.2 To determine criteria of assessment for the Chief Executive Officer and President to propose to the Board of Directors for approval;
- 1.3 To consider and determine budget framework for entire salary increment and annual bonus;
- 1.4 To appraise the performance of Chief Executive Officer and President on annually basis;
- 1.5 To consider and determine yearly remuneration package of directors, Chief Executive Officer and President and process to the Board of Directors to approve remuneration package of Chief Executive Officer and President. For remuneration package of directors, the Board of Directors has to propose to the shareholders meeting for approval;
- 1.6 In case of Employees Stock Option Program (ESOP), the Committee has to determine the terms and conditions of which the scheme is appropriate and fair to employees and shareholders and also consider the suitability of the program and approve in case that any directors are entitled to more than 5% of the total securities being distributed but among those should not be the Remuneration and Nomination Committee;

2. Directors Nomination

- 2.1 To determine the qualifications of the directorial candidates by considering their knowledge, experience and expertise which are suitable for the Company's requirement and availability to devote to the Company;
- 2.2 To nominate and propose the suitable directorial candidates for consideration of the Board of Directors and to later propose those candidates to be appointed by the shareholders;

In addition, the Remuneration and Nomination Committee shall perform any other duties as assigned by the Board of Directors. The Board of Directors has the right to adjust the scope of duties and responsibilities of the Remuneration and Nomination Committee as deemed necessary or appropriate.

4. The Executive Committee (acting as the Risk Management Committee)

As of 31 December 2011, the Executive Committee consists of 6 members as follows:

- | | |
|-------------------------------|-------------------------------------|
| 1. Mr. Smai Leesakul | Chairman of the Executive Committee |
| 2. Mr. Paitoon Goserakwong | Member of Executive Committee |
| 3. Mrs. Podchanee Phaosavasdi | Member of Executive Committee |
| 4. Mr. Sakda Tantivathanagul | Member of Executive Committee |
| 5. Mr. Chaveng Resrikitti | Member of Executive Committee |
| 6. Mr. Pasit Leesakul | Member of Executive Committee |

Scope of duties and responsibilities of the Executive Committee

1. To plan and set the policies, directions, strategies and major operational structure of the Company corresponding to economic and competitive conditions and propose to the Board of Director for approval;
2. To set the business plan, budget and management authorities of the Company and propose to the Board of Directors for approval;

3. To oversee the Company's operations to ensure that they are in compliance with the business policies, business plan and strategies which have been approved by the Board of Directors;
4. To consider the engagement in business contracts and/or any other asset purchasing contracts in relation to the business of the Company as well as to set the procedures and negotiation methods for such contracts;
5. To approve the capital expenditure as stated in the annual business plan which has been approved by the Board of Directors;
6. To be responsible for any financial transactions with banks including account opening, lending, borrowing, providing lending facilities, managing the collateral, pledging, mortgage and guarantee as well as selling, purchasing and registering land deeds for the benefits of the Company as per the approval of the Board of Directors;
7. To consider profit and loss of the Company and to propose the interim or annual dividend and propose to the Board of Directors;
8. To consider and compare the Company's quarter operating performance with the budget and propose to the Board of Directors;
9. To employ, to appoint, to transfer, to discharge, to dismiss, to determine remuneration of, to give reward to and to raise salaries, wages and bonus of employees in management level (from Assistant Vice President upwards);
10. To do any other duties in order to support the aforementioned duties or as delegated to do so by the Board of Directors; and
11. To consider and report to the Board of Directors the transactions which are in questions of fraud or illegitimate or irregular activities.

The Executive Committee is authorized to empower the management of the Company to approve any financial transactions as appropriate.

However, the aforementioned approval must not be the approval of the transactions that enables any executive directors or any empowered management to approve for transactions that might lead to a conflict of interest (as specified by the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand) between such persons and the Company or the subsidiary (if any).

The Board of Directors is authorized to amend the scope of duties and responsibilities of the Executive Committee as appropriate.

Since 2009, the Executive Committee has performed their duties as the Risk Management Committee. An invitation to the advisor and expertise in some specific area to join in risk assessment was done as necessary and appropriate such as international procurement advisor, overseas business advisor, etc. The Executive Committee has screened projects and investments based on preliminary principle of considering both domestic and international potential of bidding projects and investment before bringing to attention in the risk evaluation process under the following 3 criteria:

1. Project Type
 - International project
 - New unfamiliar project

2. Project Size in reference to the project value more than or equivalent to Baht 100 million
3. Project Location
 - project to be executed under high risk and dangerous area
 - project which may face mob problem

Management

As of 31 December 2011, the Company management consists of 8 members as follows:

- | | |
|-------------------------------|--|
| 1. Mr. Smai Leesakul | Chief Executive Officer |
| 2. Mr. Paitoon Geserakwong | President |
| 3. Mrs. Podchanee Phaosavasdi | Vice President, Corporate Affairs Division |
| 4. Mr. Sakda Tantivatthanakul | Assistant Vice President Pipeline Engineering Department |
| 5. Mr. Chaveng Reesrikitti | Assistant Vice President Pipeline Operation Department |
| 6. Mr. Pasit Leesakul* | Acting Vice President, Project Development and Investment Division |
| 7. Ms. Ounruen Sujarittam | Corporate Finance Manager and Company Secretary |
| 8. Ms. Rewadee Ardham | Accounting and Finance Manager |

*Note: Mr. Pasit Leesakul has been appointed as Vice President of Project Development and Investment since March 2012.

Scope of duties and responsibilities of Chief Executive Officer

1. To support operations and administration of Board by advising and informing Board members, interfacing between board and staff.
2. To set the work-system for product & service production and delivery including marketing, bidding, design, procurement
3. To take responsibility in financial, tax, risk and facility management of the company and also recommends yearly budget for Board approval and prudently manages organization's resources within those budget guidelines according to current laws and regulations
4. To effectively manage the human resources of the organization according to authorized personnel policies and procedures that fully conforms to current laws and regulations.
5. To manage the community and public relations by assuring that the organization and its mission, programs, products and services are consistently presented in strong, positive image to relevant stakeholders.
6. To oversee fundraising planning and implementation, including identifying resource requirements, researching funding sources, establishing strategies to approach funders, submitting proposals and administrating fundraising records and documentation
7. To perform any other duties as delegated by the Board of Directors.

Chief Executive Officer shall be directed by and report to the Board of Directors. He will also consume the position of Chairman of the Executive Committee.

Scope of duties and responsibilities of President

1. To oversee and to approve day-to-day business operations as well as to be able to empower the management or other employees to manage day-to-day business operation as appropriate;
2. To manage and control the general business operation of the Company;
3. To perform any duties that are delegated by the Board of Directors;
4. To employ, to appoint, to transfer, to discharge, to dismiss, to determine remuneration of, to give reward to and to raise salaries, wages and bonus of employees in operational level as well as to appoint the employer's representative for the Company's provident fund committee;
5. To approve and delegate the authority to pay for the purchase of assets for benefits of the Company as well as to approve for the engagement in any financial activities as per the approved guidelines of the Board of Directors and/or the Executive Committee;
6. To be able to create orders, procedures, announcements and memos with a purpose to ensure that the business operations are in compliance with the policies, for the best interest of the Company and to keep order and discipline of the Company;
7. To be able to act on behalf of the Company and to represent the Company in performing any related actions for the best interest of the Company;
8. To approve the appointment of relevant advisors as necessary under the budget that has been approved by the Board of Directors; and
9. To perform any other duties as delegated by the Board of Directors and/or the Executive Committee.

President shall be directed by and directly report to the Executive Committee and shall perform duties in compliance with the guidelines and regulations stated by the Executive Committee.

However, the President shall have no authority to perform anything in relation to the transactions that he/she and/or the related parties might have a conflict of interests (as specified by the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand) with the Company and/or the subsidiary (if any).

(2) The Director Nomination

The nomination and appointment of directors will be preliminarily considered by the Remuneration and Nomination Committee. Suitable candidates who have relevant knowledge, capability and experience will be proposed to the Board of Directors and the Shareholders' Meeting for approval, respectively. Only the increase of the number of directors and the election of directors in replacement of directors who retire by rotation shall be approval by the Shareholders' Meeting as per the following procedures.

1. Each of the shareholders shall have one vote.
2. The shareholders shall vote for one person at a time.
3. The voting results of each candidate shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes case for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman of the Shareholders' Meeting shall vote.

One-third (1/3) of the directors shall resign on the annual general meeting of shareholders, however, in case that the number of directors is not dividable by three, they shall retire by the number closest to one-third.

The directors retiring in the first and second years after the registration of the Company shall be selected by drawing. In subsequent years, the director who has been in the post longest shall retire. A director who retires under this procedure may be re-elected.

Criteria for Independent Directors' Nomination

- Nomination Process of the Independent Directors

The Remuneration and Nomination Committee shall preliminary consider suitable persons whose qualifications are in accordance with the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. Also, the candidates shall have useful knowledge and capability that are useful for the Company. The suitable candidates will be proposed to the Board of Directors and the Shareholders' Meeting for approval, respectively. (Only the increase of the number of directors and the election of directors in replacement of directors who retired by rotation shall be approved by the Shareholders' Meeting.)

- Qualifications of the Independent Director

The qualifications of the independent director are set out in accordance with the regulations of the Securities Exchange Commission as follows:

1. Not hold shares exceeding 0.75 percent* of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
2. Not be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary, of the Company, its parent company, subsidiary, same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two (2) years prior to the date of appointment. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government authority that is a major shareholder or controlling person of the Company.
3. Not be a person related by blood or registration under law, such as a father, mother, spouse, sibling, or child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Not have nor have had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgement, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than two (2) years prior to the date of appointment.
5. Neither be nor have been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major

shareholder or controlling person, unless the foregoing relationship ended not less than two (2) years from the date of appointment.

6. Neither be nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two (2) million baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither be nor have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years from the date of appointment.

*** Note:** This requirement was previously be set not exceeding 1%; however, to be in accordance with the good corporate governance practice, the 3/2012 Board of Directors Meeting on 19 March 2012 resolved to amend the percentage of share holding to not exceeding 0.75%.

(3) Director's and Management's Remuneration

- Cash Remuneration

(A) Directors' Remuneration

Director	2011	
	Remuneration (Million Baht)	Type of Remunerations
1. Mrs. Paichit Rattananon	0.80	Salary and Bonus ^(*)
2. Assoc. Prof. Kamjorn Tatiyakavee, MD.	0.40	Salary, Meeting Fee and Bonus ^(*)
3. Assoc. Prof. Pises Sethsathira	0.35	Salary, Meeting Fee and Bonus ^(*)
4. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	0.35	Salary, Meeting Fee and Bonus ^(*)
5. Pol. Lt. Gen. Jarumporn Suramanee	0.35	Salary, Meeting Fee and Bonus ^(*)
6. Mr. Arun Chirachavala	0.34	Salary and Bonus ^(*)
7. Mr. Smai Leesakul	0.12	Salary
8. Mr. Paiboon Goserakwong	0.12	Salary
9. Mrs. Podchanee Phaosavasdi	0.12	Salary
Total Directors' Remuneration in 2011	2.95	

***Note:** The 2010 performance bonus as approved by the 2011 Annual General Meeting of Shareholders was paid to Chairman of Baht 200,000 and 5 non-executive directors at Baht 100,000 each in May 2011.

(B) Executive Committee's and Management's Remuneration of TRC ⁽¹⁾

Remuneration	2010			2011		
	Number of Persons	Remuneration (MB)	Type	Number of Persons	Remuneration (MB)	Type
Management	8 ⁽²⁾	21.16	Salary and 2009 performance bonus paid in 2010	7	20.29	Salary and bonus ⁽³⁾

Notes:

- (1) The remuneration of Accounting and Finance Manager and Corporate Finance Manager are excluded.
- (2) Including Mr. James Jordan Fleming, Ex-Vice President, International Operation Division, who resigned in February 2010
- (3) Including 2010 bonus paid in the beginning of 2011 and 2011 bonus partially paid (at the rate of one month) in December 2011 for flood damage relief to employees

- Other Remuneration

- Provident Fund

The Company and Sahakarn Wisavakorn Co., Ltd. have set the provident fund which is managed by Tisco Asset Management Co., Ltd. since 2005 and 2006, respectively with the contribution proportion rate of 3%-7% and 2% of salary for the Company, respectively.

- Employee Stock Option Plan (ESOP)

The 2008 Annual General Meeting of Shareholders approved the issuance of 7,700,000 units of 3-year warrants with Baht zero offering price and Baht 5.43 exercising price under Employee Stock Option Plan (ESOP) which will be contributed to the directors and employees of the Company and/or subsidiaries for the purpose of motivation and retaining knowledgeable and capable ones, which will be beneficial to the Company on long-term basis and lead to the increase of the share value to shareholders. Also, to motivate them to work with the Company and/or its subsidiaries for long term period for benefit of their performance and the Company' business in the future.

However, since the approval exercise price of Baht 5.43 is higher than current market price, later the 2009 Annual General Meeting of Shareholders had its resolution to approve the amendment to such exercising price by reflecting the market price at Baht 2.01. ESOP warrants had been sold to directors and employees, totally 35 persons on 7 August 2009 and those can exercise their rights on every date of 30th at the end of each quarter. The first exercising date was on 30 September 2010.

In August 2010, the warrant of ESOP was granted to compensate resignation of 4 persons of directors and employees. As a result, there were 8,000 units of remaining warrants to be granted (reduced from previously 7,700,000 units to 7,692,000 units).

During 2010-2011, there were 6 times of warrant exercising of directors of the Company and subsidiaries as follows:

(Unit: Units of Warrant)

Directors of TRC and SKW	No. of Warrant	2010	2011
	Allocation	The 1 st -2 nd Exercising	The 3 rd -6 th Exercising
Mrs. Paichit Rattananon	200,000	50,000	100,000
Assoc. Prof. Kamjorn Tatiyakavee, MD.	200,000	50,000	100,000
Assoc. Prof. Pises Sethsathira	200,000	50,000	100,000
Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	200,000	50,000	100,000
Pol. Lt. Gen. Jarumporn Suramane	200,000	50,000	100,000
Mr. Smai Leesakul	200,000	50,000	25,000
Mr. Paitoon Goserakwong	200,000	50,000	100,000
Mrs. Podchanee Phaosavasdi	200,000	50,000	100,000
Mr. Singharat Charoenwongsa ⁽²⁾	200,000	50,000	resigned
Mr. Kanidchon Leesakul ⁽³⁾	200,000	Non-director	100,000
Mr. Chaveng Reesrikitti ⁽⁴⁾	234,000	58,500	87,750
Total	2,234,000	508,500	912,750
Total ESOP Warrants	7,692,000	1,683,000	2,825,750
Percentage of Warrants Allocated to Directors	29.04%	30.21%	32.30%

Notes:

- (1) Newly issued shares from the 2nd and 6th ESOP Warrant Exercise were registered in the next year due to the exercise dates were on 30 December 2010 and 2011, respectively.
- (2) Mr. Singharat Charoenwongsa resigned from a director of Sahakarn Wisavakorn Co., Ltd. in 2011.
- (3) Mr. Kanidchon Leesakul has been a director of Sahakarn Wisavakorn Co., Ltd. since 2011.
- (4) Mr. Chaveng Reesrikitti has been a director of Sahakarn Wisavakorn Co., Ltd. since 2009.

(4) The Uses of Internal Information Control

The 2/2005 Board of Directors Meeting held on 19 May 2005 has set the policy to govern the uses of internal information as follows:

1. All directors, management and employees of the Company are required to keep the confidentiality of all the classified and/or internal information.
2. All directors, management and employees of the Company shall not disclose all the classified and/or internal information to others for the benefits of themselves or others directly or indirectly, with or without remunerations.
3. All directors, management and employees of the Company shall neither buy or sell or transfer or obtain the Company's securities using the classified and/or internal information of the Company nor enter into any transactions using the classified and/or internal information of the Company that could directly or indirectly cause an adverse effect to the Company.

The directors, management and employees of departments that are accessible to the internal information shall avoid trading the Company's securities within 1 month prior to the public disclosure of financial statements.

This policy shall govern the transactions to be made by spouse and minor child of those directors, management and employees. The violation of this policy shall be treated as a serious misconduct.

4. The directors and management of the Company shall prepare and disclose reports to the Securities and Exchange Commission on each person's securities holding and the holding of securities by his/her spouse and minor children including changes in such holdings as per the Securities and Exchange B.E. 2535, Section 59.

To be in line with the good governance practice, the Company also set the policy that for each directors and management to report TRC share trading transactions of his/herself, spouse and minor child including relevant persons according to Section 258 of the Securities and Exchange Act B.E. 2535 to the Company by sending share holding changing form (Form 52-9) to Company Secretary for recording and reporting to the Board of Directors.

(5) Employees

As of 31 December 2011, the Company and its subsidiaries have the total number of 1,066 staffs consisting of 263 permanent staffs and 803 temporary ones as follows:

Department	Number of employees	
	2010	2011
1. Management (from Vice President upwards)	4	4
2. Marketing & Engineering and Operation	144	192
3. Project Development and Investment	6	4
4. Accounting, Finance and General Administration	54	60
5. Internal Audit	3	3
Permanent staffs	211	263
Temporary staffs	620	803
Total	831	1,066

- **The Employee's Remuneration** of the Company and Sahakarn Wisavakorn can be summarized as follows :

(Unit: Million Baht)

Remuneration	2010	2011
Permanent staffs	101.36	129.00
Temporary staffs	94.33	80.41
Total	195.69	209.41

- **Human Resource Development Policy**

According to the Company's philosophy, as employees are the highest value resource of the organization, the adherence to the human resource management have been continuously emphasized, improved and developed in order to catch up with the business growth as follows:

1. Serving an appropriate compensation and welfare for employees. Apart from serving basic welfares as enforced by laws, TRC and Sahakarn Wisavakorn Co., Ltd. have established the provident funds

for their employees since 2005 and 2006 respectively. Later, in 2009, the Employee Stock Option Plan (ESOP) was contributed to directors, executives, employees (as details shown in item "Other Remunerations" in Page 60);

2. Initiating the new employee orientation program since 2011 in which the training programs for various primary information were arranged consisting of the company's nature of business and history, fundamental of ISO 9001:2008 including the Company's vision, mission, project site visit as well as CSR activities in order give an opportunity for new comers to acknowledge and understand the Company's business including encouraging social responsibility attitude to be in line with the Company's vision;
3. Promoting human resource development. In 2011, the Company started to improve and develop training arrangement by focusing to arrange the training courses for senior level to develop their competency in term of managerial leadership for more effectiveness of working. The following in-house training courses were arranged :
 1. Project Management
 2. Leadership Development
 3. On the Job Training (OJT)

In addition, the Company has also provided an opportunity for employees to participate in public training including being on the job trained by each department head to increase employees' capability to be more effective and utilize all knowledge gained for themselves and the organization;

4. Adhering to the principle of ISO 9001:2008. In 2011, the Company gave precedence to performing in accordance with the quality management system for which internal inspection has been made continuously to ensure that employees' working are performed in accordance with the stipulated quality management policy and to satisfy customers as well as to show that their performance was improved and developed continuously;
5. Arranging activities to enhance employee relation and unity within the organization. The various activities such as luncheon party for employees were arranged every 2 months to avail an opportunity for executives to meet with staff for question and answer. Moreover, the Company also invited the external guest speakers to give useful information to employees; for example; inviting the securities company's personnel to give information of LTF and RMF for personal income tax saving, etc;
6. Creating spirit and willpower of employees during crisis. In 2011 even though the Company faced Thailand flood crisis affecting the head office and some of employees' houses, the assistance for required employees was provided by arranging them a temporary accommodation with round trip transportation including lunch at free of charge. Moreover, after flood, funds and loan with interest-free for affected employees whose houses were damaged by flood were also provided including cleaning service team. The aforementioned assistance package was served to employees during tough time and enabled the Company not to suspend but continue its operation as usual which was a result of assistance and kindness reflecting each other between the Company's executives and employees during the crisis;

7. Preparing employees to be ready for Asean Free Trade Area (AFTA). The Company arranged English training courses for required employees with classification of level to be basically ready for English communication usage; and
8. Emphasizing on human rights respect, no involvement to violation of human rights and no gender discrimination such as employment of female engineers and people with disability, etc.

- **Labor Legal Dispute during the Past Three Years**

The Company has no labor legal dispute during the past three years which has adverse effect to the Company's assets of more than 5% of the shareholders' equity as of 31 December 2011.

The disputes on labor issues arise from the compensation claim of the temporary staff. Most of them are employed by The Company or Sahakarn Wisavakorn Co., Ltd. and the employment period is based on each construction project period. All the labor disputes are discussed and agreed before any legal action has been taken.

(6) Internal Control

Refer to the 2/2012 Board of Directors Meeting held on 28 February 2012, the Board of Directors has evaluated the adequacy of the Company's 2011 internal control system according to the evaluation form for internal control system that includes five aspects: organizational control and environment measure, risk management measure, management control activity, information and communication system and monitoring. This evaluation was based on the information received from the discussion with management, the documents prepared by the management as well as the initial evaluation of the Audit Committee. The Board of Directors deemed that the Company and its subsidiaries have a sufficient internal control system which includes the adequate internal control system for the transactions between the Company and the major shareholders, directors, management and related parties. In addition, the Board of Directors agreed that the current internal control is sufficient to prevent the unauthorized or fraudulent uses of the Company's and its subsidiaries' assets.

For the internal control system improvement in 2011 according to the 2011 Management Letter from the auditors, there was no any significant observations.

(7) The Dividend Policy

The Company has a policy to pay approximately 40% of its net profit after tax and legal reserve as dividends. However, the dividend payout may be changed subject to future investment plans and any other actions that deem necessary and appropriate under the condition that those actions must be taken for the best interests of shareholders such as the provision for loan repayment, the new investment in business expansion, or in the case of any adverse change that may affect the Company's future cash flow. The Board of Directors is authorized to consider the dividend payment, however, the resolution of dividend payment must be proposed for the approval of Shareholders' Meeting except for the case of interim dividend payment as the Board of Directors has the authority to approve before informing the interim payment to the subsequent Shareholders' Meeting.

The history of the dividend payment is as shown in Item 8. "Management Discussion and Analysis of Financial Status and Performance", sub-item of "Return to Shareholders page 86".

For subsidiaries, the dividend payment policy is not explicitly stated.

6. Corporate Governance

The Company recognizes the significance of corporate governance as a key factor to add value and enhance sustainable growth to the Company. Thus, the Company establishes a written Corporate Governance policy and business ethics disseminated on the Company's website and given as a regulation for all employees to adhere to.

In 2011, the Company obtained 83% average score of the corporate governance assessment undertaken by Thai Institutes of Directors (IOD), higher than 77% average score of overall registered companies which were ranked.

The followings are the Company's commitment to the 5 principles of good corporate governance:

1. Rights of the Shareholders

The Company has a policy to equitably facilitate all the shareholders for the Shareholders' Meeting attendance, the information disclosure as well as the exercising of their voting rights. In addition, The Company also encourages the Board of Directors, management and independent auditors to unanimously participate in such meeting.

In 2011, there was only one meeting held; the 2011 Annual General Meeting of Shareholders on 27 April 2011 and during the year there was no any extraordinary meeting held.

The Company has performed in compliance with the good corporate governance as follows:

- **Before the Annual General Meeting of Shareholders day**

During 6 October 2010 – 15 February 2011, the Company opened for the shareholders to propose the agenda for the 2011 Annual General Meeting of Shareholders and nominate the qualified person to be a director before the Board of Directors' Meeting will conclude all the agenda for the Shareholders' Meeting. The proportion of holding shares, of either single shareholder or numerous ones, not less than 150,000 shares or 0.045% of all paid-up shares was set out as condition for the shareholders proposing the agenda for the AGM. The relevant information will be disclosed through the Stock Exchange of Thailand's ELCID system as well as through the Company's website (www.trc-con.com) on 6 October 2010 prior to the Board of Directors' Meeting on 17 March 2011 in which a resolution on conducting the 2011 Annual General Meeting of Shareholders will be concluded.

In order to provide shareholders an opportunity to go through the meeting notices in advance, the Company disseminated meeting notices and related documents both in Thai and English languages on the Company's website 30 days before the 2011 General Meeting of Shareholders date (except the 2010 annual report which was later disclosed on the Company's website), and also disclosed on the 25 March 2011 for the 2011 Annual General Meeting of Shareholders through the Stock Exchange of Thailand's ELCID system for investors and shareholders' acknowledgement.

The Company sent the meeting notice enclosed with supporting information of each agenda to the shareholders not less than seven days prior to the meeting date and also published the notice in a newspaper not less than three continuous days prior to the date of the meeting.

- **The General Meeting of Shareholders Days**

The 2011 Annual General Meeting of Shareholders was attended by 7 directors (from totally 9 directors) including. The absent directors were Assoc. Prof. Kamjorn Tatiyakawee, MD. and Pol. Lt. Gen. Jarumporn Suramanee due to their urgent tasks. The AGM was also attended by Chairman, Chief Executive Officer (highest executive) and the representatives of the Auditor. Prior to the meeting, the chairman of the meeting introduced directors and the auditors to the meeting including explaining the method of casting votes with ballot for the agenda of appointment of new directors in place of those retiring by rotation and others in case that shareholders disagreed or abstention.

The meeting proceeding was held in sequence of the meeting agenda without any additional ones unstipulated in the notice of the meeting. During the meeting, the chairman of the meeting allowed all attending shareholders to equitably and freely express their opinions, suggestion or ask questions relating to the Company's performance before exercising their voting rights.

- **After the General Meeting of Shareholders Days**

After the meetings, the Company recorded all significant inquiries and opinions raised in the meeting as well as voting records of each agenda separately in term of agreement, disagreement and abstention in the Minutes of the Meeting in order to be reviewed by the shareholders. The Company later submitted the minutes to the Stock Exchange of Thailand and the registrar of the public companies limited, Ministry of Commerce on 20 May 2011 which was within the specific 14 days and the meeting information in both Thai and English including video presentation of the 2011 AGM can be accessed through the Company's website (www.trc-con.com).

2. Equitable Treatment of Shareholders

The Company has a policy to value and treat all shareholders fairly through the following actions:

- Allowing each shareholder to propose agenda items and director nominee for consideration at a shareholders' meeting prior to the Board of Directors' meeting date, the details as stated in item 1 - Rights of the Shareholders. Then, the Board of Directors will conclude and propose a resolution to the shareholders' meeting. And, for the director nomination agenda, each director nominee is voted on individually basis.
- Allowing each shareholder who cannot attend the shareholders' meeting to use the proxy form to appoint other person to attend the meeting and vote by proxy. In addition, each shareholder can use the proxy form to appoint the Chairman of Audit Committee, or the Chairman of the Board of Directors, or the President to attend the meeting and vote by proxy.
- Providing each shareholder the ballot for each agenda item, in case for disapproved or abstained votes.
- Before proceeding the meeting, the Chairman of the meeting shall inform the voting procedures and the voting counting. To open a chance for shareholders to comment and ask the questions within the appropriate and sufficient period. The meeting will be proceeded in a sequence of agenda in the meeting notice with the policy not to add more agenda to the meeting.
- To avoid any conflicts of interest, the Company sets stricter regulations on connected transactions than the Stock Exchange of Thailand's regulations. The details are in the item "Criteria or procedure for connected transactions" on Page 78. And in every quarter, the summary report on connected

transactions, including names, relationship, item description, value of transactions, and related necessity and rational, is submitted to the Audit Committee and the Company's Board of Directors for further considerations and recommendations. (In 2011, there was only one connected transaction which was not in line to be disclosed according to the Stock Exchange of Thailand's regulation and not required to be preliminarily proposed to the Board of Directors for approval.)

- The Board of Directors also sets the policy on the prevention of insider trading. The details are as per the item "The Uses of Internal Information Control" on Page 59. In 2011, during the period of 1 month prior to disclosure of the financial statements, there was no any transaction of shares buying or selling of the directors and the Company's management.
- The Company has never failed to perform in compliance with the Stock Exchange of Thailand's and the Securities and Exchange Commission's regulation of gaining and sale of assets. In 2011, TRC International Limited invested in TRC Engineering LLC, a subsidiary in Sultanate of Oman, which was reported to the Stock Exchange of Thailand as required.
- The change of shareholding of directors and managements will be proposed to the Board of Directors' Meeting for acknowledgement.

3. Roles of Stakeholders

The Company realizes the importance of those internal and external stakeholders as all their supports can strengthen the Company's competitiveness and enhance the profit. Therefore; the Company will perform its business in line with the related laws and regulations in order that the stakeholders can obtain a good attention and also has provided the policy on the treatments of those various group of stakeholders in the code of business ethics of which the Company has announced to all employees to acknowledge, recognize, and adhere to as follows:

The guideline of practice for stakeholders in each group are as follows:

- **Employees**

The Company's human resources development and management policy is to equip personnel with required knowledge, capability, and skills; based on equity treatment management as per details of "Human Resource Development Policy" on Page 60. In addition, the Company has continuously encouraged employees to attend the advantageous training courses including arranging trips for engineering ones to work with oversea partners for further development of their capabilities.

- **Shareholders**

The Company is constantly responsible for shareholders, and gives rights to all shareholders on equitable treatment basis. The Company aims to achieve business growth and competitiveness, as well as to create appropriate and sustainable wealth to shareholders, by setting a dividend payout policy of not less than 40 percent of the net profit annually.

- **Competitors**

The Company has its policy to support the cooperation of the business competition for the highest benefit of the customers under the free competitive covenant on fairly basis, does not search for confidential information of the competitors by dishonest and inappropriate method, non-discloses or neglects until the

Company's confidential information leaked to the competitors, does not defame the competitors by calumniating or other inappropriate methods and omits any unfair persecution or lost opportunity against the competitors.

- **Customers**

The Company and its subsidiaries commit to serve punctual and quality service with fair price to customers' requirements and strictly perform in accordance with the conditions and contracts. Also, the customers' confidential information has been protected and not used for other persons concerned or their benefits.

- **Policy and Practices to Trade Partners**

The Company and its subsidiary establish clear direction and practices for procurement agreement and trading partner selection. In addition, the registration of suppliers has been set in order to have fair, transparent, and examinable procurement process. Also, to ensure of no conflict of interest of directors, management and employees, the Board of Directors sets the guideline of practice that directors, management and employees concerned with making decision to any transactions have to submit a confirmation letter of independence to the primary trade partners (as recommended by the auditors in the 2011 Management Letter)

- **Creditors**

The Company and its subsidiaries strictly comply with all agreements made with financial institution creditors and all trading agreements made with trade accounts payable, especially goods and service payment. In each year, there will be meetings held between the Company's management and the creditors to review and consider the appropriate credit line, mortgages, condition and financial fee for good relationship between both parties.

- **Intellectual Properties or Copyright and Corruption Opposition**

The Company has its policy not to violate intellectual properties or copyright no matter in term of designing, computer program usage or others related to business operation, oppose corruption and abstain from taking or receiving bribes for business interest of the Company itself, relatives and related persons.

- **Policy and Practices to Society and Community**

The Company and its subsidiaries are aware of their responsibility to society, community, and environment. Therefore, the budget for social activities has been provided for social, community and educational contribution as per the 2011 activities:

1. Blood Donation to Rajavithi Hospital on the occasion of the 57th Anniversary of the Establishment of Sahakarn Wisavakorn Co., Ltd. This activity has been held continuously in February on annually basis since 2008;



2. Fund Donation through the Foundation for Children for a book giving campaign to the school library damaged by 2011 flood;



3. Educational funds donated to Graduates Studies of Mahidol University Alumni Association, Mahidol University to enhance an opportunity of studies for the deficient students for 2011 academic year;
4. Fund Donation to support public activities of volunteer students from various universities such as the 39th Volunteer for Rural Development Camp organized by the Faculty of Engineering, Chulalongkorn University to construct “the 39th VESC” Bridge of 5m x 40 m steel reinforced-concrete bridge at Ban Thab Pho, Moo 10, Tab Yai Sub-district, Rattanakruri, Surin Province., was arranged to enhance opportunity for students to understand local living style and gain engineering knowledge through such activities and also experience of self-development to be key factor of future social development;



5. Fund Donation to support activities of student clubs from various universities such as Chulalongkorn University Softball Club, Silpakorn University Arts, Archaeology and Local Culture Conservation Club;



6. Participation to reforestation of “Young Plant for Forested Watershed for H.M the King” campaign launched and organized by the Electricity Generating Authority of Thailand at Sirindhorn Dam in Ubon Ratchathani in August 2011;



7. Arrangement of trucks as shuttle vehicles for employees and other people during the historic flood situation in Bangkok during November 2011;



8. Playground Improvement for more safety and playground equipment for replacement of existing ones including sports equipment and bicycles to be donated for Ban Nong Pan School, Nadee Sub-district, Naya, Ubon Ratchathani (local school located nearby Sahakarn Wisavakorn's construction site).



- **Policy and Practice on Quality Management System, Health, Safety and Environment**

The Company and its subsidiaries disclose a policy on quality, health, and environmental matters in the Company's website to be strictly in line with the regulations and laws related to quality management system and environmental management. In addition, the Company manages all environmental matters with recognition of environmental concern and encourages all employees to work with safety and realization of environmental concern as one of their responsibilities.

The Company substantially performs in relation to a policy on quality, health and environmental matters as follows:

1. The Company and Sahakarn Wisavakorn Co., Ltd. have been accredited for ISO as follows:
 - The Company has been accredited for ISO 9001:2000 and ISO 9001:2008 certifications in February 2007 and February 2010, respectively.
 - Sahakarn Wisavakorn Co., Ltd. has been accredited for ISO 9001:2008 certification in January 2009.

In each year, there are the inspection and assessment of departments' operating performance undertaken by the Company's quality management team together with ISO certifying company for 2 times per year to oversee and ensure that the Company has performed in accordance with the requirements of ISO 9001:2008.

2. In 2009, the Company restructured the organization chart to put Health and Environment and Quality Control Departments to directly report to the President (formerly report to Operation Unit) since the Company emphasizes on quality control and environmental and social care policy. In 2010, the Quality Control Manager was appointed to be responsible for quality assurance and control (QA/QC) to be in line with the new organization chart.
3. In 2011, the advisor was appointed to inspect and follow-up performance of the Operation Unit during the construction period to ensure that all performances are in line with the mitigation measure for environmental impact and policy on quality, health and environmental matters. After such

an inspection and following-up, the report was arranged to conclude operating performance in accordance with the aforementioned measure for environmental operating plan as well.

4. The Company has Health and Environment Department set out planning and training courses for employees to acknowledge the advisor's recommendations and guideline of practice for health and environment including timeframe of improvement periodically to enabling the Company to correctly and continuously improve operating performance in accordance with the mitigation measure.
5. The Company encourages employees to utilize resource effectively and realize in an importance of environment including arranging activities to reflect environmental concern such as in 2011, the Company's management and employees participated in reforestation of "Young Plant for Forested Watershed for H.M. the King" organized by the Electric Generating Authority of Thailand. In each year, the Company continually plans various activities to foster realization of natural conservation and environmental concern.
6. The training courses are arranged for employees working at the natural gas pipeline construction plant in term of safety, health and appropriate environment of working to be as protection measure and to control gas leakage accident for safety of health and environment.

- **Participation in the Corporate Governance System**

The Company opens to all investors' and shareholders' opinions. All investors and shareholders can communicate with the Company via the Company's website or Company Secretary who also acts as the Investor Relations person. In addition, the Company has created the channel for investors and stakeholders to communicate to the Boards any concerns about illegal or unethical practices, incorrect financial reporting, insufficient internal control or infamous conduct to the Board of Directors through Chairman of the Audit Committee by email address: chairman.auditcom@trc-con.com or the Company's website www.trc-con.com (Click icon: Email to Chairman of the Audit Committee). Details of person who communicates such concern will be kept as confidential record to protect his/her right.

4. Information Disclosure and Transparency

- **Remuneration for the Directors and Managements**

The Remuneration and Nomination Committee and the Board of Directors set a clear and transparent policy on remuneration for the Directors and Managements in conformity with the industry norms. The Annual General Meeting of Shareholders approves the remuneration package including the compensation and the bonus for the Directors.

According to 2011 Annual General Meeting of Shareholders' resolution, all Directors are entitled to receive monthly remuneration and the meeting fee for the Remuneration and Nomination Committee. The directors' remuneration paid in 2011 is totally Baht 2.95 million (excluded bonus for directors for 2011 which will be approved by 2012 Annual General Meeting of Shareholders but included 2010 bonus for directors paid in 2011). Details of remuneration for directors are as shown individually on Page 57.

Directors' remuneration package in 2011 can be summarized as follows:

1. Retainer fee or monthly remuneration for the Chairman of the Board of Directors at Baht 50,000/month, for the Chairman of the Audit Committee at Baht 25,000/month, for the other 2 Audit Committee and 2

independent directors at Baht 20,000/person/month and for 3 executive directors at Baht 10,000/person/month.

2. Special remuneration or annual bonuses for the 2011 operating performance will be proposed for approval from the Board of Directors' Meeting and the 2012 Annual General Meeting of Shareholders, respectively. In 2011, the 2011 Annual General Meeting of Shareholders had resolved to arrange directors' remuneration for 2010 operating performance for the Chairman at Baht 200,000 and 5 independent directors at Baht 100,000/person, totally Baht 700,000.
3. Meeting fee for the Remuneration and Nomination Committee at Baht 10,000/person/meeting (for independent directors only). In 2011, there was only one meeting of the Remuneration and Nomination Committee.

For its subsidiaries, during 2011, no remuneration provided for directors.

As for remuneration of the Company's management, it is provided in accordance with the Company's principle and policy which defined in relation to the Company's and its subsidiary's operating performances as well as scope of duties, responsibilities and performance of individual management's member.

- **Report of Interest of Directors**

In 2009, the Company had set a policy to have directors and executives to report their interests by arranging a report form of interest of directors and executives (first report) and have the Company Secretary propose them to the Chairman's of the Audit Committee and the Chairman of the Board of Directors. And, every change to such an interest is required to be reported to both of them.

Since 2011, the above policy has been enforced to directors and executives at the end of each year on yearly basis even matter of no any change to their interest.

- **Connected Transactions**

In 2011, there was a connected transaction; assets purchase from a major shareholder as details shown in Item of "Connected Transaction", Page 78.

- **Directors' and Managements' Changes in number of shares**

The disclosure of the policy on Directors' and Management's shareholding report is as shown under the item of "the Uses of the Internal Information Control" on Page 59 and details of share holding of directors and executives as at end of 2011 as shown in Item of "The Board of Directors and Managements", Page 5-18.

- **Communication Channels to the Public**

The Board of Directors recognizes the significance of correct, complete, timely, transparent, and thorough information disclosure, and assigns Mr. Smai Leesakul, Chief Executive Office, Mr. Paitoon Goserakwong, President, and Ms. Ounruen Sujarittam, Company Secretary, as focal points to communicate with investors, shareholders, analysts, media, and other organizations concerned.

In 2011, the Company constantly communicated and provided information to analysts, investors, shareholders, and media in various forms as follows:

1. Participation in the activity of Opportunity Day for the operating result of 2010 and the first quarter of 2011.
2. Mr. Smai Leesakul, Chief Executive Officer, recapitulated the Company's operating result and direction of business operation to the investors in the seminar of "Click Right to catch up stocks in the 4th Quarter of 2010" held by the analyst team of Country Group Securities Public Company Limited and also as guest speaker of Weekly Money Talk Show broadcasted through the Money Channel, the 178th True Channel and local TV cables (broadcasted in March 2011) and "Think deeply and far with Chamber of Commerce" broadcasted through TNN2 news station, the 08 True Vision Channel (broadcasted in May 2011).
3. Mr. Pasit Leesakul, acting Vice President of Project Development and Investment Division, joined as guest speaker in the seminar of "Executives of listed companies meet with Southern investors" held by the Stock Exchange of Thailand and Khaohun Business News, daily newspaper in December 2011.
4. Adding more information communication channels on the Company's website through the item of Investors Relations/VDO Presentation" by uploading new company introduction video update as of 2011, Chief Executive Officer's participation in TV program, Opportunity Day Activity and 2011 AGM.
5. Updating and improving Sahakarn Wisavakorn Co., Ltd's website (www.sahakarn.com).

In addition, the Company plans to update its website to contain both Thai and English version within the 3rd quarter of 2012 (currently, most of items shown in TRC's website were arranged in English except the Item of "Investor Relation" which will be later arranged in both Thai and English).

- **Financial Statements and Auditors**

The Company and Sahakarn Wisavakorn Co., Ltd. have appointed Ernst & Young Office Limited as auditors since 1999 to 2007, respectively. The appointed auditors were the independent ones whose qualifications were accepted and approved by the Securities and Exchange Commission.

The financial statements were certified by the auditors without any condition.

The Company has no past record of being ordered to amend the financial statements by the Securities and Exchange Commission and the Stock Exchange of Thailand and also no record of delay of both quarterly and yearly submission of financial statements except the 3rd quarter of 2011 financial statements which was reported to the Stock Exchange of Thailand and the Securities and Exchange Commission on 22 November 2011 due to an impact from flood situation. In addition, the notification report of such a delay submission was informed in advance the Stock Exchange of Thailand and the Securities and Exchange Commission prior to the due date of the submission of the 3rd quarter of 2011 financial statements.

5. The Directors' Responsibilities

- **Vision, Mission, Good Corporate Governance and Business Ethic Policy**

The Board of Directors has set out the vision, mission, good corporate governance and business ethic

policy in written and discloses on the Company's website and also attaches as one part of working regulation of employees.

In 2012, the improvement for good corporate governance and business ethic was planned to be in line with the business operation and in accordance with the guideline practice of Thai Institutes of Directors on consideration of good corporate governance of listed companies in 2011.

- **Directors' Qualification and Structure**

The Board of Directors consists of qualified personnel with various skills and working experiences. In June 2009, the Board of Directors appointed Mr. Arun Chirachavala as an independent director after passing the resolution of The Remuneration and Nomination Committee. As a result, a number of independent directors are 5 of 9 representing 56% of a total number of directors. In each year, one third of total directors has to be resigned from the Board of Directors' term; and according to the Company's policy, individual director can serve as director of not more than 5 listed companies. In addition, the Chief Executive Officer and President have to report to the Board of Directors in case they serve in the position of directors in other companies.

- **Orientation Program for New Director**

The Company arranged new video presentation in 2011 and slide presentation to introduce the Company's business for Chief Executive Officer to orientate new director. The video and slide presentation are also used for new employee's orientation program.

- **Directors Self-Assessment**

The Board of Directors has defined its policy to have all directors undertake the Boards' self-assessment for their performance in each year beginning from 2007 onwards. Such assessment is divided into 6 main items; directors' structure and qualification, scope of duties and responsibilities, Board of Directors' meeting, directors' performance, relationship to the management, and self-development of directors and management. In each item, it contains all related information to be as additional supporting information for consideration. Such assessment form has been revised on yearly basis. The assessment will be subsequently proposed to the Remuneration and Nomination Committee and Board of Directors Meetings for acknowledgement and unanimously seek for the way to improve the item obtaining scores lower than or reducing from last year.

The overall of operating performance of the Board of Directors for the year 2007-2010 are ranked at more than 90% or at the level of "Excellent".

- **Performance Appraisal for Chief Executive Officer and President**

The Board of Directors assigns the Remuneration and Nomination Committee to handle the performance appraisal for Chief Executive Officer and President on annually basis and also determine the annual remuneration for both of them prior to proposing the appraisal result for consideration of the Board of Directors Meeting for approval of their remuneration annually.

- **History of Misconduct against the Regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission**

The Company has no record of misconduct against the regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission.

- **Sub Committees**

The Company's Board of Directors has appointed three committees which their members are the Company's directors and the Executive Committee to carry out specific tasks as assigned. Those three committees are the Audit Committee, the Executive Committee and The Remuneration and Nomination Committee whom are authorized to request the management to clarify any issues or to submit a specific report as well as to appoint any external advisor to provide a specific opinion as appropriate.

- **The Audit Committee**

The Audit Committee consists of 3 independent directors whose qualifications are in line with the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission (as details shown in the Item of "The Director Nomination", sub-item on "Criteria for Independent Directors' Nomination", Page 56 (in which the proportion of share holding of the independent directors was set not less than 0.75% more strictly than 1% as set by the Securities and Exchange Commission's regulations). The Audit Committee's scope of duties and responsibilities are as shown in the Item "The Audit Committee", Page 59.

- **The Executive Committee**

The Executive Committee consists of directors and executives of the Company, excluding the Chairman of the Board of Directors, who are responsible for day-to-day business operations as assigned from the Board of Directors. This committee was appointed to facilitate the Company's operations where the Board of Directors has approved the scope of duties and responsibilities of the Executive Committee, which are written for management clarification and transparency.

In addition, since 2009, the Executive Committee has also performed their duties as the Risk Management Committee. Furthermore, an invitation to the honor experienced persons from the external organization is also undertaken to join in to be more effective and mitigate bias that may be incurred during risk assessment.

- **The Remuneration and Nomination Committee**

The Remuneration and Nomination Committee has been appointed in 2009 consisting of 4 independent directors and Chief Executive Officer to perform their duties according to the charter approved by the Board of Directors. In 2011, there was one meeting in which consideration of directors' nomination in place of those retiring by rotation was made.

In February 2012, the Board of Directors additionally approved the authority of this captioned committee to consider and determine budget framework for entire salary increment and annual bonus and approved the revised charter of 2012 as uploaded in the Company's website.

- **Directors' Report**

The Company's Board of Directors is responsible for the Company's financial statements arranged in accordance with the general accepted accounting including adequate disclosure of significant information in the notes to financial statements. The directors' report towards the financial statements will be arranged yearly for disclosure in the annual report.

The Board of Directors appointed the Audit Committee, consisting of independent directors, to oversee the quality of such reports as well as the internal control system. The report of Audit Committee shall be submitted to the Board of Directors' Meeting and published in the Company's annual report as well.

The Board of Directors set out the policy for directors to report their interest on yearly basis including every change to such an interest and assigned Secretary to the Board of Directors to propose the report copy to the Chairman of the Board of Directors and Chairman of the Audit Committee.

- **Successor Plan**

The Board of Directors approved the criteria for Chief Executive Officer and President selection and also the successor plan in case of emergency and retirement to protect an impact to the business.

- Approved the successor plan of Chief Executive Officer and President and defined the policy for high rank of executives from Vice President position upwards to make his/her successor plan and pass on knowledge of working to potential employees qualified for his/her replacement in case of emergency or retirement.
- Qualifications of Chief Executive Officer and/or President as per following :
 - Being graduated not lower than Master degree in Engineering or Business Administration or related fields. In case of Bachelor degree, it is subject to the discretion for other qualifications to be considered by the Remuneration and Nomination Committee.
 - Experience in top management level not less than 10 years
 - Having leadership and wide-rank of vision character
 - Being capable of handling the strategic planning and organization management.
 - Being capable of making decision and problem solving deliberately with recognition of the Company's highest benefit.

- **Balance of Power for Non-executive Directors**

As of 31 December 2011, the Company's Board of Directors consists of nine directors including:

- | | | |
|---|---|---------|
| - Chairman, representative from major shareholder | 1 | person |
| - Independent directors | 5 | persons |
| - Executive directors | 3 | persons |

- **Aggregation or Segregation of Positions**

The Company segregates positions of Chairman of the Board of Directors, Chief Executive Officer, and President. In addition, one-third (1/3) of directors are independent directors enabling balance of power and management review.

- **Remunerations for Directors and Management**

The policy of directors' remuneration has been clearly and transparently set where the Company's remuneration is in the same level as the industry norm. The Annual Meeting of Shareholders approves the director's remuneration package as well as bonus. The Company's remunerations for directors include monthly payment, meeting fee and bonus. The management's remuneration will be in accordance with the principle and policy as set by the Board of Directors and in relation to the company's operating performance and corresponding to their responsibilities.

- **Directors and Management Development**

The Company has set its policy to arrange the management meeting in a form of seminar among all concerned executives at least once a year to be as a channel to convey and communicate the policy, target and direction as well as business strategy of the company's operating. The honor experienced person is also invited to join in this meeting to be as lecturer on interesting knowledge. This kind of meeting is opened for participation of management employees in all levels from head office and site office and provides an opportunity for them to raise questions and proposes their recommendations and opinions for further development of the company.

The Company Secretary usually informs of all relevant rules and regulations of the Securities and Exchange Commission, Stock Exchange of Thailand or varied organization including publicizing seminars and activities held by the said authorities and required for the Board of Directors' s acknowledgement. For example, in 2011, the seminar of "Financial Instruments for Directors" held by the Stock Exchange of Thailand was informed and participated by the Company's directors.

In addition, the Board of Directors encourages all directors to continually participate in the various training courses which will beneficial for their duties such as Director Certification Programs held by Thai Institute of Directors, SET's seminars, etc. (see history of directors' training courses in the Item of "The Board of Directors and Managements", Page 5-18.)

In 2011, directors participating in the training courses and seminars are as follows:

- The directors participating in the seminar of " Financial Instruments for Directors" held by the Stock Exchange of Thailand are Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D. FRM., Mr. Arun Chirachavala, Mr. Smai Leesakul, Mr. Paitoon Goserakwong and Mrs. Podchanee Phaosavasdi.
- Mrs. Podchanee Phaosavasdi, Director and Vice President of Corporate Affairs, participated in the 151/2011 Director Certification Program (DCP) of Thai Institute of Directors.

- **Board of Directors' Meeting**

The Company's Board of Directors is scheduled to at least one meeting for every three months. The Chairman of the Board of Directors is responsible to conclude all the meeting agenda and to provide opportunities for all directors to express their opinions and discuss as well as to summarize all issues and conclusions of the meeting.

The attendances of each director in 2011 are summarized as follows:

Director	Number of Meeting Attendance in 2011		
	Board of Directors	Audit Committee	Remuneration & Nomination Committee
1. Mrs. Paichit Rattananon	6/7	-	-
2. Assoc. Prof. Kamjorn Tatiyakavee, MD.	5/7	4/4	1/1
3. Assoc. Prof. Pises Sethsathira	6/7	4/4	1/1
4. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	7/7	4/4	1/1
5. Pol. Maj. Gen. Jarumporn Suramanee	5/7	-	1/1
6. Mr. Arun Chirachavala	7/7	-	-
7. Mr. Smai Leesakul	7/7	-	1/1
8. Mr. Paitoon Goserakwong	7/7	-	-
9. Mrs. Podchanee Phaosavasdi	7/7	-	-

- **Company's Secretary**

Since 2007, the Board of Directors has appointed Miss Ounruen Sujarittham, Corporate Finance Manager, as Company Secretary to support all works of the meeting agenda arrangement, the invitation letter and the relevant documents, to facilitate the meeting, to file all of the documents related to the meeting as well as to provide recommendations on the appropriate procedures that should be taken in compliance with the relevant laws, rules and regulations.

7. Connected Transactions

In 2010, there was no any connected transaction whereas in 2011, there was only one following connected transaction.

Connected Person	:	KPK 1999 Co., Ltd.
Relationship	:	- KPK is major shareholders of TRC with 14.26% shareholding. - Mrs. Paichit Rattananon, Chairman of the Boards of TRC holds 6.33% and 99.99% of shares in TRC and KPK, respectively.
Transaction Description	:	Asset purchase from major shareholder
Transaction Value	:	Baht 12,150
Necessary and Reason	:	TRC purchased 11 pieces of partition in various size from KPK 1999 Co., Ltd. for area setting up of UBBE Project on the 17 th Floor. Such assets were sold with the book value price of which the selling price was considered appropriate and similar to the market one.
Audit Committee Opinion	:	This transaction was reasonable.

Procedures on the Approval of Connected Transactions

The 2/2005 Board of Directors' Meeting dated 19 May 2005 has set the procedures for undertaking connected transactions in the future that all the connected transactions must be reviewed by the Audit Committee and/or the Board of Directors who shall provide their opinions of the necessity and appropriateness of such transactions. Also, all prices and conditions of such transactions must be compared with those of the transactions between the Company and the outside parties to check that they are comparable with conditions of normal business practices. With a purpose of flexibility in operation, the Board of Directors approved the Company to be able to enter into any connected transactions that are normal business practices such as a construction service or a subcontracting work for the amount of not more than Baht 30 million under the condition that all the prices and other conditions of such transaction must be comparable to the normal business conditions. For the best interest of the Company, the meetings of the Audit Committee and/or the Board of Directors must acknowledge and provide the opinion upon such transactions. Furthermore, the following connected transactions must be reviewed and approved by the meetings of the Audit Committee and/or the Board of Directors before undertaking:

- The connected transactions that are neither normal business practice nor supportive to the normal business of the Company;
- The connected transactions whose prices and conditions are different from normal prices and conditions that the Company normally undertakes with outside parties.
- The connected transactions that are normal and supportive to the normal business of the Company under normal prices and other conditions whose value exceeds Baht 30 million.

The conflicted persons (as specified in the Company's article of association and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand) must not perform any duties in relation to the transactions that they are related or might have conflicts of interests.

The Board of Directors shall govern the Company's operation to ensure that they are in compliance with

the securities laws and the regulations of the Stock Exchange of Thailand including the regulation with regard to the information disclosure of the Connected Transaction and the Acquisition and Dispositions of assets of the Company or the subsidiaries (if any). Such compliance shall include the compliance of the accounting standard specified by the Accountant Association.

In case that the Audit Committee and/or the Board of Directors have no expertise in any of the connected transaction, the Company shall appoint independent expert or the Company's auditor to provide their opinion on such transaction for the Audit Committee and/or the Board of Directors and/or the shareholders as appropriate. The Company shall disclose the details of related transactions in the notes to financial statements that are audited by the auditor of the Company.

Approval on Principle of Normal Connected Transactions

According to the Securities and Exchange Act (No. 4) B.E. 2551 which was effective from 31 August 2008 onwards, the connected transactions which are normal business have to be proposed and approved by the Board of Directors' Meeting or the Board of Directors should approve in principle for proceeding of normal transactions. Previously, such transactions can be done by the management without any approval by the Boards.

For the Company, the Board of Directors' Meeting in 2005 had approved in principle that the connected transactions that are normal and supportive to the normal business of the Company under normal prices and other conditions whose value exceeds Baht 30 million should be proposed to the Board for approval before enter into the transactions as aforementioned above in accordance with the new Act. However, the Company proposed this matter to the 7/2008 Board of Directors' Meeting held on 7 August 2008 for acknowledgement of the effectiveness of the new Act.

Policies and the Future Connected transactions

In 2011, the Company has operated its normal business including providing the financial support to related companies ; subsidiary, associated and joint venture companies as details shown in the 2011 notes to consolidated financial statements as per below:

- Item 8 Related Party Transactions
- Item 36.5 Bank Guarantees
- Item 36.6 Guarantees

However, those transactions are absolutely disconnected and the Company has strictly performed in line with the authority process as specified in the authority table.

In 2011, there was no any connected transaction whose scale was in line for proposing to the Board of Directors for approval before undertaking.

For future connected transactions (if any), the Company will strictly undertake in compliance with the above procedures on the approval of connected transactions as approved by the Board of Directors.

8. Management Discussion and Analysis of Financial

1. Overall Operating Results of the Company and Its Subsidiaries

The core business of the Company and its subsidiaries is the installation of engineering systems and construction of which works are typically in the form of projects. Key success factors of the business depend on bidding opportunities, securing work contracts, implementation and effective project supervision, good cost control and punctual completion.

The group of companies' business has grown enormously in 2011. The Company and its subsidiaries operated many large-scale domestic and international projects as follows;

Projects in Thailand:

- The projects of Gulf JP Group consist of the contract for the Gas Pipeline Construction Work for Gulf JP's SPP Projects which is the continuous on-hand project from last year, totally 7 projects with a total of work value of Baht 831,000,000 and USD 4,745,000 and Nong Saeng Power Plant Plant Gas Pipeline Project consisting of the construction of natural gas transmission pipeline and Metering and Regulating Station for the Independent Power Plant (IPP) Projects with work value of Baht 1,185,000,000 and USD 16,345,000 having been obtained the letter of intent since 2010.
- PTTAR-IRPC Multiproduct Pipeline from IRPC Public Company Limited with work value of Baht 722,500,000.
- Schedule of Rates Period Contract for Main and Services at Various Location from PTT Natural Gas Distribution Co., Ltd. and Amata Corporation Public Company Limited with work value of Baht 144,000,000 and Baht 58,000,000, respectively.
- Sahakarn Wisavakorn Co., Ltd. was awarded for the large scale project in 2011, an Ethanol processing plant with a capacity of 400,000 liters per day for the part of Plant Outside Battery Limit OSBL with construction work value of Baht 2,465 million from Ubon Bio Ethanol Co., Ltd. which is the incorporated company of Thai Oil Ethanol Co., Ltd and Bangchak Petroleum Public Company Limited

Projects in Overseas:

- Due to the success of the operation of TRC & Al-Ghalbi LLC, which is a subsidiary in the Sultanate of Oman established since 2009, the Company has foreseen the opportunity of the expansion of international business. Consequently, another subsidiary was established in the Sultanate of Oman namely TRC Engineering LLC in which TRC International Limited holds 70% of the new subsidiary's capital investment value. Currently, TRC Engineering LLC was awarded for three projects with a total of work value of OMR 3.08 million (approximately Baht 244 million). One of the project owners is PTTEP Oman Co., Ltd., a subsidiary of PTT Exploration and Production Public Company Limited, operating in Sultanate of Oman.

- The Company and TRC International Limited has successfully claimed a deposit on Escrow Account of from the former purchaser due to a default of Share Purchase Agreement of Ratcha Ploen Co., Ltd. in 2008 and finally received a net cash released from such a deposit of USD 0.47 million or approximately Baht 14 million.

The Company and Sahakarn Wisavakorn Co., Ltd. (“SKW”) have adopted this accounting policy in accordance with Thailand Accounting Standard No. 19 (TAS 19) by recognition of liability from the cumulative effect of the 2010 changes by adjusting the beginning balance of 2011 retained earnings. Such a change caused a decrease of the net profit of the Company and its subsidiaries for 2011 by Baht 2.43 million. The cumulative effect of the changes in the accounting policy of Baht 14.24 million has been presented as a separate item in Statement of Changes in Shareholders’ Equity.

The Company and its subsidiaries recorded a total income of Baht 2,261.55 million, increasing 48.87 % from the previous year and the gross profit of Baht 326.05 million representing a normal level of 14.45% gross profit margin. The net profit attributable to equity holders of the Company was Baht 149.04 million, representing 6.59% of net profit margin.

Backlog as of 31 December 2011 consisted of 18 projects on hand with the remaining uncompleted work value of Baht 4,690.82 million which has significantly grown from the previous year of Baht 1,279.74 million, representing 266.54% of growth rate.

2. Operating Results

• Revenues

– Sales and Service Income

In 2011, consolidated sales and services income was Baht 2,227.80 million, increasing 53.48% from the previous year. Services income consisted of 58.3% from pipeline system construction works, 37.1% from civil and architectural works, 4.0% from engineering system installation and processing plant construction works in energy and petrochemical industries and the remaining from others while the previous year services income was 83.5%, 2.8% and 12.7%, respectively. The portion of pipeline system construction works decreased from the previous year while the portion of civil works increased due to Ubon Ethanol Project, a large project of SKW. This enabled a recovery of SKW’s operating results from net loss in the previous year to net profit of Baht 43.44 million.

– Escrow fund release due to the purchaser’s default of Ratcha Ploen Co., Ltd’s share selling deal in 2008

In 2010, the Company and TRC International Limited have been completed a deal to Ratcha Ploen Co., Ltd shares’ selling to Maneeya Realty Co., Ltd and recorded the capital gain of investment in associate of Baht 59.16 million. Later, in 2011, the Company still followed up to claim a deposit on Escrow Account from the purchaser due to a default of Share Purchase Agreement in 2008 causing the vendors to have the right to the

deposit in Escrow Account. In October 2011, the Company and TRC International Limited finally succeeded in the negotiation on such claim and received a net cash released from deposit in escrow account of USD 0.67 million (approximately of Baht 20.63 million), recognized as the other income. There was also expenses of USD 0.2 million (approximately of Baht 6 million) for such a proceeding.

- **Cost and Expenses**

Significant cost of services of the Company and its subsidiaries were raw materials and labor cost. Cost of services in 2011 was Baht 1,901.75 million or 84.10% of total revenues.

Significant accounting loss transaction in 2010 was a doubtful debt for loans from Sahakarn Wisavakorn Co., Ltd. to an individual of Baht 32.00 million of loans brought forward from 2009. During 2010, SKW obtained a repayment of Baht 10.30 million together with continuous interest revenue. However, according to repayment condition, the repayment of the whole remaining loans must be done within 2010. Therefore, Sahakarn Wisavakorn Co., Ltd. set up Baht 11.70 million of doubtful debt for loans to other person, resulting net balance of loans to other person at Baht 10.00 million.

In 2011, SKW obtained a repayment of the whole remaining loans at Baht 21.70 million. Therefore, the doubtful debt for loans of Baht 11.70 million was recorded as the reversal of doubtful debt for loans. In term of accounting record, the aforementioned reversal was deducted from administrative expenses.

- **Provision for Litigation**

The Company recorded provision for litigation of one legal case from which the Company has a risk to be seized the bank guarantee for the tender of Baht 20 million. (Please see details from notes to the 2011 financial statement, Item 37.1.) This provision was shown as Non-current Liabilities and expense in Profit and Loss Statement.

- **Analysis of Administrative Expenses**

(Unit: Million Baht)

	2010	2011
Administrative expenses of the Company and its subsidiaries	195.77	183.27
Adjusted: Extraordinary items for 2011		
(Not separated from administrative expenses)		
- Reversal of doubtful debt for loans	(11.70)	11.70
- Provision for litigation		(20.00)
Actual administrative expenses	184.07	174.97
Total revenues	1,519.13	2,261.55
Proportion of administrative expenses in percentage of total revenues	12.12%	7.74%

After the adjustment of administrative expenses with the reversal of doubtful debt for loans and the provision for litigation, the actual administrative expenses for year 2011 was Baht 174.97 million, decreasing 4.95% from the previous year or equivalent to 7.74% of total revenues, decreasing from 12.12% of the previous year.

- Corporate Income Tax

Corporate income tax privileges of the Company from listed on the Market for Alternative Investment has ended since 2010, causing the corporate income tax rate for year 2011 increased up to 30% from 25% in 2010. However, the tax computation for year 2011, profit before corporate income tax of Baht 60.48 million has been adjusted with the significant items as follows;

1. Deducting of the actual expenses in 2011. The two significant items which have been recognized under accounting standard since the previous years, consisted of;
 - Expenses of maintenance works for Bio-diesel Project of Baht 23.06 million (the accounting provision of Baht 26.66 million since the 1st quarter of 2010)
 - Penalties from a delay of Bio-diesel Project of Baht 32.7 million
2. Adding of the provision for litigation of Baht 20 million since this item was not tax expenses.

From these aforementioned items, the corporate income tax of the Company was Baht 9.87 million, representing 16.31% of net profit before corporate income tax.

Sahakarn Wisavakorn Co., Ltd. carried forward the accumulated loss from 2009 and 2010 operation total of Baht 86.52 million which was capable to credit the corporate income tax for five years from the loss operation year. Therefore, the 2011 net profit of Baht 43.44 million was not required to be deducted for tax at all. The subsidiary in the Sultanate of Oman calculated the corporate income tax at the rate of 12% of net income which exceeded Oman Rial 30,000. Thus, the corporate income tax of TRC & Al Ghalbi LLC for 2011 was Baht 2.71 million.

• Net Operating Results

- Gross Profit

In 2011, as the Company and SKW were awarded for the large-scale projects required to subcontract some portion of works to subcontractors, the gross profit was less estimated and due to SKW's civil type of works which normally gains less gross profit margin. The 2011 gross margin was at the Company's normal level of 14.45% while the 2010 gross margin was at high level of 25.92% since there was a reversal of provision for penalties from a delay of Bio-Diesel Project of Baht 43 million. The actual penalties were Baht 32.70 million lower than the 2009 provision which was at Baht 75.7 million. After conclusion of penalties, in term of accounting record, such difference was deducted from 2010 cost of services. In addition, most of 2010 projects on hand were the pipeline construction in which the Company is competent and professional in running the project management and cost control efficiently.

– Net Profit

The Company and its subsidiaries recorded Baht 149.04 million of net profit/equity, representing 6.59% of net profit margin decreasing from Baht 182.85 million of the previous year, representing 12.04% of net profit margin. However, in case the extraordinary items from Ratcha Ploen were deducted, the net profit will be as follows:

(Unit: Million Baht)

	2010	2011
Net Profit attributable to equity holders of the Company	182.85	149.04
Less: Extraordinary items from Ratcha Ploen		
- Gain on sale of investment in associate — Ratcha Ploen	-59.16	
- Income from Escrow Fund Releasing in 2011		-14.63
Net profit from operation	123.69	134.41
Growth		10.72
		8.67%

Net operating profit in 2011 after Ratcha Ploen transactions deduction was Baht 134.41 million, higher than the year 2010 at Baht 123.69 million or increased Baht 10.72 million or 8.67%.

• Return to Shareholders

The Company paid out dividends for operations of the financial year 2007 to 2011 as follows;

Performance	Dividend Payment (Baht/Share)		Amount (Million Baht)		Dividend per Net Profit after Legal Reserve
	Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend	
2007	0.03174	0.28571	8.15	73.33	92.56%
2008	0.15	-	49.50	-	34.43%
2009	0.06	-	19.80	-	n/a
2010	0.15	-	49.88	-	50.66%
2011*	0.12	-	40.14	-	83.51%

*Note: The dividend payment of 2011 operation year must be approved by the 2012 Annual General Meeting of Shareholders which will be arranged in April 2012. The increased capital shares occurred by the 7th warrant exercising of ESOP on 30 March 2012 will obtain the dividend payment as well. The above devined of Baht 40.14 Million is still not included the divined of such newly issued shares.

3. Financial Status

• Assets

The total assets as of 31 December 2011 were Baht 2,377.97 million, significantly increasing 119.73% from the previous year. Structure of assets consisted of 86 % current assets and 14 % non-current assets compared to 81 % and 19 % as at the end of 2010, respectively. The mentioned increase is consistent with the group of companies' business expansion.

– Cash and Cash Equivalents

The consolidated cash and cash equivalents at the end of 2011 was Baht 775.61 million, consisting of deposit at financial institution and deposit in promissory notes and bill of exchanges at approximately Baht

774.38 million. The 80% cash was advance received from customers under construction contract.

- Trade Accounts Receivable

The consolidated net accounts receivable at the end of 2011 was Baht 340.97 million, increasing 45.22%. The management of accounts receivable of the Company and its subsidiaries remains efficiently, showing by the aging of outstanding accounts receivable which comprised non-due accounts receivable at 62.2%, overdue up to 3 months at 36.21%, overdue 3-6 months at 1.42% and remaining of 12 months overdue at 0.17% (Baht 0.56 million) from the escalation factor (k factor) with a government authority since 2009.

- Unbilled Receivable

Normally, the construction projects are under the contracts with specified period whose service income is recognized on the basis of percentage of completion method. Therefore, the Company shall have some of the revenues that have been recognized under the accounting standard but have not yet been billed under the conditions set forth in the contracts. Most contracts specify the milestone collection where the Company shall complete the jobs under each milestone before issuing an invoice which then turns an unbilled receivable into an accounts receivable. The consolidated unbilled receivable at the end of 2011 increased from Baht 177.77 million to Baht 488.44 million, equivalent to 20.54% of total assets.

- Accounts Receivable – Retention

Customers will deduct retention from milestone payment for performance guarantee. Retention will be released to the Company after the construction completion and replaced by the warranty bond. At the end of 2011, the consolidated accounts receivable – retention was Baht 105.17 million, increasing Baht 35.97 million from the previous year which were mainly under Ubon Ethanol Project of SKW.

- Advances Paid to Subcontractors under Construction Contract

The consolidated advances paid to subcontractors under construction contract were Baht 189.47 million, Baht 3.68 million increasing from the previous year which were mainly under Ubon Ethanol Project of SKW.

- Restricted Bank Deposits

The amount of Baht 187.40 million was the deposit cash in saving and fixed accounts used as guarantee for credit facilities according to portion approved by the financial institutes in a form of loan both for revolving funds and project finance.

- Property, Plant and Equipment

Property, plant and equipment were Baht 117.88 million, increasing by Baht 38.66 million or 48.81%. There was an investment in fixed assets of Baht 67.47 million, mainly for tools and equipment, vehicle, furniture fixture and office equipment.

The Company has planned to relocate head office at the end of 2013. The 5/2011 Board of Directors Meeting on 11 August 2011 resolved to approve the investment in land acquisition for new head office construction with the budget of Baht 140 million. Later, on 3 October 2011 the Company entered into the Land Purchase and Sale Agreement amounting to Baht 94 million. The land locates on Sukhapiban 5 Road, Tharaeng, Bangkhen, Bangkok. The first installment of Baht 20 million was paid on the signing date (shown as the deposit for land acquisition in Statements of Financial Position). The second installment of Baht 30 million and third installment of Baht 44 million will be paid on 1 August 2012 and 1 October 2013, respectively.

In 2010, there was the allowance for loss on impairment of investment in SKW at Baht 36.00 million, a significant accounting transaction affecting the assets of the Company. This provision based on consideration of the expected return from investment in SKW which has a loss operation of Baht 47.02 million in 2010. This affected the investment in subsidiaries in the separate financial statements to decrease from Baht 208.33 million at the end of 2009 to Baht 172.33 million at the end of 2010. However, SKW was awarded for a large-scale project in 2011 which enabled a recovery of the operating results to net profit of Baht 43 million including forecast of projects on hand continuously. Thus there was no the consideration of the provision for loss on impairment of investment in 2011.

- **Liabilities and Source of Funding**

The consolidated assets and liabilities increased due to the significantly growth of projects on hand from Baht 1,279.74 million at the end of 2010 to Baht 4,690.82 million at the end of 2011, representing 266.54% of growth rate. This affected total assets and liabilities to be Baht 1,580.54 million, 290.95% increasing from the previous year which was at Baht 404.28 million. Due to the expansion of business, the Company's liabilities mostly increased such as trade accounts payable, unbilled payable, accounts payable - retention and advances received from customers under construction contract.

The provision of liabilities under construction projects decreased from the previous year at Baht 71.20 million to Baht 15.34 million. Major reasons were from the occurrence of actual expenses during the year for the additional works of Bio-Diesel project at Baht 23.06 million and there was the reversal of provisions since the actual expenses of Baht 3.61 million was lower than the provisions.

Debt to equity ratio was 1.98 times, increasing from 0.60 time of the previous year. The 58% of total liabilities consisted of unearned construction revenue and advances received from customers under construction contracts, totally Baht 909.50 million. In case these two items are deducted from total liabilities, the debt to equity ratio will be lower to only 0.84 time.

In 2011, there were additional liabilities; unearned construction revenue of Baht 288.07 million from Ubon Ethanol Project, provisions for employees' long-term benefit (as a result of conformity to the New Accounting Standard No. 19 on Employee Benefits) of Baht 17.98 million and provisions of liabilities from legal disputes of Baht 20 million.

The Company and its subsidiaries obtain funding from revolving sources such as suppliers' credit to finance their receivable and other current assets. In addition, shareholders' equity and loans from commercial banks provided funding for the Company's operations, mostly via short term loans or project finance loans requiring fixed deposits pledged as collateral. Our continued strong performance and status as listed company has enabled the Company to attract a large number of financial institutions willing to provide financing to the Company and its subsidiaries. This has been beneficial towards fee negotiations, interest rates, and reducing the level of pledge required as collateral.

- **The Paid-up Capital**

At the end of 2011, the Company's registered capital was Baht 337,699,934 and the paid-up capital at Baht 333,558,339 which increased Baht 2,890,250 million from the previous year. The increased capital share for year 2011 occurred by the 2nd-5th exercising of warrants TRC-WA1, totally 2,890,250 shares at the exercise price of Baht 2.01 per share (Please see details in the notes to the 2011 financial statements, Item 27 - Share Capital)

- **Cash Flows and Liquidity**

(Unit: Million Baht)

	2010	2011
Net cash flows (used in) from operating activities	281.95	608.82
Net cash flows from (used in) investing activities	61.63	(133.08)
Net cash flows from (used in) financing activities	(30.65)	(51.72)
Increase in translation adjustment	1.84	9.49
Net increase (decrease) in cash and cash equivalent	314.78	433.51
Beginning cash and cash equivalent	32.07	346.84
Ending cash and cash equivalent	346.84	780.36

In 2011, net cash flows from operating activities was higher to Baht 608.82 million due to the profit operation from core business, the increase of trade accounts payable of Baht 185.93 million, unearned construction revenue of Baht 288.07 million and advances received from customers under construction contract of Baht 604.28 million including the decrease of accounts receivable of Baht 141.11 million and unbilled receivable of Baht 309.40 million and advances paid to subcontractors under construction contract of Baht 185.78 million as well as corporate income tax of Baht 77.16 million.

Net cash flows from investing activities were a negative of Baht 133.08 million of which the major items were deducted, comprising the increase of restricted deposits at financial institutions for Project Finance of Baht 78.72 million, investments in fixed assets of Baht 67.33 million and deposit of land acquisition of Baht 20.00 million and the reversed addition items, comprising the repayment of loan to other person of SKW of Baht 21.70 million and interest income of Baht 10.38 million.

Net cash flows used in financing activities were a negative of Baht 51.72 million since major reasons were dividend payment of Baht 49.88 million and the decrease of bank overdrafts and short-term loans from financial institutions of Baht 12.71 million.

Average debt collection period for the Company and its subsidiaries was at 50 days among normal range of debt collection period, showing the efficiency of debt collection. Debt payment period slightly decreased from 61 days to 56 days.

The Company and its subsidiaries' liquidity were at high level, showing by the amount of cash and cash equivalents of Baht 775.61 million. The current ratio was 1.32 times, showing the liquidity of short-term loan repayment and the group of companies' readiness for investment. The quick liquidity ratio was 0.75 time.

9. Financials Statments

Report of Independent Auditor To the Shareholders of TRC Construction Public Company Limited

I have audited the accompanying consolidated statements of financial position of TRC Construction Public Company Limited and its subsidiaries as at 31 December 2011 and 2010, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and have also audited the separate financial statements of TRC Construction Public Company Limited for the same years. These financial statements are the responsibility of the management of the Company and its subsidiaries as to their correctness and the completeness of the presentation. My responsibility is to express an opinion on these financial statements based on my audits. I did not audit the financial statements of overseas subsidiaries as discussed in Note 2.2 to the financial statements, which are included in the consolidated financial statements for the years ended 31 December 2011 and 2010. These subsidiaries' financial statements show total assets as at 31 December 2011 and 2010 of Baht 192 million and Baht 130 million, respectively, and total revenues for the years then ended totalling Baht 336 million and Baht 327 million, respectively. The financial statements of these subsidiaries were audited by other auditors, whose reports have been furnished to me, and my opinion, insofar as it relates to the amounts included for those subsidiaries in the consolidated financial statements, is based solely on the reports of the other auditors.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits, together with the reports of other auditors discussed in the first paragraph, provide a reasonable basis for my opinion.

In my opinion, based on my audits and the audit reports of other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of TRC Construction Public Company Limited and its subsidiaries and of TRC Construction Public Company Limited as at 31 December 2011 and 2010, and the results of their operations and cash flows for the years then ended in accordance with generally accepted accounting principles.

Without qualifying my opinion on the aforementioned financial statements, I draw attention to Note 3 to the financial statements. During the current year, the Company adopted a number of revised and new accounting standards as issued by the Federation of Accounting Professions, and applied them in the preparation and presentation of its financial statements.



Rungnapa Lertsuwankul

Certified Public Accountant (Thailand) No. 3516

Ernst & Young Office Limited

Bangkok: 28 February 2012

TRC Construction Public Company Limited and its subsidiaries
Statements of financial position
As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Assets					
Current assets					
Cash and cash equivalents	9	775,611,449	346,842,637	383,188,614	344,337,375
Current investments					
Term deposits at financial institutions	9	4,744,067	-	35,786	-
Trade and other receivables	8, 10	379,468,372	236,837,024	167,940,940	169,338,169
Unbilled receivable	11	488,444,995	177,774,725	471,114,756	176,348,135
Accounts receivable – retention under construction contracts	11	105,167,887	35,967,470	14,090,955	35,603,737
Advances paid to subcontractors under construction contracts	8	189,467,938	3,683,208	4,823,345	5,534,036
Construction in progress	11	61,075	3,962,108	-	2,369,385
Construction supplies		-	30,661,377	-	-
Short-term loans to related party	8	-	-	879,725	646,236
Loans to other person	12	-	10,000,000	-	-
Withholding tax deducted at source	13	64,092,247	22,928,240	27,276,072	4,094,801
Other current assets		30,926,424	8,063,385	18,873,411	6,530,222
Total current assets		2,037,984,454	876,720,174	1,088,223,604	744,802,096
Non-current assets					
Restricted deposits at financial institutions	14	187,396,171	108,678,343	104,297,812	58,606,805
Investments in subsidiaries	15	-	-	172,328,483	172,328,483
Investments in joint ventures	16	94,848	792,095	-	-
Investments in associate	17	4,399,989	4,399,989	4,399,989	4,399,989
Other long-term investments	18	245,528	245,528	-	-
Property, plant and equipment	19	117,876,522	79,212,927	70,781,325	50,654,043
Intangible assets	20	6,005,869	6,597,027	6,005,869	6,597,027
Deposit for land acquisition		20,000,000	-	20,000,000	-
Other non-current assets		3,964,918	5,590,426	3,485,498	2,557,050
Total non-current assets		339,983,845	205,516,335	381,298,976	295,143,397
Total assets		2,377,968,299	1,082,236,509	1,469,522,580	1,039,945,493

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	21	6,058,373	18,764,022	-	-
Trade and other payables	8, 22	389,433,145	202,789,018	224,196,156	139,710,506
Unbilled payable	8	151,861,535	66,164,495	34,106,924	64,220,900
Unearned construction revenue	11	288,067,302	-	-	-
Accounts payable - retention under construction contracts		36,034,269	4,920,711	70,044	1,365,241
Advances received from customers under construction contracts	11	621,429,329	12,732,719	422,051,987	11,860,104
Provision for liabilities under construction projects	23	15,341,922	71,194,753	15,341,922	71,194,753
Current portion of liabilities under finance lease agreements	24	586,137	342,762	342,762	342,762
Income tax payable		2,814,593	5,531,290	-	4,081,480
Other current liabilities	25	30,262,907	21,406,655	15,168,973	17,224,765
Total current liabilities		1,541,889,512	403,846,425	711,278,768	310,000,511
Non-current liabilities					
Liabilities under finance lease agreements - net of current portion	24	677,014	431,615	88,858	431,615
Provision for long-term employee benefits	26	17,976,158	-	15,760,426	-
Provision for litigation		20,000,000	-	20,000,000	-
Total non-current liabilities		38,653,172	431,615	35,849,284	431,615
Total liabilities		1,580,542,684	404,278,040	747,128,052	310,432,126

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Statements of financial position (continued)
As at 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Shareholders' equity					
Share capital					
Registered					
337,699,934 ordinary shares of					
Baht 1 each		337,699,934	337,699,934	337,699,934	337,699,934
Issued and fully paid-up					
333,558,339 ordinary shares of					
Baht 1 each					
(31 December 2010:					
330,668,089 ordinary					
shares of Baht 1 each)	27	333,558,339	330,668,089	333,558,339	330,668,089
Share premium	27	193,979,233	191,060,081	193,979,233	191,060,081
Subscription received in advance from					
exercise of warrants	28	1,909,500	2,039,145	1,909,500	2,039,145
Retained earnings					
Appropriated – statutory reserve					
The Company	29	25,158,410	22,608,410	25,158,410	22,608,410
Subsidiary		2,213,602	1,473,666	-	-
Unappropriated		201,839,451	120,207,163	167,789,046	183,137,642
Other components of shareholders' equity		7,426,023	(3,342,892)	-	-
Equity attributable to owners of the		766,084,558	664,713,662	722,394,528	729,513,367
Company					
Non-controlling interests of the subsidiaries		31,341,057	13,244,807	-	-
Total shareholders' equity		797,425,615	677,958,469	722,394,528	729,513,367
Total liabilities and shareholders' equity		2,377,968,299	1,082,236,509	1,469,522,580	1,039,945,493

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Income statements
For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2011	2010	2011	2010
Revenues					
Services income	11	2,224,878,361	1,451,502,791	1,092,960,050	1,142,487,182
Sales		2,926,560	-	2,926,560	-
Interest income	8	10,877,300	4,004,641	8,141,422	3,087,605
Gain on sale of investment in associate	17	-	59,164,492	-	144,189
Other income		22,866,264	4,459,390	1,237,421	2,860,883
Total revenues		2,261,548,485	1,519,131,314	1,105,265,453	1,148,579,859
Expenses					
Cost of services	8	1,899,432,329	1,075,335,863	896,977,381	839,859,108
Cost of sales		2,321,063	-	2,321,063	-
Administrative expenses		183,272,615	195,772,902	143,409,076	124,385,723
Loss on impairment of investment in subsidiary	15	-	-	-	36,000,000
Loss on write-off withholding tax deducted at source		2,491,062	3,637,137	511,062	-
Total expenses		2,087,517,069	1,274,745,902	1,043,218,582	1,000,244,831
Profit before share of loss from investments in joint venture and associate, finance cost and corporate income tax		174,031,416	244,385,412	62,046,871	148,335,028
Share of loss from investments in joint venture	16	(89,248)	(875,633)	-	-
Share of loss from investments in associate	17	-	(5,987,521)	-	-
Profit before finance cost and corporate income tax		173,942,168	237,522,258	62,046,871	148,335,028
Finance cost		(3,768,528)	(5,035,788)	(1,562,826)	(1,815,733)
Profit before corporate income tax		170,173,640	232,486,470	60,484,045	146,519,295
Corporate income tax	31	(12,575,491)	(44,386,518)	(9,867,225)	(42,876,734)
Profit for the year		157,598,149	188,099,952	50,616,820	103,642,561
Profit attributable to:					
Equity holders of the Company		149,041,986	182,844,533	50,616,820	103,642,561
Non-controlling interests of the subsidiaries		8,556,163	5,255,419		
		157,598,149	188,099,952		
Earnings per share	32				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.45	0.55	0.15	0.31
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.44	0.55	0.15	0.31

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Statements of comprehensive income
For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit for the year	157,598,149	188,099,952	50,616,82	103,642,561
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currency	14,478,941	1,844,692	-	-
Other comprehensive income for the year	14,478,941	1,844,692	-	-
Total comprehensive income for the year	172,077,090	189,944,644	50,616,820	103,642,561
Total comprehensive income attributable to:				
Equity holders of the Company	159,810,901	185,952,593	50,616,820	103,642,561
Non-controlling interests of the subsidiaries	12,266,189	3,992,051		
	172,077,090	189,944,644		

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the years ended 31 December 2011 and 2010

(Unit: Baht)

Consolidated financial statements																	
Equity attributable to owners of the Company																	
Other components of equity																	
Other																	
comprehensive income																	
Exchange differences																	
on translation of financial statements in foreign currency																	
Total other components of shareholders' equity																	
Total equity attributable to owners of the Company																	
Equity attributable to non-controlling interests of the subsidiaries																	
Total shareholders' equity																	
Note	Issued and paid-up share capital	Share premium	Subscription received in advance from exercise of warrants	Retained earnings (deficit)		Unappropriated	Subsidiary	Appropriated – Statutory reserve		The Company	Subsidiary	Unappropriated	on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	329,999,589	190,384,896	-	-	17,426,282	-	(36,181,602)	(6,450,952)	495,178,213	9,611,147	504,789,360						
28	668,500	675,185	-	-	-	-	-	-	1,343,685	-	1,343,685						
28	-	-	2,039,145	-	-	-	-	-	2,039,145	-	2,039,145						
	-	-	-	-	-	-	-	-	-	-	-						
	-	-	-	-	-	-	-	-	-	-	-						
	-	-	-	-	-	-	-	-	-	-	-						
33	-	-	-	-	5,182,128	1,473,666	(6,655,794)	-	-	-	-						
	-	-	-	-	-	-	(19,799,974)	-	(19,799,974)	-	(19,799,974)						
Balance as at 31 December 2010																	
	330,668,089	191,060,081	2,039,145	22,608,410	1,473,666	120,207,163	(3,342,892)	664,713,662	13,244,807	677,958,469							
Balance as at 31 December 2010																	
	330,668,089	191,060,081	2,039,145	22,608,410	1,473,666	120,207,163	(3,342,892)	664,713,662	13,244,807	677,958,469							
5	-	-	-	-	-	-	(14,241,153)	-	(14,241,153)	-	(14,241,153)						
27, 28	2,890,250	2,919,152	(5,809,402)	-	-	-	-	-	-	-	-						
28	-	-	5,679,757	-	-	-	-	-	5,679,757	-	5,679,757						
	-	-	-	-	-	-	-	-	-	-	-						
	-	-	-	-	-	-	-	-	-	-	-						
	-	-	-	-	-	-	-	-	-	-	-						
33	-	-	-	-	-	-	(49,878,609)	-	(49,878,609)	-	(49,878,609)						
Balance as at 31 December 2011																	
	333,558,339	193,979,233	1,909,500	25,158,410	2,213,602	201,839,451	7,426,023	766,084,558	31,341,057	797,425,615							

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Statements of changes in shareholders' equity
For the years ended 31 December 2011 and 2010

(Unit: Baht)

Separate financial statements							
Subscription							
		Issued and paid-up share capital	Share premium	Subscription received in advance from exercise of warrants	Retained earnings		Total shareholders' equity
	Note				Appropriated – Statutory reserve	Unappropriated	
Balance as at 31 December 2009		329,999,589	190,384,896	-	17,426,282	104,477,183	642,287,950
	28	668,500	675,185	-	-	-	1,343,685
	28	-	-	2,039,145	-	-	2,039,145
		-	-	-	-	103,642,561	103,642,561
Total comprehensive income for the year		-	-	-	5,182,128	(5,182,128)	-
	33	-	-	-	-	(19,799,974)	(19,799,974)
		330,668,089	191,060,081	2,039,145	22,608,410	183,137,642	729,513,367
Balance as at 31 December 2010		330,668,089	191,060,081	2,039,145	22,608,410	183,137,642	729,513,367
	5	-	-	-	-	(13,536,807)	(13,536,807)
	27, 28	2,890,250	2,919,152	(5,809,402)	-	-	-
Total comprehensive income for the year		-	-	5,679,757	-	-	5,679,757
	28	-	-	-	-	50,616,820	50,616,820
		-	-	-	2,550,000	(2,550,000)	-
	33	-	-	-	-	(49,878,609)	(49,878,609)
Balance as at 31 December 2011		333,558,339	193,979,233	1,909,500	25,158,410	167,789,046	722,394,528

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries

Cash flow statements

For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from operating activities:				
Profit before tax	170,173,640	232,486,470	60,484,045	146,519,295
Adjustments to reconcile profit before tax to cash provided by (paid from) operating activities				
Depreciation and amortisation	34,222,672	33,142,713	14,454,547	15,812,354
Allowance for doubtful debt (reversal)	(11,700,000)	11,700,000	-	-
Loss from impairment of investment in subsidiary	-	-	-	36,000,000
Loss on write-off withholding tax deducted at source	2,491,062	3,637,137	511,062	-
Unrealised loss (gain) on exchange rate	3,120,872	(53,466)	3,217,389	470,843
Gain on disposal of fixed assets	(496,912)	(849,683)	(16,226)	(3,574)
Loss on write-off of fixed assets and intangible assets	203,836	165,026	187,570	119,698
Share of loss from investments in joint venture	89,248	875,633	-	-
Share of loss from investments in associate	-	5,987,521	-	-
Gain from sale of investment in associate	-	(59,164,132)	-	(144,189)
Provision for long-term employee benefits	3,166,054	-	2,223,619	-
Provision for litigation	20,000,000	-	20,000,000	-
Interest income	(10,877,300)	(4,004,641)	(8,141,422)	(3,087,605)
Interest expenses	1,077,733	2,652,848	-	93,600
Profit from operating activities before changes in operating assets and liabilities	211,470,905	226,575,426	92,920,584	195,780,422
Decrease (increase) in operating assets				
Trade and other receivables	(141,110,972)	52,823,810	2,695,629	51,418,910
Unbilled receivable	(309,404,599)	44,346,303	(293,500,950)	15,574,522
Accounts receivable - retention	(69,199,764)	14,119,777	21,513,435	14,004,203
Advance paid to subcontractors	(185,784,730)	11,310,429	710,691	6,746,564
Construction in progress	3,954,541	5,207,429	2,422,893	5,839,304
Construction supplies	30,661,377	(30,661,377)	-	-
Other current assets	(22,849,242)	3,736,438	(12,428,134)	1,404,722
Other non-current assets	1,481,485	(801,855)	(1,072,471)	(833,260)
Increase (decrease) in operating liabilities				
Trade and other payables	185,926,169	8,216,053	84,347,899	22,900,929
Unbilled payable	85,697,040	22,437,026	(30,113,976)	31,071,521
Unearned construction revenue	288,067,302	(18,055,882)	-	(18,055,642)
Accounts payable - retention	31,113,558	(11,341,930)	(1,295,197)	(10,808,988)
Advances received from customers	604,277,856	11,860,104	405,773,129	11,860,104
Provision for liabilities under construction projects	(55,852,831)	(11,587,878)	(55,852,831)	(11,587,878)
Liabilities from debt composition	-	(8,560,742)	-	-
Other current liabilities	9,627,493	2,484,589	(2,055,792)	4,348,016
Other non-current liabilities	(202,290)	(142,398)	-	-
Cash flows from operating activities	667,873,298	321,965,322	214,064,909	319,663,449
Cash received from withholding tax refund	18,110,506	2,422,899	3,583,739	-
Cash paid for corporate income tax	(77,164,090)	(42,436,379)	(41,224,777)	(38,795,254)
Net cash flows from operating activities	608,819,714	281,951,842	176,423,871	280,868,195

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Cash flow statements (continued)
For the years ended 31 December 2011 and 2010

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash flows from investing activities:				
Decrease (increase) in restricted deposits at financial institutions	(78,717,828)	(3,813,497)	(45,691,007)	1,422,660
Decrease (increase) in short-term loans to and interest receivable from related parties	-	8,988,230	(210,974)	93,488,437
Decrease in short-term loans to other person	21,700,000	10,300,000	-	-
Cash received from liquidation of subsidiary	-	220,044	-	-
Cash received from sale of investment in associate	-	57,133,068	-	494,089
Cash received from reduction in joint venture's share capital	607,999	1,200,000	-	-
Interest income	10,383,343	4,141,959	7,849,151	3,175,525
Cash received from disposal of fixed assets	789,308	2,052,107	63,140	98,836
Cash paid for purchase of fixed assets	(67,329,233)	(16,657,744)	(34,440,259)	(8,180,432)
Cash paid for purchase of intangible assets	(511,780)	(1,931,080)	(511,780)	(1,931,080)
Cash paid for deposit of land acquisition	(20,000,000)	-	(20,000,000)	-
Net cash flows from (used in) investing activities	(133,078,191)	61,633,087	(92,941,729)	88,568,035
Cash flows from financing activities:				
Decrease in bank overdrafts and short-term loans from financial institutions	(12,705,649)	(10,735,978)	-	(29,500,000)
Subscription received in advance from exercise of warrants	1,909,500	2,039,145	1,909,500	2,039,145
Increase in capital due to exercise of warrants	3,770,257	1,343,685	3,770,257	1,343,685
Cash received from non-controlling interests in respect of establishing new subsidiary	5,830,061	-	-	-
Dividend paid	(49,878,609)	(19,799,974)	(49,878,609)	(19,799,974)
Interest expenses	(1,131,240)	(2,787,907)	(53,508)	(228,660)
Increase (decrease) in liabilities under finance lease agreements	488,774	(711,783)	(342,757)	(711,783)
Net cash flows used in financing activities	(51,716,906)	(30,652,812)	(44,595,117)	(46,857,587)
Increase in translation adjustment	9,488,262	1,844,692	-	-
Net increase in cash and cash equivalents	433,512,879	314,776,809	38,887,025	322,578,643
Cash and cash equivalents at beginning of the year	346,842,637	32,065,828	344,337,375	21,758,732
Cash and cash equivalents at end of the year (Note 9)	780,355,516	346,842,637	383,224,400	344,337,375
Supplemental cash flows information				
Non-cash items consist of				
Purchase of assets under finance lease agreements	1,065,024	438,390	-	438,390
Purchase of fixed assets that have yet to be paid	1,168,259	375,278	304,602	375,278
Adjustment of provision for long-term employee benefits through the beginning balance of retained earnings	14,241,153	-	13,536,807	-

The accompanying notes are an integral part of the financial statements.

TRC Construction Public Company Limited and its subsidiaries
Notes to consolidated financial statements
For the years ended 31 December 2011 and 2010

1. Corporate information

TRC Construction Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in construction service and its registered address is No. 1 14th Floor, TP&T Tower, Soi Vibhavadi-Rangsit 19, Vibhavadi-Rangsit Road, Kwang Chatuchak, Khet Chatuchak, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TRC Construction Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Country of Incorporation	Percentage of shareholding	
			2011 (%)	2010 (%)
Held by the Company				
Sahakarn Wisavakorn Company Limited	Construction services – basic infrastructure	Thailand	99.99	99.99
TRC Investment Limited*	Holding company	The Republic of Mauritius	100.00	100.00
Held by the Company's subsidiaries				
TRC International Limited * (held by TRC Investment Limited)	Holding company	Hong Kong	100.00	100.00
TRC & Al-Ghalbi LLC* (held by TRC International Limited)	Construction services	Sultanate of Oman	60.00	60.00
TRC Engineering LLC* (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	–

*The financial statements of the subsidiaries were prepared by the management of the subsidiaries and audited by their auditors.

On 24 April 2011, TRC International Limited, which is the Company's subsidiary, established TRC Engineering LLC in the Sultanate of Oman. TRC International Limited holds 70% of the new subsidiary's capital and the value of the investment was OMR 175,000 or approximately Baht 13.7 million.

b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company, except for a subsidiary applies different accounting policies from the group companies, such as with respect to deferred tax. However, no calculation of differences has been performed because the effects of the differences in accounting policies are immaterial to the net income in the consolidated financial statements for the years ended 31 December 2011 and 2010.

d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.

e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements, which present investments in subsidiaries, joint ventures and associate under the cost method, have been prepared solely for the benefit of the public.

3. Adoption of new accounting standards during the year

During the current year, the Company adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting

TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations :

TFRIC 15	Agreements for the Construction of Real Estate
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Accounting Standard Interpretations:

SIC 31	Revenue-Barter Transactions Involving Advertising Services
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These accounting standards do not have any significant impact on the financial statements, except for the following accounting standards.

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Company and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Company and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current year. The change has the effect of decreasing the profit of the Company and its subsidiaries for the year 2011 by Baht 2.43 million (0.007 Baht per share) (Separate financial statements: decreasing profit by Baht 2.22 million, or 0.007 Baht per share). The cumulative effect of the changes in the accounting policy has been presented in Note 5 to the financial statements.

4. New accounting standards issued during the years not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Accounting Standard Interpretations:

SIC 10	Government Assistance - No Specific Relation to Operating Activities
SIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
SIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Company's management believes that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied, except for the following accounting standards.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines.

At present, the management is evaluating the impact on the financial statements in the year when this standard is adopted.

5. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current year, the Company made the changes to its significant accounting policies described in Note 3 to the financial statements, as a result of the adoption of revised and new accounting standards. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

6. Significant accounting policies

6.1 Revenue recognition

Revenues from sales

Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service income from construction contracts is recognised on the basis of percentage of completion based on the assessment of the project engineer, and considered the percentage of completion is arrived at based on the proportion of actual construction costs incurred up to the end of the year to the total anticipated construction costs. Allowance for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

The recognised revenues which have not yet been due as per contracts have been shown under the caption of "Unbilled receivable" in the statements of financial position.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

6.2 Cost of services and expenses

In determining cost of construction services, the total anticipated construction costs are attributed to each construction projects and then recognised as cost of services in profit or loss on the basis of percentage of completion.

The recognised cost of construction which have not yet been due have been shown under the caption of “Unbilled payable” in the statements of financial position.

The actual cost of construction incurred but not yet recognised as cost of services in profit or loss has been regarded as “Construction in progress” in the statements of financial position.

Construction in progress includes the cost of raw material, direct labour and other expenses incurred for each project. Such construction in progress is valued at the lower of cost or net realisable value.

Expenses are recognised on an accrual basis.

6.3 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

6.4 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful debts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

6.5 Investments

Investments in joint ventures and associates are accounted for in the consolidated financial statements using the equity method.

Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

Available for sale investments for which no market price is available and whose fair value cannot be reliably measured, are carried at cost less impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in profit or loss.

6.6 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building and leasehold improvement	-	3 – 20	years
Tools and equipment	-	5	years
Furniture, fixtures and office equipment	-	3 – 5	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included in profit or loss when the asset is derecognised.

6.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

6.8 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

	Useful lives
Computer software	3 – 10 years

6.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

6.10 Long-term leases

Leases of assets which transfer substantially all the risks and rewards of ownership are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The property, plant and equipment acquired under financial leases is depreciated over the useful life of the asset.

Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

6.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

6.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been

a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

6.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current year.

6.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

6.15 Income tax

Income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

6.16 Derivatives

Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrecognised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

7. Significant accounting judgments and estimates

The preparation of financial statements in conformity with generally accepted accounting principles at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures, and actual results could differ from these estimates. Significant judgments and estimates are as follows:

Estimated construction project costs

Management applied judgment in estimating the costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs.

Provision for liabilities under construction projects

Provision for liabilities under project warranties

A provision is recognised for expected warranty claims in respect of construction projects completed during the year, based on repair expenses expected to be paid in the future, actual costs incurred in the past and the contract value. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the end of reporting period.

Provision for losses on construction projects

A provision is recognised for the loss expected to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to the completion date.

Provision for penalties due to project delays

A provision is recognised for the loss expected to be realised on construction projects that cannot be completed within the stipulated timeframe. The loss is estimated based on the penalty rate stipulated in the contract and the amount expected to be paid in the future.

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Impairment of investments

The Company treats these investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company’s plant and equipment and to review estimate useful lives and residual values when there are any changes.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses when it is determined that their recoverable amount is lower than the carrying amount. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

Litigation

The Company has contingent liabilities as a result of litigation. The Company’s management has used judgement to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

8. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2011	2010	2011	2010	
Transactions with subsidiary company (eliminated from the consolidated financial statements)					
Cost of services	-	-	10,161	43,424	Cost plus margin
Interest income	-	-	430	1,254	At rate of 3.0 – 5.0% p.a. (2010: At rate of 3.5 – 5.0% p.a.)
Transactions with associated company					
Interest income	-	267	-	267	At rate of 5% p.a.

As at 31 December 2011 and 2010, the balances of the accounts between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2011	2010	2011	2010
Trade and other receivables – related parties (Note 10)				
Subsidiary company	-	-	2,594	333
Joint venture	564	564	-	-
Total	564	564	2,594	333
Advance paid to subcontractors under construction contracts – related party				
Subsidiary company	-	-	-	2,373
Trade and other payables – related parties (Note 22)				
Subsidiary company	-	-	6,358	4,395
Related company	-	2,310	-	-
	-	2,310	6,358	4,395
Unbilled payable – related party				
Subsidiary company	-	-	-	7,009

Short-term loan to related parties

As at 31 December 2011 and 2010, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

		Separate financial statements				Balance
		Balance as at			Exchange rate	as at 31
Short-term loans	Related by	31 December 2010	Increase	Decrease	adjustment	December 2011
Sahakarn Wisavakorn Company Limited	Subsidiary company	-	45,000	(45,000)	-	-
TRC Investment Limited	Subsidiary company	646	213	-	21	880
		646	45,213	(45,000)	21	880

Short-term loans to related parties carry interest at rates of 3.0 – 5.0 percent per annum (31 December 2010: 3.5 – 5.0 percent per annum) and due for repayment on demand.

Directors and management's benefits

During the year ended 31 December 2011 and 2010, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Short-term employee benefits	25	30	24	28
Post-employment benefits	8	8	8	8
Total	33	38	32	36

Guarantee obligations with related parties

The Company and its subsidiary have outstanding guarantee obligations with its related parties, as described in Note 36.6 to the financial statements.

9. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Cash	1,235	482	280	285
Deposits at financial institutions	314,725	136,361	83,257	134,052
Investment in promissory notes and bill of exchanges	459,651	210,000	299,651	210,000
Cash and cash equivalents in statements of financial position	775,611	346,843	383,188	344,337
Current investments – Term deposits at financial institutions	4,744	-	36	-
Cash and cash equivalents in cash flows statements	780,355	346,843	383,224	344,337

As at 31 December 2011, deposits in saving accounts, fixed deposits, promissory notes and bills of exchange carried interests between 0.50 and 3.50 percent per annum (2010: between 0.25 and 1.80 percent per annum).

10. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial Statements	
	2011	2010	2011	2010
Trade accounts receivable – related parties				
Aged on the basis of due dates				
Past due				
Over 12 months	564	564	-	-
Total trade accounts receivable – related parties	564	564	-	-
Trade accounts receivable – unrelated parties				
Aged on the basis of due dates				
Not yet due	212,090	208,991	92,087	153,198
Past due				
Up to 3 months	123,463	25,238	44,020	15,109
3 – 6 months	4,848	-	785	-
Total trade accounts receivable – unrelated parties	340,401	234,229	136,892	168,307
Total trade accounts receivable	340,965	234,793	136,892	168,307
Other receivable				
Advance to related companies	-	-	2,594	333
Advance for goods purchase	32,877	-	25,612	-
Others	5,626	2,044	2,843	698
Total other receivables	38,503	2,044	31,049	1,031
Total trade accounts receivable	379,468	236,837	167,941	169,338

The Company and the subsidiary transferred rights to receive payment under construction contracts to secure the credit facilities with financial institutions. Pledged accounts receivable amounting to Baht 323 million included in the accounts receivable balance as at 31 December 2011 (the Company only: Baht 124 million) (31 December 2010: Baht 91 million, the Company only: Baht 29 million).

11. Accounts receivable – retention/advances received from customers under construction contracts

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Amount of contract revenue recognised as revenue in the year	2,224,878	1,451,503	1,092,960	1,142,487
Aggregate amount of construction costs incurred to date	2,700,895	2,300,506	1,433,577	1,766,091
Adjust with the recognised profits to date	501,396	476,587	322,843	359,702
	3,202,291	2,777,093	1,756,420	2,125,793
Sum of progress billings	(3,651,467)	(2,563,822)	(1,711,423)	(1,958,936)
Translation adjustment	28,186	(44,267)	4,066	-
	(420,990)	169,004	49,063	166,857
Gross amount due from customers for contract work consists of				
Unbilled receivable	488,445	177,775	471,115	176,348
Construction in progress	61	3,962	-	2,369
	488,506	181,737	471,115	178,717
Gross amount due to customers for contract work consists of				
Unearned construction revenue	(288,067)	-	-	-
Advance received from customers under construction contracts	(621,429)	(12,733)	(422,052)	(11,860)
	(909,496)	(12,733)	(422,052)	(11,860)
	(420,990)	169,004	49,063	166,857
Accounts receivable – retention under construction contracts	105,168	35,967	14,091	35,604

During the year 2010, a subsidiary included borrowing costs of Baht 3 million as cost of projects. The capitalisation rate was 7.5% per annum.

12. Loans to other person

(Unit: Thousand Baht)

	Consolidated financial statements			
	1 January 2011	Increase	Decrease	Allowance for doubtful debt
Loans to other person	10,000	-	(21,700)	11,700
				31 December 2011
				-

This represents loans to an individual which are subject to interest at rate of 6% p.a.

13. Withholding tax deducted at source

(Unit: Thousand Baht)

Year	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
2007	-	9,433	-	-
2009	-	11,169	-	4,095
2010	2,326	2,326	-	-
2011	61,766	-	27,276	-
	64,092	22,928	27,276	4,095

The Company and its subsidiary regard withholding tax deducted at source as an asset since they are entitled to claim for a refund of such tax. However, the net realisable value of tax refund is subject to the exercise of the claim right by the Company and its subsidiary, and to the result of an audit of the Company's and its subsidiary's taxes by Revenue Department officials.

14. Restricted deposits at financial institutions

These represent saving deposit and fixed deposits pledged with financial institutions to secure credit facilities and bank guarantee facilities issued by the bank on behalf of the Company and subsidiaries.

15. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2011	2010	2011	2010	2011	2010
					(%)	(%)		
Sahakorn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	200,000,000 Baht	200,000,000 Baht	99.99	99.99	317,399,867	317,399,867
TRC Investment Limited	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32
Total							317,399,899	317,399,899
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries, net							172,328,483	172,328,483

Details of investments in subsidiaries which are held by the Company's subsidiaries are as follows:

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2011	2010	2011	2010	2011	2010
Held by TRC Investment Limited								
TRC International Limited	Investor	Hongkong	10 HGD	10 HGD	100.00	100.00	33	33
Held by TRC International Limited								
TRC & Al-Ghalbi LLC	Construction services	Sultanate of Oman	150,000 Omani Rial	150,000 Omani Rial	60.00	60.00	8,099,630	8,099,630
TRC Engineering LLC	Construction Services	Sultanate of Oman	250,000 Omani Rial	-	70	-	13,654,506	-
Total investments in subsidiaries which are held by the Company's subsidiaries, net							21,754,169	8,099,663

On 24 April 2011, TRC International Limited, which is the Company's subsidiary, established TRC Engineering LLC in the Sultanate of Oman. TRC International Limited holds 70% of the new subsidiary's capital and the value of the investment was OMR 175,000 or approximately Baht 13.7 million.

During the year 2010, the Company recorded allowance for loss on impairment of investment in Sahakorn Wisavakorn Company Limited amounting to Baht 36 million.

16. Investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the subsidiary and other companies. Details of these investments are as follows (Held by Sahakarn Wisavakarn Company Limited, the subsidiary):

(Unit: Thousand Baht)

Jointly controlled entities	Nature of business	Consolidated financial statements							
		Shareholding percentage		Cost		Carrying amounts based on equity method		Share of loss from investments in joint ventures during the year	
		2011	2010	2011	2010	2011	2010	2011	2010
		(%)	(%)						
The Joint Venture of SSP Hydrotek-Sahakarn Joint Venture	Construction*	40	40	1,092	1,700	95	792	(89)	(876)
	Construction**	-	50	-	500	-	1,118	-	-
Total				1,092	2,200	95	1,910	(89)	(876)
Less: Allowance for loss on impairment of investment				(1,020)	(1,370)	-	(1,118)		
Total investment in joint ventures, net				72	830	95	792		

* Under liquidation process

** Dissolution and liquidation in 2011

The consolidated financial statements for the year ended 31 December 2010 does not include share of loss from investment in Hydrotek – Sahakarn Joint Venture because, during the second quarter of the year 2008, the subsidiary entered into an agreement with another venturer, under which the other venturer is to be responsible for all losses arising from operation of this joint venture since 1 January 2008. However, the Company was dissolution and liquidation in 2011.

During the current year, The Joint Venture of SSP reduced its capital and repaid the capital to each venture, totaling Baht 0.6 million (2010: Baht 3 million), since the service was completed as objectives. The capital reduction has no effect on the profit sharing proportion among The Joint Ventures.

Share of loss from investments in The Joint Venture of SSP for the years ended 31 December 2011, as included in the consolidated income statements, was calculated based on the financial statements that were prepared by the management of that joint venture and audited by another auditor.

Summarised financial information of jointly controlled entity.

The Joint Venture of SSP

The subsidiary's proportionate shares of the assets, liabilities, revenue and expenses of The Joint Venture of SSP, according to proportion under joint venture agreement, is as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2011	2010
Current assets	445	961
Non-current assets	21	367
	466	1,328
Current liabilities	(371)	(536)
Net assets	95	792

(Unit: Thousand Baht)

	For the year ended 31 December	
	2011	2010
Other income	492	-
Selling and administrative expenses	(581)	(876)
Net loss	(89)	(876)

The above financial information for 2011 was prepared by the management of the jointly controlled entity and audited by another auditor.

17. Investments in associates

(Unit: Thousand Baht)

Consolidated financial statements										
Company's name	Nature of business	Country of incorporation	Shareholding percentage		Cost		Carrying amounts based on equity method		Shares of loss from investments in associates	
			2011	2010	2011	2010	2011	2010	during the year	
			(%)	(%)					2011	2010
Thai Pressure Vessel and Steel Work Company Limited	Manufacture and fabrication of steel products	Thailand	40.00	40.00	4,400	4,400	4,400	4,400	-	-
Ratcha Ploen Company Limited	Construction	Thailand	-	-	-	-	-	-	-	(5,988)
Total investment in associate					4,400	4,400	4,400	4,400	-	(5,988)

The Company and its subsidiary, TRC International Limited, sold all shares of Ratcha Ploen Co., Ltd. during the year 2010.

The Company did not record investment in Thai Pressure Vessel and Steel Work Co., Ltd. in the consolidated financial statements for the years ended 31 December 2011 and 2010 using the equity method because the effect of these transactions to the consolidated financial statements is immaterial.

Share of loss from investments in Ratcha Ploen Company Limited, as included in the consolidated income statements, was calculated based on the financials statements that were prepared by management of that associated company.

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements			
			Shareholding percentage		Cost	
			31 December 2011 (%)	31 December 2010 (%)	31 December 2011	31 December 2010
Thai Pressure Vessel and Steel Work Company Limited	Manufacture and fabrication of steel products	Thailand	40.00	40.00	4,400	4,400
Total investments in associates					4,400	4,400

Financial information of the associated company is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital as		Total assets as at		Total liabilities as		Total revenue as		Net loss for the	
	at 31 December		31 December		at 31 December		at 31 December		years ended	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Thai Pressure Vessel and Steel Work Company Limited	11,000	11,000	10,808	10,837	30	30	2	-	(29)	(30)

18. Other long-term investments

Details of other long-term investments as presented in consolidated financial statements are as follows:

(Unit: Baht)

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2011	2010	2011	2010	2011	2010
					(%)	(%)		
Asia Africa Energy Limited	Holding company	Hong Kong	USD 64	USD 64	5.00	5.00	2,010	2,010
Raibow Power Integrated Concept Limited	Development and investment in natural gas sector	Nigeria	USD 6,957	USD 6,957	8.00	8.00	243,518	243,518
Total other long-term investments							245,528	245,528

The above investments are held by TRC Investment Limited, the Company's subsidiary, as available for sale securities. The Company presented the investments at cost since there was no quoted market price on which to base their presentation at fair value.

19. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost:							
31 December 2009	14,478	40,981	6,328	98,879	34,394	19,102	214,162
Additions	-	-	-	5,765	10,300	1,930	17,995
Disposals	-	-	-	(17,864)	(1,952)	-	(19,816)
Written-off	-	-	-	(9)	(3,103)	-	(3,112)
Decrease due to liquidation of subsidiary	-	-	-	(32)	-	-	(32)
Translation adjustment	-	(2,165)	-	-	(463)	-	(2,628)
31 December 2010	14,478	38,816	6,328	86,739	39,176	21,032	206,569
Additions	-	4,696	-	26,844	15,591	20,335	67,466
Disposals	-	-	-	(3,589)	(48)	(895)	(4,532)
Written-off	-	-	-	(1,665)	(1,173)	-	(2,838)
Translation adjustment	-	5,299	-	-	2,913	-	8,212
31 December 2011	14,478	48,811	6,328	108,329	56,459	40,472	274,877

(Unit: Thousand Baht)

Consolidated financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
Accumulated depreciation:							
31 December 2009	-	3,086	4,859	77,280	18,307	13,707	117,239
Depreciation for the year	-	9,554	1,469	9,822	7,840	3,313	31,998
Depreciation on disposals	-	-	-	(16,768)	(1,846)	250	(18,364)
Depreciation on written-off	-	-	-	-	(2,965)	-	(2,965)
Decrease due to liquidation of subsidiary	-	-	-	(18)	-	-	(18)
Translation adjustment	-	(340)	-	-	(194)	-	(534)
31 December 2010	-	12,300	6,328	70,316	21,142	17,270	127,356
Depreciation for the year	-	10,683	-	7,808	10,450	4,179	33,120
Depreciation on disposals	-	-	-	(3,315)	(29)	(895)	(4,239)
Depreciation on written-off	-	-	-	(1,501)	(1,133)	-	(2,634)
Translation adjustment	-	2,175	-	-	1,174	48	3,397
31 December 2011	-	25,158	6,328	73,308	31,604	20,602	157,000
Net book value:							
31 December 2010	14,478	26,516	-	16,423	18,034	3,762	79,213
31 December 2011	14,478	23,653	-	35,021	24,855	19,870	117,877
Depreciation for the year							
2010 (Baht 17.3 million included in cost of sales and services, and the balance in administrative expenses)							31,998
2011 (Baht 24.1 million included in cost of sales and services, and the balance in administrative expenses)							33,120

(Unit: Thousand Baht)

Separate financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost:							
31 December 2009	12,888	15,655	6,328	25,299	23,541	16,237	99,948
Additions	-	-	-	5,186	2,402	1,680	9,268
Disposals	-	-	-	-	(99)	-	(99)
Written-off	-	-	-	-	(607)	-	(607)
31 December 2010	12,888	15,655	6,328	30,485	25,237	17,917	108,510
Additions	-	4,696	-	17,270	4,393	7,354	33,713
Disposals	-	-	-	(63)	(48)	-	(111)
Written-off	-	-	-	(1,638)	(1,170)	-	(2,808)
31 December 2011	12,888	20,351	6,328	46,054	28,412	25,271	139,304

(Unit: Thousand Baht)

Separate financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Total
Accumulated depreciation:							
31 December 2009	-	2,841	4,859	11,771	12,675	11,538	43,684
Depreciation for the year	-	1,516	1,469	4,756	3,961	2,965	14,667
Depreciation on disposals	-	-	-	-	(4)	-	(4)
Depreciation on written-off	-	-	-	-	(491)	-	(491)
31 December 2010	-	4,357	6,328	16,527	16,141	14,503	57,856
Depreciation for the year	-	1,555	-	5,559	3,815	2,423	13,352
Depreciation on disposals	-	-	-	(35)	(29)	-	(64)
Depreciation on written-off	-	-	-	(1,489)	(1,132)	-	(2,621)
31 December 2011	-	5,912	6,328	20,562	18,795	16,926	68,523
Net book value:							
31 December 2010	12,888	11,298	-	13,958	9,096	3,414	50,654
31 December 2011	12,888	14,439	-	25,492	9,617	8,345	70,781
Depreciation for the year							
2010 (Baht 6 million included in cost of sales and services, and the balance in administrative expenses)							14,667
2011 (Baht 7 million included in cost of sales and services, and the balance in administrative expenses)							13,352

As at 31 December 2011, certain equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation of those assets, amounted to approximately Baht 86 million (The Company only: Baht 33 million) (2010: Baht 68 million, the Company only: Baht 20 million).

As at 31 December 2011, the Company and its subsidiary has motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 3 million (The company only: Baht 1 million) (2010: the Company only: Baht 1 million).

As at 31 December 2011, buildings of a foreign subsidiary with net book values amounting to Baht 9 million were located on leasehold land of the subsidiary's client.

20. Intangible assets

Detail of intangible assets which are software are as follows

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cost		
31 December 2009	8,764	7,774
Additions	1,995	1,995
31 December 2010	10,759	9,769
Additions	512	512
31 December 2011	11,271	10,281
Accumulated amortisation		
31 December 2009	3,013	2,023
Amortisation	1,149	1,149
31 December 2010	4,162	3,172
Amortisation	1,103	1,103
31 December 2011	5,265	4,275
Net book value		
31 December 2010	6,597	6,597
31 December 2011	6,006	6,006

21. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions as at 31 December 2011 and 2010 consist of:

(Unit: Thousand Baht)

	Consolidated financial statement			
	Interest rate (percent per annum)			
	2011	2010	2011	2010
Bank overdrafts	-	2.80 and 7.50	-	10,555
Loans from financial institutions				
- promissory notes	5.00 - 7.50	7.50	6,058	8,209
Total			6,058	18,764

As at 31 December 2011, the Company and the subsidiary have unused bank overdraft and short-term loan facility amounted to Baht 67 million and USD 3 million (the Company only: Baht 32 million) (31 December 2010: Baht 33 million, the Company only: Baht 30 million). These loan facilities have been secured by the transfer of right to receive from accounts receivable and the pledge of fixed deposits of the Company and the subsidiary.

22. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Trade accounts payable – related parties	–	2,310	2,140	–
Trade accounts payable – unrelated parties	332,299	168,265	172,049	107,416
Advances from related parties	–	–	4,218	4,395
Fixed assets payable	1,168	1,032	305	1,032
Accrued expenses	29,068	31,182	19,086	26,868
Advance paid for goods	26,398	–	26,398	–
Others	500	–	–	–
Total trade and other payables	389,433	202,789	224,196	139,711

23. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated / Separate financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2011	8,744	27,155	35,296	71,195
Increase during the year	8,747	–	–	8,747
Decrease from occurrence of actual expense	(2,448)	(23,056)	(32,697)	(58,201)
Reversal of provisions	(2,790)	(3,609)	–	(6,399)
As at 31 December 2011	12,253	490	2,599	15,342

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Liabilities under finance lease agreements	1,380	844	471	844
Less: Deferred interest	(117)	(69)	(39)	(69)
Total	1,263	775	432	775
Less: Current portion	(586)	(343)	(343)	(343)
Liabilities under finance lease agreements – net of current portion	677	432	89	432

The Company and its subsidiary have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 4 years.

As at 31 December 2011, future minimum lease payments required under the finance lease agreements were as follows.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Less than	1-4	Total	Less than	1-2	Total
	1 year	years		1 year	years	
Future minimum lease payments	640	740	1,380	374	97	471
Deferred interest expenses	(54)	(63)	(117)	(31)	(8)	(39)
Present value of future minimum lease payments	586	677	1,263	343	89	432

25. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Suspense output VAT	20,447	11,295	8,904	10,946
VAT payable	2,866	3,706	2,866	3,505
Others	6,950	6,406	3,399	2,774
Total	30,263	21,407	15,169	17,225

26. Provision for long-term employee benefits

Provision for long-term employee benefits as at 31 December 2011, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
Cumulative effect of change in accounting policy for employee benefits adjusted against beginning balance of retained earnings (Note 5)	14,241	13,537
Current service cost	2,632	1,716
Interest cost	534	507
Benefits paid during the year	(171)	-
Transfer other current liabilities to provision for long-term employee benefits	611	-
Translation adjustment	129	-
Balance at end of year	17,976	15,760

Long-term employee benefit expenses included in the profit or loss for the year ended 31 December 2011 amounted to Baht 3 million (The Company only: Baht 2 million).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2011 (% per annum)	2010 (% per annum)	2011 (% per annum)	2010 (% per annum)
Discount rate	3.75%	3.75%	3.75%	3.75%
Future salary increase rate	3.00%	3.00%	3.00%	3.00%

27. Share capital

Description	Number of shares (Thousand shares)	Paid-up share capital (Thousand Baht)	Premium on ordinary shares (Thousand Baht)	Registration date with the Ministry of Commerce
Reconciliation of issued and paid-up ordinary share				
The beginning of the year – 31 December 2010	330,668	330,668	191,060	
Increase due to exercise of warrants TRC-WA1 No. 2	1,014	1,014	1,025	4 January 2011
Increase due to exercise of warrants TRC-WA1 No. 3	842	842	850	1 April 2011
Increase due to exercise of warrants TRC-WA1 No. 4	709	709	716	1 July 2011
Increase due to exercise of warrants TRC-WA1 No. 5	325	325	328	4 October 2011
The end of year – 31 December 2011	333,558	333,558	193,979	

28. Warrants

On 7 August 2009, the Company issued 7.7 million warrants (TRC-WA1) for the purchase of ordinary shares of the Company to directors and employees of the Company and its subsidiary. The terms and conditions of warrant exercise are as follows:

- (1) The warrants, are named, non-transferable and valid for approximately 3 years ending 30 July 2012.
- (2) The exercise price is Baht 2.01 per share and the exercise ratio is 1 warrant per 1 ordinary share.
- (3) Exercises of the warrants can be made on day 30 of every quarter and the first exercise date is 30 September 2010.

On 25 August 2010, the Company allocated 768,000 warrants to four employees in place of four resigned employees and directors who had previously held 776,000 warrants since August 2009. As a result there are 8,000 remaining warrants.

During 2010, on the first and second exercise dates, the warrant holders exercised a total of 1,683,000 warrants to purchase 1,683,000 ordinary shares at Baht 2.01 each.

On 30 March 2011, the third exercise date, the warrant holders exercised 841,500 warrants to purchase 841,500 ordinary shares at Baht 2.01 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 1 April 2011. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 7 April 2011.

On 30 June 2011, the fourth exercise date, the warrant holders exercised 709,000 warrants to purchase 709,000 ordinary shares at Baht 2.01 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 1 July 2011. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 6 July 2011.

On 30 September 2011, the fifth exercise date, the warrant holders exercised 325,250 warrants to purchase 325,250 ordinary shares at Baht 2.01 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 4 October 2011. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 7 October 2011.

On 31 December 2011, the sixth exercise date, the warrant holders exercised 950,000 warrants to purchase 950,000 ordinary shares at Baht 2.01 each. The Company recorded the total of Baht 1.9 million received as a result of the exercise of such warrants under the caption "Subscription received in advance from exercise of warrants", presenting it under shareholders' equity in the statement of financial position. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 4 January 2012. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 10 January 2012.

As at 31 December 2011, there are 3,183,250 warrants outstanding (31 December 2010: 6,009,000 warrants outstanding).

29. Statutory reserve

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5 percent of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

30. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Salary and wages and other employee				
benefits	299,739	282,230	177,849	205,746
Depreciation	33,120	31,998	13,352	14,667
Amortisation expenses	1,103	1,145	1,103	1,145
Construction materials and consumables				
used and subcontractors costs	1,460,553	727,425	733,310	583,924
Provision for penalties from project delay	22	-	22	-
Rental expenses from operating lease				
agreements	58,896	42,945	32,291	29,952

31. Corporate income tax

The Company calculated corporate income tax for the year 2011 at the rate of 30 percent of net income after adding back some expenses that are not allowed for tax computation purposes.

Because Royal Decree No.387 B.E. 2544, dated 5 September 2001, grants companies listed on the Market for Alternative Investment a reduction in the corporate income tax rate from 30% to 20% for taxable profit for five consecutive accounting periods beginning on or after the date of which companies listed on the Market for Alternative Investment in accordance with securities and exchange laws.

However, the Company calculated its income tax at 25% following SET's letter no. Bor Chor. (Vor) 47/2008, dated 3 November 2008, ordering listed companies that have increased their registered share capital to the extent that the portion of common shares of their paid up capital exceeds Baht 300 million, from the year 2008 onwards, to pay corporate income tax at the same rate as listed companies with the portion of common shares of their paid up capital exceeding Baht 300 million in the next accounting year. As the Company increased its capital in 2008 from the paid-up share capital as at the end of 2007 of Baht 256,666,615 to Baht 329,999,589 in order to pay dividend to its shareholders in May 2008, the Company's corporate income tax is charged at 25% for the year 2010.

The local subsidiaries calculated corporate income tax at the rate of 30 percent of net income after adding back some expenses that are not allowed for tax computation purposes.

The foreign subsidiary calculated corporate income tax at the rate of 12 percent of taxable net income which exceeded Oman Rial 30,000.

32. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were issued.

The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements For the years ended 31 December						
Weighted average number of ordinary						
Net income (loss)		shares		Earnings per share		
2011	2010	2011	2010	2011	2010	
Thousand Baht	Thousand Baht	Thousand share	Thousand share	Baht	Baht	
Basic earnings per share						
Profit attributable to equity holders of the parent	149,042	182,845	332,768**	330,175*	0.45	0.55
Effect of dilute potential ordinary shares						
Warrants						
TRC-WA1 (ESOP)	-	-	2,585	2,215		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	149,042	182,845	335,353	332,390	0.44	0.55

Separate financial statements For the years ended 31 December						
Weighted average number of ordinary						
Net income		shares		Earnings per share		
2011	2010	2011	2010	2011	2010	
Thousand Baht	Thousand Baht	Thousand share	Thousand share	Baht	Baht	
Basic earnings per share						
Profit attributable to equity holders of the parent	50,617	103,643	332,768**	330,175*	0.15	0.31
Effect of dilute potential ordinary shares						
Warrants						
TRC-WA1 (ESOP)	-	-	2,585	2,215		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	50,617	103,643	335,353	332,390	0.15	0.31

* Includes the ordinary shares resulting from the exercise of warrants on 30 December 2010

** Includes the ordinary shares resulting from the exercise of warrants on 30 December 2011

33. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend for 2010	Annual General Meeting of the shareholders on 27 April 2011	49,879	0.15
Dividend for 2009	Annual General Meeting of the shareholders on 28 April 2010	19,800	0.06

34. Provident fund

The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rate of 3 – 7 percent of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2011, the Company and the subsidiary contributed Baht 3 million to the fund (Separate financial statements: Baht 3 million) (2010: Baht 3 million, Separate financial statements: Baht 3 million).

35. Segment information

The Company and the subsidiaries' operations principally involve the construction service business.

Financial information by segment for the year ended 31 December 2011 and 2010 of the Company and the subsidiaries is as follows:

(Unit: Million Baht)

	For the year ended 31 December									
	Local		Foreign		Total		Eliminated		Grand total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Services income and sales										
– Unrelated parties	1,911	1,170	317	282	2,228	1,452	–	–	2,228	1,452
– Related parties	10	43	24	35	34	78	(34)	(78)	–	–
Total	1,921	1,213	341	317	2,262	1,530	(34)	(78)	2,228	1,452
Segment operating income	246	304	80	76	326	380	–	(4)	326	376
Unallocated income and expenses:										
Interest income									11	4
Gain on sale of investment in associate									–	59
Other income									23	4
Administrative expenses									(183)	(196)
Other expenses									(19)	(59)
Profit attributable to non-controlling interests of the subsidiaries									(9)	(5)
Profit attributable to equity holders of the Company									149	183

(Unit: Million Baht)

	As at 31 December									
	Local		Foreign		Total		Eliminated		Grand total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Property, plant and equipment	86	55	32	24	118	79	–	–	118	79
Unallocated assets									2,260	1,003
Total assets									2,378	1,082

Transfer prices between business segments are as set out in Note 8 to the financial statements.

36. Commitments and contingent liabilities

36.1 Purchase construction materials and subcontracted work commitments

As at 31 December 2011, the Company and the subsidiary have outstanding commitments of Baht 1,481 million, USD 15 million and Euro 2 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 451 million, USD 15 million and Euro 2 million).

36.2 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of land, office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years.

As at 31 December 2011, future minimum lease payments required under these operating lease contracts were as follows.

(Unit: Million Baht)

Payable within	Consolidated financial statements	Separate financial statements
1 year	7.3	5.5
2 to 5 years	6.1	3.4

36.3 Service commitments

On 31 December 2011, a foreign subsidiary has outstanding commitments in respect of consulting agreement amounting to USD 0.2 million.

36.4 Capital commitment

On 3 October 2011, the Company entered into an agreement to purchase and to sell a property to a party amounting to Baht 94 million, of which Baht 20 million was paid on that date as the first installment and presented as deposit for land acquisition in the financial statements. The second and the third installments of Baht 30 million and Baht 44 million will be paid within 1 August 2012 and 1 October 2013, respectively. The rights in the property will be registered in the name of the Company on the date the third installment is paid.

36.5 Bank guarantees

As at 31 December 2011, there were bank guarantees of approximately Baht 1,237 million and USD 5 million issued by banks on behalf of the Company and the subsidiary in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 815 million and USD 2 million to guarantee of construction contract and bidding, Baht 415 million and USD 3 million to guarantee of advance payment bond and retention, and Baht 7 million to guarantee of others. (The Company only: Baht 801 million and USD 5 million which included letters of guarantee amounting to Baht 391 million and USD 2 million and to guarantee of construction contract and

bidding, Baht 408 million and USD 3 million to guarantee of advance payment bond and retention, and Baht 2 million to guarantee of others.)

36.6 Guarantees

The Company has secured credit facilities of the subsidiaries totaling Baht 1,545 million and USD 13 million.

37. Litigation

- 37.1 On 6 December 2011, a government agency submitted a letter to a bank to seize the bank guarantee for a tender of Baht 20 million that the Company had placed with that bank, since the government agency considered the Company to have been unable to perform in accordance with the tender.

On 29 December 2011, the Company sued that government agency and its associates (the Party) through the Central Administrative Court, seeking an order to the Party to return the bank guarantee and pay damages amounting to Baht 27.5 million plus interest at a rate of 7.5% per annum and the bank guarantee fees, from the date of the lawsuit until settlement is made. The Company believes that the Company is not to blame for its inability to perform in accordance with the tender since a law prohibited construction in accordance with the tender. In addition, the Company submitted a temporary protection request to the Central Administrative Court, to ask the Court to order protection of the bank guarantee until the Court judges this case.

On 3 February 2011, the Central Administrative Court dismissed the request for protection of the bank guarantee, based on the bank's right to decide whether or not the bank guarantee should be released. However, the Company has the right to submit an appeal of the decision with the Supreme Administrative Court.

The Company's management noted that this litigation is still under consideration by the Central Administrative Court and the case is not final. As at 31 December 2011, the Company recorded provision for the related contingent liability amounting to Baht 20 million in the Company's financial statements.

- 37.2 On 24 May 2011, a private company (the Party) lodged a civil lawsuit against a subsidiary for breach of an agreement to manufacture goods, claiming damages amounting to Baht 17.5 million, with interest at a rate of 7.5% per annum from the date of the lawsuit until settlement is completed.

On 21 September 2011, the subsidiary provided testimony to the Civil Court, denying the allegations in the lawsuit of the Party and requesting the Court to dismiss the suit and order the Party to pay the subsidiary's billing for work done under the contract, amounting to Baht 10.9 million.

The case is still being considered by the Civil Court. However, the Company's management believes that there will be no significant losses to the subsidiary as a result of this litigation and so the Company did not set aside provision for contingent liabilities in its books of account.

37.3 On 4 December 2007, a subsidiary lodged a lawsuit with the Central Administrative Court against a government agency (the Party), requesting an order for the Party to settle the Baht 7.7 million that the Party advanced to the subsidiary to perform work under the agreement against damages of Baht 13.4 million, and to pay the subsidiary damages of Baht 6.1 million with interest at a rate of 7.5% per annum, from the date of the lawsuit until settlement is completed. However, the Party submitted its testimony to the Central Administrative Court on 20 August 2009, noting that the damages claimed exceeded actual damage, and that the third claim compensation report, dated 16 July 2008, noted that the board of the Party had approved payment of claims to the subsidiary amounting to Baht 0.8 million, and the subsidiary thus returned an amount of Baht 6.8 million to the Party.

Facts of the case between the subsidiary and the Party have been amended a number of times.

On 20 April 2010, the Party submitted its latest testimony to the Central Administrative Court regarding the bank guarantee fee for the advance payment amounting to Baht 0.1 million, and petitioned the Court to dismiss the lawsuit and order the subsidiary to pay the Baht 7.7 million that the Party advanced to the subsidiary to perform work under the agreement.

On 24 January 2012, the subsidiary lodged the latest petition to amend the lawsuit with the Central Administrative Court, requesting an order for the Party to settle the Baht 7.7 million that the Party advanced to the subsidiary against damages of Baht 19.4 million, and to pay the subsidiary damages of Baht 12.5 million with interest at a rate of 7.5% per annum, from the date of the lawsuit until settlement is completed.

The case is still being considered by the Central Administrative Court. However, the Company's management believes that there will be no significant losses to the subsidiary as a result of this litigation and so the Company did not set aside provision for contingent liabilities in its books of account.

38. Financial instruments

38.1 Financial risk management

The Company and its subsidiary's financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, trade and other receivables, unbilled receivable, accounts receivable/payable-retention, advances paid/received, short-term loans to/from, restricted deposits at financial institutions, bank overdraft, trade and other payables, unbilled payable, and liabilities under finance lease agreements. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable, unbilled receivable and short-term loans to. The Company and its subsidiary manage the risk

by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables, unbilled receivable and short-term loans to as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relates primarily to its deposits at financial institutions, short-term loans to/from, trade accounts payable, and liabilities under finance lease agreements. However, since most of the Company and its subsidiary's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2011 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements					Interest rate (% p.a.)
	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total		
Financial assets						
Cash and cash equivalents	-	776	-	776		0.50 - 3.50
Current investments	-	5	-	5		1.00
Trade and other receivables	-	-	379	379		-
Unbilled receivable	-	-	488	488		-
Accounts receivable - retention under construction contracts	-	-	105	105		-
Advance paid to subcontractors under construction contracts	-	-	189	189		-
Restricted deposits at financial institutions	187	-	-	187		0.50 - 3.00
	187	781	1,161	2,129		
Financial liabilities						
Banks overdrafts and short-term loans from financial institutions	6	-	-	6		5.00 - 7.50
Trade and other payables	-	-	389	389		-
Unbilled payable	-	-	152	152		-
Unearned construction revenue	-	-	288	288		-
Accounts payable - retention under construction contracts	-	-	36	36		-
Advance received from customers under construction contracts	-	-	621	621		-
Liabilities under finance lease agreements	1	-	-	1		2.35 - 3.00
	7	-	1,486	1,493		

(Unit: Million Baht)

	Separate financial statements				
	Fixed interest rate within 1 year	Floating interest rate	Non-interest bearing	Total	Interest rate (% p.a.)
Financial assets					
Cash and cash equivalents	-	383	-	383	0.50 - 3.50
Trade and other receivables	-	-	168	168	-
Unbilled receivable	-	-	471	471	-
Accounts receivable - retention under construction contracts	-	-	14	14	-
Advance paid to subcontractors under construction contracts	-	-	5	5	-
Short-term loans to and interest receivable from related parties	1	-	-	1	3.50 - 5.00
Restricted deposits at financial institutions	104	-	-	104	0.50 - 3.00
	105	383	658	1,146	
Financial liabilities					
Trade and other payables	-	-	244	244	-
Unbilled payable	-	-	34	34	-
Advance received from customer under construction contracts	-	-	422	422	-
	-	-	700	700	

Foreign currency risk

The Company and its subsidiary's exposure to foreign currency risk arises mainly from buying and services transactions that are denominated in foreign currencies. In certain circumstances, the Company and its subsidiary enter into forward exchange contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currencies, which were unhedged for exchange rate fluctuation, as at 31 December 2011 are summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Average exchange rate as at 31 December 2011 (Baht per 1 foreign currency unit)
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	
USD	2,369	2,543	2,384	2,532	31.69120
EUR	-	508	-	508	41.02735
Omani Rial	-	-	7	-	82.31485
SGD	-	41	-	41	24.38535

38.2 Fair values of financial instruments

Since the majority of the Company and its subsidiary's financial assets and liabilities are short-term in nature and interest rates which are close to the market rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

39. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate financial structure and preserves the ability to continue its business as a going concern.

A at 31 December 2011, the Group's debt-to-equity ratio was 1.98:1 (2010: 0.60:1) and the Company's was 1.03:1 (2010: 0.43:1).

40. Reclassifications

To comply with the Notification of the Department of Business Development relating to the financial statement presentation as described in Note 2 and as the result of the adoption of revised and new accounting standards as described in Note 3 and Note 5, certain amounts in the financial statements for the year ended 31 December 2010 have been reclassified to the current year's classification, without any effect to the previously reported profit or shareholders' equity. The significant reclassification are as follow:

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Trade and other receivables	236,837,024	-	169,338,169	-
Trade accounts receivable - net	-	234,792,743	-	168,306,951
Short-term loans to related party	-	-	646,236	-
Short-term loans to and interest receivable from related parties	-	-	-	684,284
Other receivable - related party	-	-	-	332,898

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	As previously reported		As previously reported	
	As reclassified	As previously reported	As reclassified	As previously reported
Other current assets	8,063,385	10,107,666	6,530,222	7,190,494
Trade and other payables	202,789,018	-	139,710,506	-
Trade accounts payable	-	171,606,158	-	108,447,099
Amount due from related party	-	-	-	4,395,630
Income tax payable	5,531,290	-	4,081,480	-
Other current liabilities	21,406,655	58,120,805	17,224,765	48,174,022
Gain on sale of investment in associate	59,164,492	37,930,734	144,189	144,189
Reversal of allowance for impairment of investment in associate	-	21,233,758	-	-
Compensation for accident damage	-	1,502,370	-	1,502,370
Other income	4,459,390	8,228,398	2,860,883	6,629,891
Cost of services	1,075,335,863	-	839,859,108	-
Doubtful debt	-	11,700,000	-	-
Reversal of provision for penalties from project delay	-	43,002,974	-	43,002,974
Cost of sales and services	-	1,123,610,215	-	888,133,460
Administrative expenses	195,772,902	154,793,794	124,385,723	99,292,125
Management benefit expenses	-	29,279,108	-	25,093,598

41. Subsequent events

On 18 January 2012, Meeting No. 1/2012 of the Company's Board of Directors approved the cancellation of the resolution passed in Meeting No. 7/2011 whereby a subsidiary, TRC International Limited was to invest Baht 50 million in derivative bonds (exchangeable Bond or EB) of a company.

In addition, Meeting No. 1/2012 of the Board of Directors approved an investment of Baht 50 million by TRC International Limited, the Company's subsidiary, in common shares of a company. The subsidiary made the following investments in common shares of that company.

Investment date	Number of share		% of investment in that company's common share as at investment date
	(shares)	Investment balance	
27 January 2012	300,000	Baht 30 million	2.13%
13 February 2012	100,000	Baht 10 million	0.70%

42. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2012.

10. Audit Fee

Audit Fee

TRC & Al-Ghalbi LLC	Audit Firm	2011 Audit Fee
TRC Construction Public Company Limited	Ernst & Young Office Limited	Baht 840,000
Subsidiaries;		
Sahakarn Wisavakorn Co., Ltd	Ernst & Young Office Limited	Baht 800,000
TRC International Limited	Simon W.F. Ng & Company Hong Kong	USD 4,060
TRC Investment Limited	S.C.Ng Fuk Chong, FCCA Republic of Mauritius	USD 1,200
TRC & Al-Ghalbi LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200
TRC Engineering LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 2,750

Non-Audit Fee

Travelling expenses of the auditors for 2011 audit task

- TRC Construction Public Company Limited	Baht	10,122
- Sahakarn Wisavakorn Co., Ltd.	Baht	2,502



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