



Annual Report 2013

ภายใต้ระบบบริหารคุณภาพ ISO 9001:2008

“จงทำให้ถูกต้องและดีที่สุด ตั้งแต่แรก”

ISO 9001:2008 “To do it right and best from the beginning”



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Messsage from Chairman of the Board of Directors



On 23 April 2013, the SET moved the Company from MAI to SET Main Board so as to enlarge the capability and enhance attractive qualifications among investors.

In 2013, the global economic slowdown affected by the world economy and domestic political situation caused an impact to operating result. The total revenue and net profit of 2013 of TRC and its subsidiaries were at Baht 2,558 and 126 million decreasing from Baht 4,344 million and 228 million of 2012, respectively due to delivery of the large scale project such as Ubon Bio Ethanol Plant Project, Gas Pipeline for GUH TP's IPP Project and delay of bidding announcement for potential large scale projects. Consequently, most of the new projects were awarded during the second half of the year i.e. the Natural Gas Transmission Pipeline Projects of PTT Plc. consisting of Navanakorn Interconnecting Pipeline Project, Provincial Gas Transmission Pipeline Project from Saraburi to Nakhon Ratchasima (under a joint venture between Sinopec International Petroleum Service Corporation, the partner from People's Republic of China), etc. As end of 2013, TRC and subsidiaries had a backlog of undelivered works of Baht 4.7 billion and planned to enter into bidding for large scale projects with work value over than Baht twenty thousand million, mostly were projects of PTT Plc. and construction works in energy and petrochemical businesses. TRC is confident that in 2014, the potential bidding projects will be additionally awarded with the expected revenues of Baht 4-5 billion.

Continuously, from 2001 to present, TRC remains yearly assessed its performance as "Grade A" vendor for the ISO quality standard launched by Procurement and Materials Management Section of PTT Plc. for every assessed item.

TRC Group of companies have emphasized on returning of interest to society, community and environment by continuously providing the annual budget to support the activities and projects related to education, society development, community and environmental care and also encouraged the management, employees to participate in the said activities. Moreover, the long-term CSR project has been launched in a form of "Projects for Homeland" continued from the previous year for development of employees' homelands.

With respect to the good corporate governance for sustainability of the company, TRC has intentionally adhered to the principle of the good corporate governance on transparency and accountability basis with fairly recognition of all stakeholders. TRC was also obtained the Outstanding Top Corporate Governance Report Awards, Company Performance Awards, company listed on MAI and Mr. Smai Leesakul, Chief Executive Officer, obtained the Outstanding CEO Awards, CEO of company listed on MAI, respectively.

On behalf of TRC' s Board of Directors, I would like to express my sincere gratitude to all shareholders, customers, vendors, financial institutes, public and private sectors including business partners for their continuous good support raised for the company's operation including the Company's management and all employees for their confidence, reliance, devotion and best effort. I hereby commit that the business will be cautiously operated under the good corporate governance practice and recognition on communities, society and environment for further sustainable and stable growth of the Company's business.



(Mrs. Paichit Rattananon)
Chairman of the Board of Directors
27 February 2014

2013 Report of the Audit Committee

The Audit Committee consists of 3 independent directors who were qualified according to the rules and regulation of the Stock Exchange of Thailand. They have worked independently and completely as assigned by the Board of Directors and jointly participated in the meetings with the management, the internal auditors including the meetings in which certified auditors have jointed without the management's participation to raise and propose the matters, discuss and exchange their ideas towards the related agenda.

In 2013, there were 4 Audit Committee Meetings in which the Audit Committee's members have joined as follows:

1. Assoc. Prof. Kamjorn Tatiyakavee, MD. Chairman of the Committee 4/4 times
2. Assoc. Prof. Aekkachai Nittayagasetwat*, PH.D., FRM. Audit Committee 4/4 times
3. Pol. Gen. Jarumporn Suramaneer** Audit Committee 1/1 time

* The expertise in accounting and finance

** On August 9, 2013, Assoc. Prof. Pises Sethsathira, the Audit Committee holding this position since 2005, had resigned and in his replacement, the Board of Directors Meeting later appointed Police General Jarumporn Suramaneer, the independent director, as the new Audit Committee.

The significant tasks that the Audit Committee carried out and reported to the Board of Directors on quarterly basis can be summarized as follows:

Review of the Quarterly Financial Statements and 2013 Annual Financial Statements


The Audit Committee reviewed the auditors' report, financial position analysis as well as the Company's operating result by inquiring and acknowledging clarifications from the Company's management on accuracy, completeness and adequacy of the information disclosed in the Company's financial statements and its subsidiaries. Therefore, the Committee had agreed with the auditors that the financial report of them were arranged accurately and in compliance with the general accepted accounting principles with no any connected transaction and/or any significant conflict of interest transaction.

Review of Compliance with the Laws and Government Regulations The Audit Committee have strictly reviewed adhering to rules and laws of the Securities and the Stock Exchange of Thailand and other related laws and found no significant outstanding issue.

Review of the Internal Audit Control System and Internal Audit The Audit Committee always jointly reviews the internal audit control system, approves the annual internal audit plan, manpower, performance result of the internal auditors and give additional recommendations to the internal auditors on their performance so as to perform more appropriately and concisely and also proposes the Minutes of the Audit Committee Meetings including their significant internal audit result to the Board of Directors Meetings for acknowledgement and further improvement as recommended

Selection, Nomination and remuneration of the Independent Auditor The Audit Committee had considered the auditor's performance for the past year with realization on reliance, service capability and consulting provided on the accounting standard, auditing and punctual certification of the financial statements. The Audit Committee expressed our comments to the Board of Directors to later propose for approval to the 2014 Annual General Meeting of Shareholders for the appointment of Ernst & Young Office Limited as the 2014 Independent Auditor of TRC Construction Public Company Limited and Sahakorn Wisavakorn Co., Ltd. with remuneration of Baht 900,000 and Baht 820,000, respectively. Apart from the Company and Sahakorn Wisavakorn Co., Ltd., the captioned auditing company is not the auditor of the Company's other subsidiaries.

In conclusion, the Audit Committee has performed our duties under the scope and responsibilities as assigned by the Board of Directors with deliberation, carefulness, independence and could straightforwardly express our opinions and was of the view that the 2013 Company's and subsidiaries' financial statements has shown and contained significant and reliable information. The Company and subsidiaries have strictly performed their business operation under the effective internal control system and in compliance with the related rules and regulation of the Securities and the Stock Exchange of Thailand.



(Assoc. Prof. Kamjorn Tatiyakavee, MD.)
Chairman of the Audit Committee
27 February 2014

Directors' Responsibility Statement in Relation to the Financial Statements

TRC Construction Public Company Limited's Board of Directors is responsible for the financial statements of TRC and subsidiaries that are prepared under the generally accepted financial principle, consideration of appropriate accounting policy, constant adherence, cautious discretion, reasonable estimation method, sufficient and transparent information disclosure as shown in the notes to financial statements for interest of shareholders and investors.

The Board of Directors monitors and develops corporate governance practice including providing and maintaining risk management system as well as internal control so as to ensure that the accounting data are recorded correctly, thoroughly, in time and containing sufficient information to maintain assets and also protect any corruption or significant irregular proceedings. The Board of Directors appointed the Audit Committee consisting of the independent directors to monitor the Company's financial statements, assess the internal control system and internal audit to be effective and productive as details shown in the Audit Committee's report in this annual report.

The Board of Directors is of the view that the internal control system and internal audit of the Company and subsidiaries are reliable and can ensure that the financial statements of the Company and subsidiaries as ended 31 December 2013 represent financial status, operating performance and cash flow including disclosing the information in the notes to financial statements correctly in term of essential information.



(Mrs. Paichit Rattananon)

Chairman of the Board of Directors

27 February 2014

Report of the Remuneration and Nomination Committee

In 2013, the Board of Directors appointed Mrs. Podchanee Phaosavasdi, executive director to hold the position of the Remuneration and Nomination Committee and then the number of directors being the Remuneration and Nomination Committee increased from 5 to 6 persons comprising 4 independent directors (Assoc. Prof. Kamjorn Tatiyakavee, MD., Assoc. Prof. Pises Sethsathira, Pol. Gen. Jarumporn Suramanee and Assoc. Prof. Aekkachai Nittayagasetwat, PH. D., FRM.) and another 2 executive directors (Mr. Smai Leesakul and Mrs. Podchanee Phaosavasdi) of which mostly are independent directors (4 of 6 persons or representing 67%) and in relation to the corporate governance practice. The Board of Directors also approved an amendment to the charter of the Remuneration and Nomination Committee on item of composition and tenure to be in line with the increase of number of the Committee.

The Remuneration and Nomination Committee Meeting were arranged 3 times in 2013 in which the following matters were resolved:

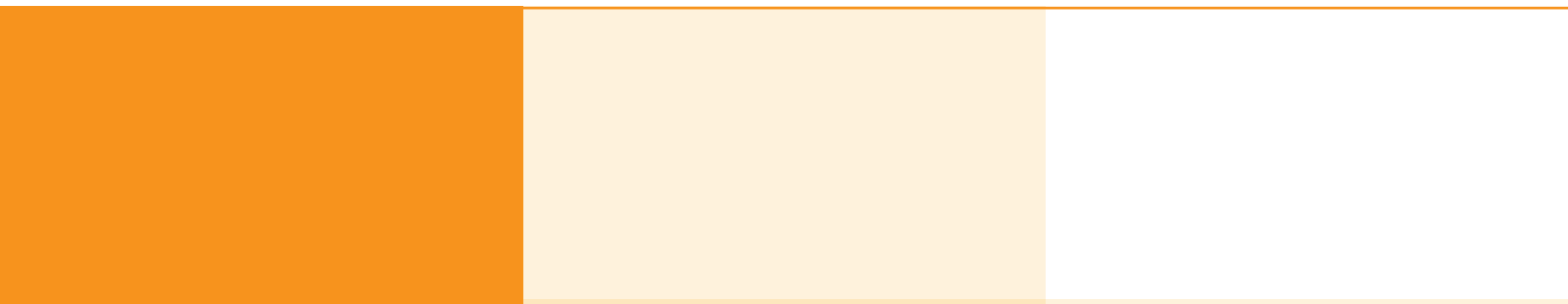
1. Consideration of overview criteria for 2013 salary increment and bonus payment of 2012 operating result prior to being proposed to the Board of Directors Meeting.
2. Assessment criteria for Chief Executive Officer to further propose for approval of the Board of Directors Meeting.
3. Co-Assessment, with the independent directors being the Remuneration and Nomination Committee, of Chief Executive Officer's performance in 2012 and consideration of his 2013 monthly remuneration and bonus for 2012 operating result to further propose for approval of the Board of Directors Meeting.
4. Consideration of 2013 directors' remuneration to further propose for approval of the Board of Directors Meeting and the Annual General Meeting of Shareholders, respectively.
5. Co-consideration of criteria and condition for the Employee Stock Options Program Project 2 (ESOP-W2) for directors and employees to further propose for approval of the Board of Directors Meeting and the Annual General Meeting of Shareholders, respectively.
6. Nomination and appointment of Mr. Pasit Leesakul to be a new director in replacement of Mr. Paitoon Goserakwong who retired.
7. Nomination and re-appointment of 3 directors retiring by rotation; Mrs. Paichit Rattananon, Assoc. Prof. Kamjorn Tatiyakavee, MD. and Mr. Arun Chirachavala to hold their directorship for another term.



(Assoc. Prof. Kamjorn Tatiyakavee, MD.)

Chairman of the Remuneration & Nomination Committee

The Board of Directors and Managements



Mrs. Paichit Rattananon

Age 58 years old

Chairman of the Board and Authorized Director of TRC

Authorized Director of SKW



Appointment Date to be TRC's Director 25 April 2005

Education

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

Training

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

Shareholding in TRC as at 31 December 2013 25.133% (205,236,316 shares)
Directly and indirectly holds the shares through
KPK 1999 Co., Ltd. in which Mrs. Paichit holds
55% of its shares

Family Relationship among Executives Mother of Mr. Pasit Leesakul, Director, Executive
Vice president and Vice President, Commercial
Division

Working Experience in the last 5 years

- ▶ 2013-present Director
Sahakarn Wisavakorn Company Limited
- ▶ 2008-present Director
TRC International Limited (Hong Kong)
- ▶ 2005-present Chairman of the Board
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 58 years old

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

Appointment Date to be TRC's Director 25 April 2005



Education

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

Training

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

Shareholding in TRC as at 31 December 2013 0.083% (674,378 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2009-present - Deputy Secretary-General
Office of the Education Commission, Ministry of Education
- ▶ 2005-present - Chairman of Remuneration and Nomination Committee
TRC Construction Public Company Limited
- ▶ 2001-2009 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

Pol. Gen. Jarumporn Suramanee

Age 60 years old

Independent Director, Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee and Risk Committee of TRC

Appointment Date to be TRC's Director 9 August 2007



Education

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

Training

Thai Institute of Director Association:

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

Shareholding in TRC as at 31 December 2013 0.060% (486,666 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2013-present Audit Committee and Risk Committee
TRC Construction Public Company Limited
- ▶ 2013-present Advisor Equivalent to Deputy Commissioner-General
Royal Thai Police
- ▶ 2012-present Corporate Governance Committee
TRC Construction Public Company Limited
- ▶ 2009-present Remuneration and Nomination Committee
TRC Construction Public Company Limited
- ▶ 2007-present Independent Director
TRC Construction Public Company Limited
- ▶ 2011-2013 Assistant Commissioner General
Royal Thai Police
- ▶ 2010-2011 Commissioner
Office of Forensic Science
- ▶ 2008-2010 Inspector General
Office of Inspector General, Royal Thai Police
- ▶ 2007-2008 Deputy Commissioner
Central Investigation Bureau

Mr. Arun Chirachavala

Age 60 years old

Independent Director, Chairman of Corporate Governance Committee and
Chairman of Risk Committee of TRC



Appointment Date to be TRC's Director 18 June 2009

Education

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

Training

Thai Institute of Director Association:

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

Shareholding in TRC as at 31 December 2013 None

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2013-present Chairman of Risk Committee
TRC Construction Public Company Limited
- ▶ 2012-present Chairman of Corporate Governance Committee
TRC Construction Public Company Limited
- ▶ 2012-present Independent Director, Chairman of Nomination and Compensation Committee
and Audit Committee
United Overseas Bank (Thai) Public Company Limited
- ▶ 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
- ▶ 2007-present Director and Executive Chairman
Krungdhep Sophon Public Company Limited
- ▶ 2006-present Director
Palang Sophon Company Limited
- ▶ 2008-2012 Independent Director and Chairman of Audit Committee
United Overseas Bank (Thai) Public Company Limited

Assoc. Prof. Pises Sethsathira

Age 57 years old

Independent Director and Remuneration and Nomination Committee of TRC

Appointment Date to be TRC's Director 25 April 2005

Education

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

Training

Thai Institute of Director Association:

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

Shareholding in TRC as at 31 December 2013 None

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
- ▶ 2005-present Independent Director
TRC Construction Public Company Limited
- ▶ 2005-2013 Audit Committee
TRC Construction Public Company Limited
- ▶ 1991-2012 Independent Director and Audit Committee
Thailand Iron Works Public Company Limited
- ▶ 2009-2010 Executive Vice President, Corporate Finance Law Division
Siam Commercial Bank Public Company Limited
- ▶ 2005-2009 Managing Director
Trinity Advisory 2001 Company Limited
- ▶ 1994-2009 Independent Director and Audit Committee
Scandinavian Leasing Public Company Limited



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

Age 50 years old

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

Appointment Date to be TRC's Director 25 April 2005



Education

PH.D. in Finance, University of Mississippi, U.S.A.

Financial Risk Manager: FRM[®], Global Association of Risk Professionals (GARP), U.S.A.

Training

Thai Institute of Director Association:

- Risk Management Committee (RMC) 10/2013
- Role of the Compensation Committee (RCC) 11/2010
- Director Accreditation Program (DAP) 35/2005

Shareholding in TRC as at 31 December 2013 0.030% (243,333 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
- ▶ 2010-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 German Thai Boiler Engineering Cooperation Ltd.
- ▶ 2005-present
 - Independent Director and Audit Committee TRC Construction Public Company Limited
- ▶ 2008-2010
 - Executive Director Securities Analysts Association
- ▶ 2007-2010
 - Dean National Institute of Development Administration

Mr. Smai Leesakul

Age 58 years old

- Authorized Director, Chief Executive Officer and Chairman of Management Committee of TRC and SKW
- Remuneration and Nomination Committee and Risk Committee of TRC

Appointment Date to be TRC's Director 9 May 2007



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

- Thai Institute of Director Association:
 - Financial Statements for Directors (FSD) 18/2012
 - Director Accreditation Program (DAP) 64/2007
- Capital Market Academy: Capital Market Academy Leader Program 7 (CMA 7)
- Urban Green Development Institute Bangkok: Bangkok Metropolitan Administration Executive Program (Mahanakorn 1)

Shareholding in TRC as at 31 December 2013 0.608% (4,962,840 shares)

Family Relationship among Executives Father of Mr. Pasit Leesakul, Director, Executive Vice president and Vice President, Commercial Division

Working Experience in the last 5 years

- ▶ Feb 2014-present - Chairman, Thailand Post Distribution Company limited
- ▶ 2013-present - Risk Committee and Chairman of Management Committee
TRC Construction Public Company Limited
- Director, SKK Joint Venture Company Limited
- ▶ 2012-present Director, Thailand post Company Limited
- ▶ 2011-present Director, TRC Engineering LLC (Sultanate of Oman)
- ▶ 2009-present Director, TRC Middle East 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 (Mauritius)
- ▶ 2007-present Director and Chief Executive Officer
TRC Construction Public Company Limited and Sahakarn Wisavakorn Company Limited
- ▶ 2002- present General Secretary, The Federation of Design and Construction Services of Thailand (FEDCON)
- ▶ 2006-2010 Director, Ratcha Ploen Company Limited

Mrs. Podchanee Phaosavasdi

Age 52 years old

- Authorized Director of TRC and SKW
- Management Committee, Corporate Governance Committee, Remuneration and Nomination Committee, Risk Committee, Executive Vice President and Vice President, Corporate Affairs Division of TRC
- President of SKW



Appointment Date to be TRC's Director 9 August 2007

Education

- Master of Business Administration-Marketing, Ramkamhaeng University
- Bachelor of Faculty of Arts, Chulalongkorn University

Training

Thai Institute of Director Association:

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

Shareholding in TRC as at 31 December 2013 None

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2013-present
 - Executive Vice President, Remuneration and Nomination Committee and Risk Committee
TRC Construction Public Company Limited
 - President
Sahakarn Wisavakorn Company Limited
 - Director
SKK Joint Venture Company Limited
 - Independent Director
Aqua Corporation Company Limited
- ▶ 2012-present
 - Corporate Governance Committee
TRC Construction Public Company Limited
- ▶ 2011-present
 - Director
TRC Engineering LLC (Sultanate of Oman)
- ▶ 2007-present
 - Director, Management Committee and Vice President, Corporate Affairs Division
TRC Construction Public Company Limited
- ▶ 2006-present
 - Director
Sahakarn Wisavakorn Company Limited

Mr. Pasit Leesakul

Age 30 years old

- Authorized Director, Management Committee, Executive Vice President and Vice President, Commercial Division of TRC
- Authorized Director of SKW



Appointment Date to be TRC's Director 21 March 2013

Education

Master of Business Administration: Corporate Finance Concentration
McCollum Graduate School of Business, Bentley University, U.S.A.

Training

- Faculty of Police Science, Royal Police Cadet Academy: Young Executive Program for law Enforcement (YPL 1)
- Thai Listed Companies Association: Director Accreditation Program (DAP) 105/2013
- King Prajadhipok's Institute: Political Leadership in the New Era Program (PNP 2)
- Thai Listed Companies Association: TLCA Executive Development Program (EDP 7)
- NIDA-Wharton: NIDA Executive Leadership Program (ELP 5)

Shareholding in TRC as at 31 December 2013 None

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

Working Experience in the last 5 years

- ▶ 2013-present
 - Director and Executive Vice President, Corporate Management TRC Construction Public Company Limited
 - Director SKK Joint Venture Company Limited
- ▶ 2012-present
 - Vice President, Commercial Division TRC Construction Public Company Limited
 - Director Sahakarn Wisavakorn Company Limited
- ▶ 2011-present
 - Management Committee TRC Construction Public Company Limited
- ▶ 2010-2012
 - 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.

Mr. Sakda Tantivathanakul

Age 56 years old

Management Committee, Vice President, Pipeline Operation Division of TRC

Education

Bachelor of Civil Engineering, Chiang Mai University



Shareholding in TRC as at 31 December 2013 None

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2013-present Vice President, Pipeline Operation Division
TRC Construction Public Company Limited
- ▶ 2005-present Management Committee
TRC Construction Public Company Limited
- ▶ 1999-2013 Assistant Vice President, Operation Division
TRC Construction Public Company Limited

Mr. Chaveng Reesrikitti

Age 55 years old

- Management Committee and Vice President, Processing Plant Operation Division of TRC
- Director of SKW



Education

Bachelor of Mechanical Engineering, Chiang Mai University

Shareholding in TRC as at 31 December 2013 None

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2013-present Vice President, Processing Plant Operation Division
TRC Construction Public Company Limited
- ▶ 2009-present Director
Sahakarn Wisavakorn Company Limited
- ▶ 2005-present Management Committee
TRC Construction Public Company Limited
- ▶ 1999-2013 Assistant Vice President, Operation Division
TRC Construction Public Company Limited

Ms. Ounruen Sujarittham

Age 46 years old

Finance & Investor Relations Manager and Company Secretary of TRC

Education

Master of Business Administration-Finance,
National Institute of Development Administration



Training

- Thai Listed Companies Association: Corporate Secretary Development Program 15/2007
- Thai Institute of Director Association: Company Secretary Program (CSP) 11/2005

Shareholding in TRC as at 31 December 2013 None

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2013-present
 - Finance & Investor Relations Manager
TRC Construction Public Company Limited
 - Director
Thai Packaging Industry Public Company Limited
- ▶ 2007-present
 - Company Secretary
TRC Construction Public Company Limited
- ▶ 2004-2013
 - Corporate Finance Manager
TRC Construction Public Company Limited

Ms. Rewadee Ardharn

Age 45 years old

Accounting Manager of TRC

Education

Master of Business Administration-Management, Eastern Asia University



Shareholding in TRC as at 31 December 2013 None

Family Relationship among Executives None

Working Experience in the last 5 years

- ▶ 2013-present Accounting Manager
TRC Construction Public Company Limited
- ▶ 2000-2012 Accounting and Finance Manager
TRC Construction Public Company Limited

1. Financial Highlights

Financial Highlights

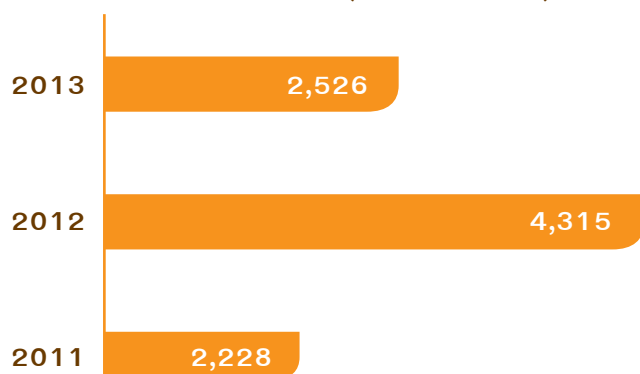
	2013	2012 (Restated)	2011
Statements of Financial Position and Income Statements (Million Baht)			
Total assets	1,977.00	2,502.85	2,377.97
Total liabilities	823.14	1,513.29	1,580.54
Shareholders' equity	1,153.86	989.57	797.43
Services income and sales	2,526.48	4,314.74	2,227.80
Total revenues	2,558.02	4,344.15	2,261.55
Gross profit	378.08	465.25	326.05
Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses	162.61	296.36	174.03
Finance cost	(0.02)	(0.004)	(0.09)
Share of loss from investment in joint venture and associate	(3.14)	(4.91)	(3.77)
Income tax expenses	(51.42)	(79.12)	(12.58)
Net income after tax	108.03	212.32	157.60
Minority interests of the subsidiaries	18.33	16.12	(8.56)
Net profit attributable to equity holders of the Company	126.36	228.44	149.04
Financial Ratio			
Gross profit margin	14.96%	10.78%	14.64%
Net profit margin	4.94%	5.26%	6.59%
Return on equity	11.79%	25.57%	20.20%
Return on assets	5.64%	9.36%	8.61%
Debt to equity (Time(s))	0.71	1.53	1.98
Information about Common Shares			
Par value per share (Baht)	0.50	1.00	1.00
Dividend per share (Baht)	0.05 ⁽²⁾	0.13 ⁽¹⁾	0.12
Dividend payout ratio	52.87%	50.27%	79.51%
Earnings per share (Baht)	0.15	0.28 ⁽³⁾	0.45
Book value per share (Baht)	1.41	2.94	2.39
Number of issued and paid-up ordinary shares (Shares)	816,586,773	336,585,589	333,558,339
Closing market price at the end of December (Baht per Share)	2.92	7.35	3.20
Market capitalization (Million Baht)	2,384.43	2,473.90	1,067.39

* Note:

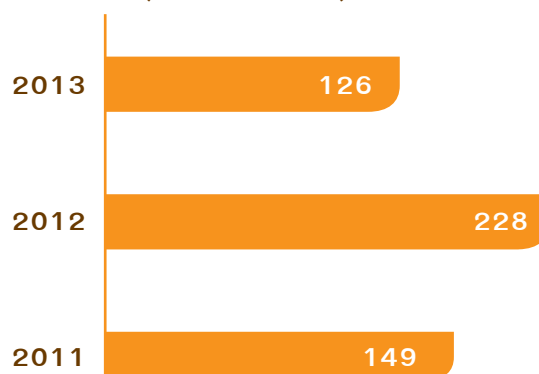
1. On 23 May 2013, the company paid cash dividend and stock dividend of Baht 0.050358 per share and Baht 0.083336 per share for the 2012 operating performance (or 6 existing shares per 1 newly issued share), respectively. Such dividend payment was based on par value of Baht 1 per share.
2. The dividend payment for the 2013 operating performance of Baht 0.05 per share will be proposed to the 2014 Annual General Meeting of Shareholders for approval on 24 April 2014.
3. 2012 EPS was based on par value at Baht 0.50 per share.

Financial Highlights

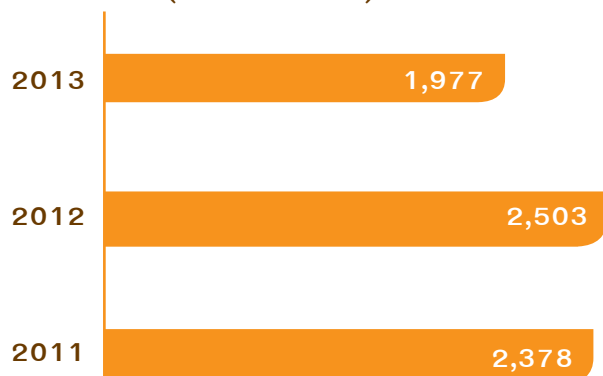
Services Income & Sales (Million Baht)



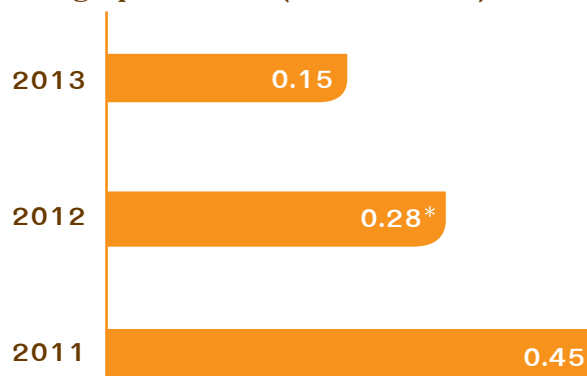
Net Profit (Million Baht)



Total Assets (Million Baht)



Earnings per Share (Million Baht)

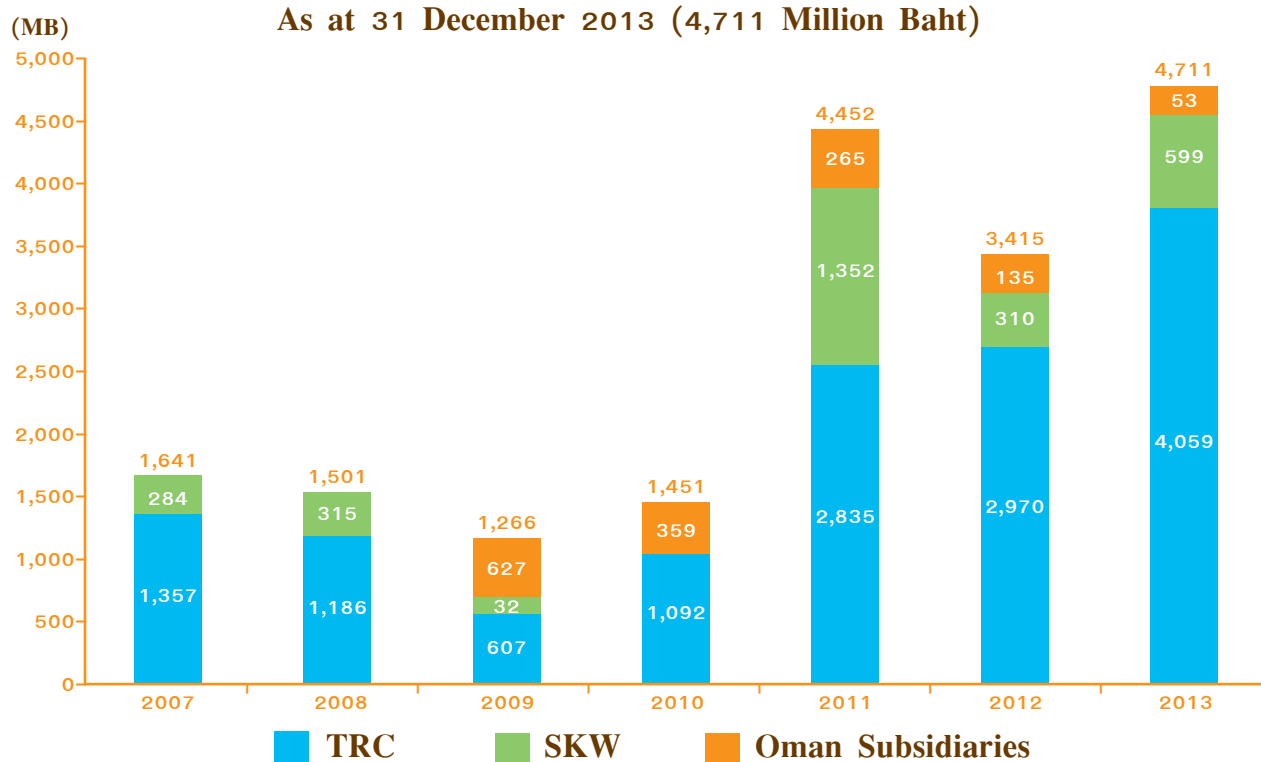


* 2012 and 2013

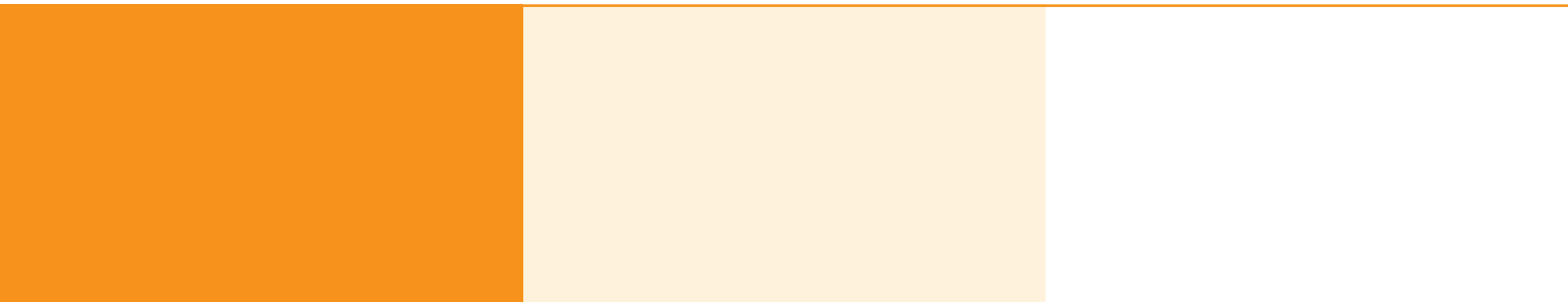
par was based on par value at Baht 0.50 per share

Backlog on Hand

As at 31 December 2013 (4,711 Million Baht)



2. Business Policy and Overview



Business Policy and Overview

1. Vision and Mission as approved by the 6/2013 Board of Directors Meeting on 13 November 2013

• Vision

To become the leading contractor of Thailand and Asian region delivering the EPC construction services for both natural gas pipeline projects and petrochemical industry plants as well as stepping up to become an investment developer in energy business with good governance practice emphasizing on safety standard, environmental, societal and community cares for sustainable and constant growth.

• Mission

To adhere to working with quality and in accordance with acceptable standard and customers' satisfaction with the mission of treating towards the followings stakeholders in various groups under the corporate governance :

Employees: to enhance a dignity concept of working with the organization, place importance on human right respect and labor treatment on fairly and safety basis as well as human resource development, and promote skills training in specific fields in parallel with team working management, knowledge and experience sharing from one generation to another.

Shareholders: to operate and manage business under the good governance for maturity yield on fairly and equally basis for all shareholders.

Customers: to aim at developing the service to deliver works with quality and safety to be in line with customers' satisfaction and required standard with on-time delivery and fair price.

Partners and Competitors: to mutually manage the business under the competition rule on fairly basis together with enhancing a good relationship with partners and business networks on mutual benefit basis for long-term relationship.

Community/Society/Nation: to emphasize on the impact management towards environment, community and society with a continuous policy of annual budget provision for CSR activities both internally and externally. The objective is to encourage responsibilities for community and environmental development as well as returning benefits to society and community so as to address a sustainable development.

2. Change and Major Developments

TRC Construction Public Company Limited has been incorporated since 20 November 1998 with 1 million of registered capital to provide service for transmission pipeline system and petrochemical and process plant construction and engineering. The Company has continuously expanded an investment base together with business operation and has listed to the Market for Alternative Investment since 22 December 2005. Later, due to suitable qualifications to be as registered company in SET, on 23 April 2013, the Company moved from MAI to SET main board on 23 April 2013 in the Section of Property Development under the Group of Property and Construction and also on 2 January 2014, SET moved the Company's securities from Property Section to Construction Business Section.

The Company has developed and expanded 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 in 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 540 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 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. 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, 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 holding 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 Real estate Bureau for the land area of 6 rai on Rachdamri Road adjacent to Grand Hyatt Erawan Hotel to develop a large scale real estate 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 357 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 Investment Limited in Republic of Mauritius and TRC International Limited in Hong Kong of which all shares were held by TRC Investment Limited. TRC International Limited invested in Ratcha Ploen Co., Ltd. resulting to TRC's and TRC International's share 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 Sahakorn Wisavakorn undertook the structural and architectural works for Baht 372 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 160 million.

5. Natural Gas Transmission to NGV Station of PTT Public Company Limited for Baht 242 million (totally 14 stations)

6. Natural Gas Pipeline for Bang Pa-In Industrial Estate, Ayutthaya of PTT NGD Co., Ltd. for Baht 131 million.

Apart from domestic bidding, the Company seeks for new opportunity to extend its business to abroad by entering bidding and being 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 Riel 9.96 million with 3-year contract (May 2009–April 2012) which was undertaken by the Company’s subsidiary, TRC Middle East LLC (changed from the former name TRC & Al-Ghalbi LLC in 2012), 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 Phase 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 252 million
3. N/G Distribution for Rojana Industrial Estate from PTT Natural Gas Distribution Co., Ltd. for Baht 130 million

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 million earning capital gain from share sale of Baht 59 million (including Baht 21 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 million and USD 4.75 million.

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 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 2012, the Company had started the Gas Pipeline Construction Work for the Independent Power Plant (IPP) Projects with work value of Baht 1,185 million and USD 16.345 million
2. PTTAR–IRPC Multiproduct Pipeline from IRPC Public Company Limited with work value of Baht 733 million
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 million and Baht 58 million, respectively.

Sahakarn Wisavakorn was awarded for the large scale project for an Ethanol Processing Plant with a capacity of 400,000 liter per day for the part of Plant Outside Battery Limit: OSBL with construction work value of Baht 2,134 million from Ubon Bio Ethanol Co., Ltd. which is the incorporated company of Thai Oil Ethanol Co., Ltd and Bangchak Petroleum Public Company Limited.

Due to the success business operation of TRC Middle East LLC, the subsidiary in the Sultanate of Oman, it encourages TRC to focus on the abroad business expansion to establish another subsidiary in the Sultanate of Oman namely TRC Engineering LLC in which TRC International Limited holds 70 % share. TRC Engineering LLC was awarded for 3 projects in 2011 with a total of work value of Omani Rial 2.9 million or approximately of Baht 232 million. One of those 3 projects is the project of PTTEP Oman Co., Ltd., a subsidiary of PTTEP Public Co., Ltd. also running its business in the Sultanate of Oman.

The Company's directors and employees have exercised their rights for warrants of ESOP (TRC-WA1) continuously from the previous year. An aggregate of the 2nd- 5th exercising of their rights was 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

2012

- The Company and subsidiaries were awarded for the following projects:

1. The Company was awarded for the designing, procurement and construction of the 28" transmission pipeline project with 21 kilometer in length and Metering Station to serve Uthai Power Plant which is the large power plant in Rojana Industrial Estate (GUT Gas Pipeline Project) from Gulf JP UT Co., Ltd. with work value of Baht 1,547 million.

2. Sahakarn Wisavakorn was awarded for the construction of reinforced building and infrastructure or Civil works for ABS VI/Green ABS Expansion Project from Thai ABS Co., Ltd. with work value of Baht 280 million.

3. TRC Middle East LLC, a subsidiary in Sultanate of Oman was extended the period of contract for Construction of Flow Line Rima Satelites Small Fields from the existing contract of 3 years to plus 1+1 years, totally of work value to be approximately Omani rial 4.8 million.

- The 2012 Annual General Meeting of Shareholders approved the increase of the Company's registered capital under the General Mandate from Baht 337,699,934 to Baht 471,502,434 by issuing the 133,802,500 newly issued ordinary shares at par value of Baht 1 per share.

- On 30 July 2012, it was the last day of ESOP Warrants Program or TRC-WA1 for which the exercising rights were periodically done on every 30th day of end of each quarter starting from 30 September 2010 totally 9 times. An aggregate of exercising rights was 6,586,000 units incurring a total of 6,586,000 shares of ESOP warrants enabling an increase to the Company's registered capital as of 31 December 2012 at Baht 471,502,434 and paid-up capital at Baht 336,585,589.

2013

- The Company and subsidiaries were awarded for the following significant projects:

1. TRC was awarded for PTT Plc.'s projects as follows:

- Navanakorn Rangsit Interconnecting Gas Pipeline Project with work value of Baht 834.01 million and USD 7.55 million

- Provincial Gas Transmission Pipeline Project to Nakhon Ratchasima under cooperation of Sinopec-TRC Joint Venture (incorporated between Sinopec International Petroleum Service Corporation, from the People's Republic of China, to carry out the captioned project with share portion of 70:30, respectively) and work value of Baht 4,433.65 million and USD 103.45 million.

2. Sahakarn Wisavakorn Co., Ltd. was awarded for

- PTT Plc.'s construction project of Pipeline Operation Center - Region 8 and the construction project of the Energy Laboratory of Applied Building with work value of Baht 206.70 million and Baht 275 million, respectively

- TICON Logistic Park Co., Ltd.'s Road, Bridge and Drainage System Phase I Project with work value of Baht 163.61 million

- Alucon Public Company Limited's Architectural Construction and Sanitary Works for New Warehouse, Building 9 Project (Sriracha) : Phase II with work value of Baht 93.48 million

3. TRC Engineering LLC was awarded for Front End Engineering and Design (FEED) for SR-WWTP Odor Abatement Project of Oman Refinery and Petrochemical Industry Company with work value of OMR 350,000 under cooperation with IRPC Plc.

- Sahakarn Wisavakorn Co., Ltd. established a subsidiary namely "SKK Joint Venture Co., Ltd." under cooperation with Kuedo Kongyung Co., Ltd., the strategic partner from South Korea, with share portion of 90:10, respectively to enter into project bidding of the State Railway of Thailand.

- The 2013 Annual General Meeting of Shareholders had passed its resolution on the registered capital and issuance of the Employee Stock Options Program Project 2 (ESOP-W2) to directors and/or employees as follows:

- Approved change of the ordinary share par value from Baht 1 to Baht 0.50.

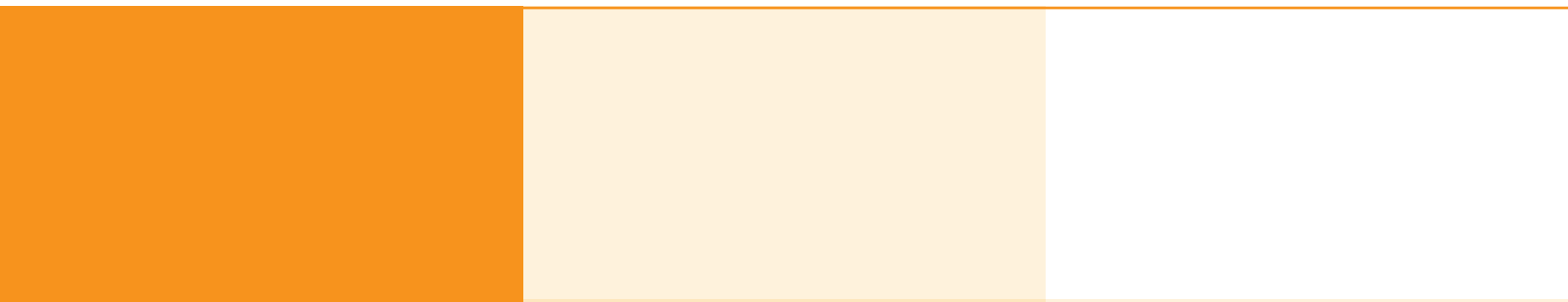
- Cancelled the general mandate and decrease the registered capital reserved for the captioned mandate and ESOP-W1.

- Approved an increase of registered capital from Baht 336,585,589 to Baht 425,514,868.50 by issuing 177,858,559 new ordinary shares at par value of Baht 0.50 to support the dividend payment, ESOP-W2 exercising and the capital increase by right offering to existing shareholders according to their share holding proportion.

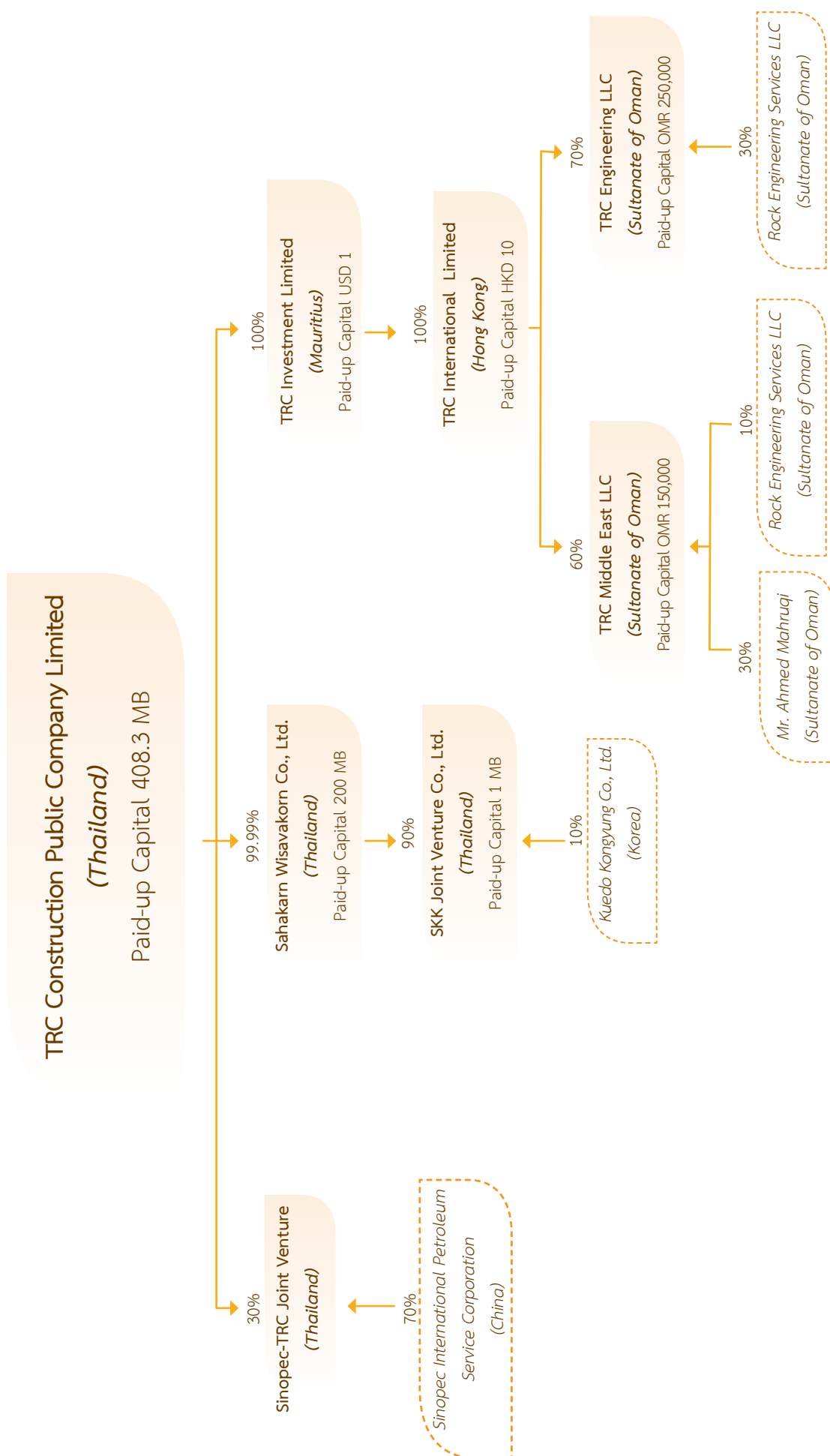
- The Company issued the number of 112,146,533 stock dividends, called existing shareholders for share subscription of 31,269,062 shares and issued ESOP-W2 to directors, executives and employees totally 31,600,000 units in May, June and July 2013, respectively. As end of 2013, the Company's registered capital was Baht 425,514,868.50 and paid-up capital of Baht 408,293,386.50.

- In April 2013, the SET moved the Company from mai to SET Main Board and later in November, 2013 the Company obtained the Top Corporate Governance Report Awards - mai of the SET Awards 2013 awarded to the company having an outstanding performance on good corporate governance report. In addition, the Company also obtained the Outstanding Company Performance Awards, company listed on mai and Mr. Smai Leesakul, Chief Executive Officer, obtained the Outstanding CEO Awards, CEO of company listed on mai, respectively.

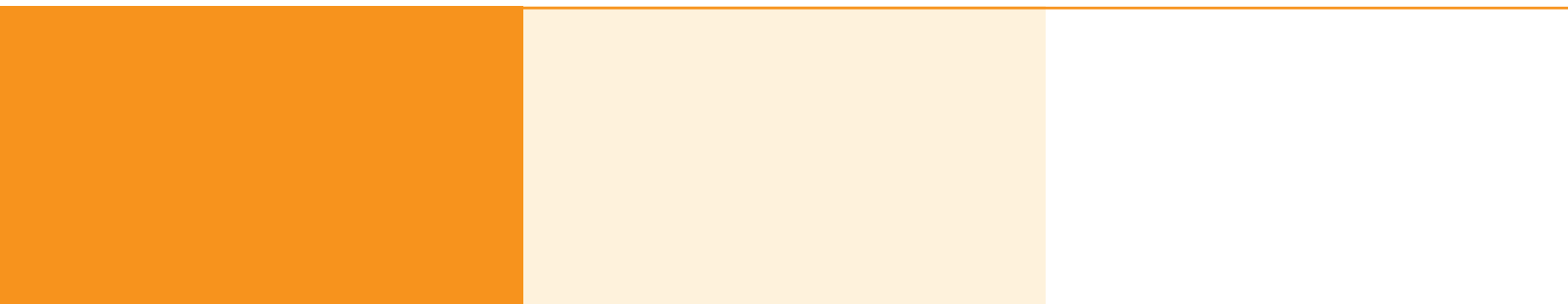
3. TRC Group Structure as at 31 December 2013



TRC Group Structure as at 31 December 2013



4. Nature of Business



Revenue	Operated by	Percentage Of Share Holding	2011		2012		2013	
			Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
1 Services income and sales								
1.1 Revenue from Pipeline System Construction	TRC		999.71	44.20	1,688.35	38.87	1,743.27	68.15
	TRC Middle East	60.00%	281.25	12.44	177.39	4.08	240.24	9.39
	TRC Engineering	70.00%	28.51	1.26	203.49	4.68	16.35	0.64
Total			1,309.48	57.90	2,069.24	47.63	1,999.86	78.18
1.2 Revenue from Engineering System Installation and Factory Construction for Energy and Petrochemical Business	TRC		79.22	3.50	701.37	16.15	97.68	3.82
	SKW	99.99%	812.07	35.91	1,477.20	34.00	149.28	5.84
Total			891.29	39.41	2,178.57	50.15	246.96	9.65
1.3 Revenue from Civil Work Construction	SKW	99.99%	14.18	0.63	62.84	1.45	226.60	8.86
1.4 Sales	TRC		2.93	0.13	–	–	45.07	1.76
1.5 Revenue from Other Services	TRC		3.87	0.17	4.10	0.09	–	–
	SKW	99.99%	–	–	–	–	8.00	0.31
	TRC Inter	100%	6.07	0.27	–	–	–	–
Total sales and services income			2,227.80	98.51	4,314.74	99.32	2,526.48	98.77
2 Interest income			10.88	0.48	6.99	0.16	2.54	0.10
3 Other income			22.87	1.01	22.42	0.52	29.00	1.13
Total revenues			2,261.55	100.00	4,344.15	100.00	2,558.02	100.00

1. 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 in real estate, power plant and petrochemical. TRC has its subsidiaries; Sahakarn Wisavakorn Co., Ltd., the over 50-year experienced civil contractor, and another 2 subsidiaries in the Sultanate of Oman; TRC Middle East LLC and TRC Engineering LLC.

TRC may propose bids by itself, coordinate with local/international partners or form a joint venture or consortium to enter into bidding and manage the projects. In December 2013, the Company incorporated with Sinopec International Service Corporation to establish Sinopec-TRC Joint Venture to carry out the Provincial Gas Transmission Pipeline Project to Nakhon Ratchasima of PTT Plc. with work value of Baht 4,433.65 million and USD 103.45 million

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 the most effective service to customers.

2. **Procurement** service is the service that TRC procures the construction materials as per the customers' requirements 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 works 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 core 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 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-Kaengkhroi 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). Until now, the Company itself can enter into bidding for large scale project of natural gas pipeline. In addition, the Company has been specialized in 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 project development of energy, real estate, 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, the overseas energy industry project, etc.

4. The Overseas Business Unit

The Company has expanded its business to abroad through the cooperation with both domestic and international partners.

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

Sahakarn Wisavakorn Co., Ltd. “Sahakarn Wisavakorn”, 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 has 4 main types of business: 1) general construction, 2) infrastructure construction, 3) buildings construction, and 4) factories construction in term of road, bridge, building, educational institute and industrial plant construction. Sahakarn Wisavakorn’s services covers from an architectural design up to a completion of building construction.

Sahakarn Wisavakorn’s business had a continuous growth until in 1997, it confronted with the financial crisis and entered into rehabilitation program in 2000. Eventually, Sahakarn Wisavakorn 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 swapped their shares with TRC Construction Public Company. As a result, Sahakarn Wisavakorn has become a subsidiary of TRC Construction Public Company since the second quarter of 2007.

Sahakarn Wisavakorn 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 can enter into highly valued public sector project biddings. In addition, in January 2012, Sahakarn has been certified for its ISO 9001:2008 representing its international standard of works.

- **Subsidiaries in Sultanate of Oman**

- **TRC Middle East LLC** was established in 2009 as the entity for specific purpose to operate the construction of Flow Lines Rima Satellites Small Fields awarded by Petrogas Rima LLC. The nature of works was to construct the distribution pipeline for crude oil with the 3-year first contract (May 2009-April 2012) and upon the customer’s satisfaction, in 2012 the contract was additionally extended for 1 year + 1 year (end in April 2014).

- **TRC Engineering LLC** was established in 2011 for construction business in relation to energy business. In 2011, the company was awarded by PTTEP (Oman) Co., Ltd. for the crude oil pipeline construction project with the period of contract to be finished at the end of 2012.

Projects on Hand

As of 31 December 2013, the Company and its subsidiaries had projects on hand as below summary.

	Number of the Projects	Uncompleted Work Value (MB)
TRC Construction Public Company Limited	8	4,058.57
Sahakarn Wisavakorn Co., Ltd.	13	599.34
TRC Middle East LLC, Sultanate of Oman	1	25.26
TRC Engineering LLC, Sultanate of Oman	1	27.94
Total	23	4,711.11

- TRC Construction Public Company Limited

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
1. Provincial Gas Transmission Pipeline to Nakhon Ratchasima (The Project value 4,433.65 MB and USD 103.45 Million)	E,P,C	PTT Public Company Limited	2,352.73 (Only TRC's part approximately of 30%)	2,352.73 ⁽²⁾	Nov 13 - Apr 16
2. Navanakorn-Rangsit Interconnecting Gas Pipeline Project (The Project value 834.01 MB and USD 7.55 Million)	E,P,C	PTT Public Company Limited	1,081.44	974.24 ⁽²⁾	Jul 13 - Apr 15
3. GUT Gas Pipeline Project	E,P,C	Gulf JP UT Co., Ltd.	1,547.43	680.87	Aug 12 - Jul 14
4. Co2 Membrane GSP#6	E,P,C	PTT Public Company Limited	55.20	39.27	Oct 13 - Jun 14
5. Mechanical Work for Metering PTTGC I1 6" N2 Pipeline PTTGC I1	P,C	Linde (Thailand) Public Company Limited	5.38	5.38	Dec 13 - Mar 14
6. Installation Equipment, Piping Electrical and Instrument System for LP flare Project Olefins Plants 1-4	E,P,C	PTT Global Chemical Public Company Limited	39.25	3.76	Jan 13 - Aug 13
7. Mechanical Work for Metering PTTGC I4 Improved GAN Metering PTTGC I4	E,P,C	Linde (Thailand) Public Company Limited	1.55	1.55	Dec 13 - Apr 14
8. Internal cleaning PIG for MPPL	E	IRPC Public Company Limited	1.53	0.77	Jun 13 - Dec 13
Total 8 Projects			5,084.51	4,058.57	

- Sahakarn Wisavakorn Co., Ltd.

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
1. Construction the Energy Laboratory of Applied Building, Amphur Wangnoi, Pra Nakorn Sri Ayutthaya Province	E,P,C	PTT Public Company Limited	275.00	275.00	Dec 13 - Apr 15
2. Construction of Region VIII Pipeline Operations Center, AmphurThamong, Kamjanaburi Province	E,P,C	PTT Public Company Limited	206.70	182.93	Oct 13 - Oct 14
3. Architectural Construction and Sanitary Works for New Warehouse, Building 9 Project (Sriracha) - Phase II, Tambol Bo Win, Amphur Sriracha, Chonburi Province	E,P,C	Alucon Public Company Limited	93.48	69.18	Aug 13 - Mar 14
4. TICON Logistic Park Road, Bridge and Drainage SystemProject, Amphur Wang Noi, Ayuthaya Province	C	Ticon Logistics Park Company Limited	175.11	39.41	Jun 13 - Feb 14
5. Construction, renovation and office area hospice BVW01 Moo 1 ,Pi-lock , Thong Pha Phum, Kamjanaburi Province	E,P,C	PTT Public Company Limited	12.00	11.07	Dec 13 - May 14
6. Construction Concrete road on Highway No. 1046 Noen Khilek, Amphur Lat Yao, Nakomsawan Province	C	Department of Rural Roads	5.59	5.59	Sep 13 - Jan 14
7. Bridge Bang Wai Project, Tambol Num Song, Amphur Phayuhakiri, Nakomsawan Province	C	Department of Rural Roads	4.98	4.98	May 13 - Dec 13
8. Water Treatment Plant for Wangnoi Power Plant, Ayudhaya Province	E,P,C	Electricity Authority of Thailand	20.36	4.40	Sep 11 - Oct 13
9. Preservation and Rehabilitation Resource of Water Construction at Hwuay Mai Ka Tu, Tambol San Zao Kai Tor, Amphur Lad Yao, Nakomsawan Province	C	Department of Water Resources	1.84	1.84	Nov 13 - Feb 14
10. Preservation and Rehabilitation Resource of Water Construction, Tambol Nong Yao, Amphur Lad Yao, Nakomsawan Province	C	Department of Water Resources	1.83	1.83	Nov 13 - Feb 14
11. Preservation and Rehabilitation Resource of Water Construction, Ban Nong Num Puay, Tambol Ban Rai, Amphur Muang, Nakomsawan Province	C	Department of Water Resources	1.81	1.81	Dec 13 - Mar 14
12. Preservation and Rehabilitation Resource of Water Construction, Ban Suan Luang - Ban Klong Ka Dan, Tambol Ban Rai, Amphur Muang, Nakomsawan Province	C	Department of Water Resources	1.12	1.12	Dec 13 - Mar 14
13. Pile Driving	P,C	Channakorn Engineering Company Limited	0.95	0.18	Aug 13 - Mar 14
Total 13 Projects			800.78	599.34	

- TRC Middle East 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 extension contract another 2 years, work value approximately of OMR 4.8 Million)	E,P,C	Petrogas Rima LLC Sultanate of Oman	384.65	25.26 ⁽³⁾	May 12 - Apr 14
Total 1 Project			384.65	25.26	

- TRC Engineering LLC (Sultanate of Oman)

Project Name	Type ⁽¹⁾	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
Front End Engineering and Design (FEED) for SR-WWTP Odor Abatement Project (The Project value OMR 350,000)	E	Oman Refinery and Petrochemical Industry Company Sultanate of Oman	27.94	27.94 ⁽³⁾	Dec 13 - Feb 14
Total 1 Project			27.94	27.94	

Notes:

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

(2) The value of uncompleted works from PTT Public Company Limited using Fx at Baht 32.9494 per USD

(3) The value of uncompleted works from the group at TRC Middle East LLC using FX at Baht 89.8174 per OMR

2. Marketing and Competition

Competitive Strategy

The competitive strategies and business policies of the Company and subsidiaries are as follows:

1. Quality Control: The Company has a policy to control the quality of works to be in line with the customers' requirement and deliver the works punctually in order to obtain customers' satisfaction.

2. Reputation and Experiences of Engineers in Management Level: With over than 20-year acceptable reputation and expertise in engineering field, the Company's management are capable to oversee and monitor the engineering managers' works in all projects.

3. Past Credentials: With reference to quality of works and good performance in the past, the Company has gained some respects and reliance to execute a large scale projects in both natural gas pipeline and processing plant construction of energy and petrochemical industries in a form of turn-key projects. In addition, the business expansion to overseas enables customers to rely on and have confidence to not only return for the Company's service but also recommend others for the Company.

4. Employees' Capabilities: There are a large number of skilled employees providing efficient services to customers; in the meantime, the Company has a retention policy with training courses arrangement for them consistently.

5. Cooperation with Partners: To reinforce competency for obtaining new projects from both domestic and international customers, the Company has cooperated with strategic partners having technology and petrochemical products to increase capabilities for competitive prices and overseas business expansion.

Policy and Competitive Situation in 2013 and Future Trend

1. The Company's marketing policy is to maintain domestic customer base in which TRC is a leading contractor of natural gas pipeline construction and petrochemical industry obtaining reliance of the domestic main customer, PTT Plc. In addition, TRC has also focused on a marketing expansion to the natural gas pipeline projects for the power plants used the natural gas as fuel for power generation of both independent power plants (IPP) and small power plants (SPP). Main revenues have been mainly in domestic works whereas seeking an opportunity to expand business for overseas projects have been also undertaken in parallel. Previously, TRC had cooperated with the strategic partners to enter into bidding in the Sultanate of Oman and Republic of the Union of Myanmar and also established 2 subsidiaries in the Sultanate of Oman for engineering and construction works related to energy, oil, gas and petrochemical industries as the commencement of the expansion business policy to overseas.

In addition, the Company expanded its business to the constructions of alternative energy such as bio-ethanol and biodiesel production to respond to the alternative energy strategy of the public sector especially for an opportunity of energy construction industry growth in another 2-3 years ahead. ASEAN Economic Community (AEC) will be also one of significant factors to support the Company's business growth as a result of economic growth in ASEAN region especially for energy alternative investment and infrastructure construction projects.

2. **Competitive Situation:** Since the Company's core business is a contractor of natural gas pipeline projects, there are a few competitors having experience in large scale and long-distance pipeline works. With experience in this field, TRC is then capable to enter into bidding for large scale projects.

As per the Energy Policy and Planning Office (EPPO), the natural gas consumption in various sectors was assessed to increasingly grow continuously and most will be firstly used as fuel in power generation sector and secondly in petrochemical industry and others. In addition, the economic stimulus policy of the public sector causes an increase of demand of natural gas and petrochemical industries. As a result, the construction industry of the natural gas pipeline and products in energy industry tends to be grown up constantly to respond to energy demand and domestic economic growth.

Nature of Customers and Target Customers

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

PTT Group of Companies is the major customer as shown in the item of "Risk Factor", Page 51.

For Sahakarn Wisavakorn Co., Ltd., the target customers are public sectors providing the basic infrastructure service to the public such as Department of Highway, Department of Rural Roads, Department of Irrigation, etc. as well as private sector companies in property, energy and petrochemical industries.

Industry Overview

• Construction Industry for Natural Gas Pipeline/Transmission Pipeline Projects

• Overview

For the investment and natural gas transmission pipeline network including supply and distribution, currently PTT Plc. ("PTT") is the sole buyer, distributor and owner including managing and developing the natural gas transmission pipeline network of Thailand. The network links the natural gas resources in the Gulf of Thailand and the gas pipeline from the Union of Myanmar's Yadana and Yadagun gas fields, located at the border of Thailand-Myanmar, with the electricity generating companies, gas separation plants and industrial customers.

For distribution pipeline system, apart from PTT, the investor and operator, 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 transports and natural gas distribution to customers in industrial zones around Bangkok and boundary.

As of 31 December 2012, PTT's transmission pipeline network of 3,714 kilometer length consisting of onshore transmission pipeline of 1,474 kilometer length and offshore transmission pipeline of 2,240 kilometer length (excluded another 511 kilometer length of the distribution pipeline connected to industrial customers).

According to the Energy Policy and Planning Office (EPPO), Ministry of Energy, assessment on overall energy consumption of Thailand in 2013, it was found that natural gas was the most popular energy representing 46% of overall energy consumption. The average quantity of natural gas consumption was 4,602 million cubic feet per day increasing 1.5% from 4,534 million cubic feet per day in 2012. Considering the proportion of natural gas consumption in various sectors, it was found that 59% of natural gas was mostly used as fuel in power generation and secondly used for industrial sector consisting of 20% as raw material in petrochemical industry (gas separation plants), 14% as fuel in industrial plants and 7% as fuel in transportation sector (NGV).

An increase of natural gas demand is the effect of the domestic economic growth. The Office of the National Economic and Social Development Board (NESDB) forecasted that Thailand economic growth in 2013 would be higher at 3%. An increase demand would be reflected at 10.4% in transportation sector resulting from the public policy on NGV consumption as alternative fuel for vehicles in replacement of oil and the additional NGV stations to respond to NGV increasing demand. As ended October 2013, there were 486 NGV stations throughout Thailand with 433,560 NGV vehicles increasing 20.6 % from the same period of previous year. For power generation sector, the natural gas consumption increased 2.1% resulting from the business sector's and industrial growth. In 2013, the small power plants and cogeneration plants using natural gas started to release electricity to the system with production capacity of 1,170 megawatt causing an increase of demand of natural gas for power generation in SPP from 419 million cubic meter in 2012 to 591 million cubic meter per day or representing 41.1 increase whereas in industrial sector, demand of natural gas for industrial plants increased 1.1% but decreased at 2.6% for being used as raw material in petrochemical plants.

- **Trend**

As per EPPO's forecast the consumption of natural gas in 2014 will increase 4.0 % from last year and be in line with economic growth and Thailand economic situation in 2014 will grow up at 4.0-5.0% with supporting factors from recovery of global economic situation causing a positive effect to the export sector including with trade partners' economic growth such as Japan, People's Republic of China and ASEAN.

An increase of natural gas consumption as fuel in power generation sector is another main factor causing an increase of natural gas demand since there will be power plants using natural gas as fuel according to the Power Development Plan : PDP which will start their power production in 2014; Wang Noi Power Plant in Ayutthaya (Block 4), Jana Power Plant in Songkhla (Block 2) and Nong Saeng Power Plant in Saraburi of Gulf JP NS Co., Ltd. which are the large plant including Cogeneration Plant of SPP private producers. Those will have their production capacity of 3,421 megawatt to support people's electricity demand in the future. It is also expected that natural gas consumption in transportation sector may be higher a little bit in case there is a clear conclusion of NGV costing study leading to higher retail NGV price adjustment.

For the assessment of natural gas consumption during 2010-2014, it is forecasted that the average increase of consumption will be 6% per year with 4,821 million cubic feet per day resulting from the domestic economic growth and responding to high demand of power

generation sector according to PDP. As per PDP B.E. 2010-2030, 3rd Revision (PDP 2010), the power generation will increase in cogeneration plants using natural gas as alternative fuel to compensate a decrease of power from nuclear power generations that are postponed to another 3 years, from 2023 to 2026, a decrease of power supply from coal power plants including a limitation of power buying proportion from abroad at not over than 15% of the overall power production capacity. However, in long-term since 2015-2030, it is forecasted that demand of natural gas consumption will increase to 5,542 million cubic feet per day in 2030 or grow averagely 1% per year.

The National Energy Policy Commission (NEPC) approved the long-term natural gas supply plan to support demand tending to be higher in both power generation, industrial and petrochemical industry and transportation sectors. PTT has planned to additionally supply natural gas from new resources in Thai Gulf and neighbor countries as well as a planning to additionally import LNG to protect natural gas shortage in some period.

In addition, NEPC had approved the revision of the Natural Gas Transmission Master Plan, Volume 3 (2nd Revised) on 4 October 2012 as investment guideline for natural gas transmission constructions by increasing the investment budget for natural gas transmission constructions to upcountry and efficiency of natural gas transmission system project to be in line with the natural gas supply plan and to increase an efficiency of natural gas transmission system for highest benefit of the investment for natural gas transmission network expansion. Currently, PTT's natural gas transmission network has its highest capacity of 4,380 million cubic feet per day extensive through the eastern area (Rayong, Choburi and Chacherngsao), western area (Karnchanaburi and Rachaburi), lower middle area (Bangkok, Nonthaburi, Pathumthani, Nakhon Prathom, Samutprakarn, Samutsakorn, Ayutthaya and Saraburi). After the investment of the Natural Gas Transmission Master Plan, Volume 3 (2nd Revised), the highest supply capacity will be 7,780 million cubic feet per day extensive through lower northern area (Nakhon Sawan) and lower northeastern area (Nakhon Ratchasima) with capability to support natural gas demand until 2022.

Considering PTT's 5-year Plan (2014-2018) under the budget of Baht 326,575 million, it is found that the investment will mostly spent for natural gas business which is PTT's core business of totally Baht 137,847 million or representing 42% of a total of investment. Most of the investment consist of an expansion of natural gas transmission network including extended capacity of LNG import to respond to an increase demand of natural gas and secondly, the co-investment and investment in its subsidiaries in which PTT holds 100% shares under a total budget of Baht 122,453 million or equivalent to 38% for overseas energy business. In addition, there will be an investment to extend import, distribution and LPG transportation capability of oil business and secondly an investment in oil business and international trading, totally Baht 54,915 million or equivalent to 17% as well as an investment in head office business and others, totally Baht 11,360 million or equivalent to 3%.

PTT's 5-Year Investment Plan (2014-2018)

(Unit: Million Baht)

Business	2014	2015	2016	2017	2018	Total	%
Natural Gas	29,903	22,826	17,177	30,103	37,839	137,847	42
Oil and International Trading	11,753	9,319	11,925	11,503	10,415	54,915	17
Investment Plan and 100% share- holding in subsidiaries	38,404	17,563	29,043	18,733	18,709	122,453	38
Head Office and others	6,888	3,206	765	457	44	11,360	3
Total	86,948	52,914	58,910	60,796	67,007	326,575	100

Source: PTT's news reported to the Stock Exchange of Thailand on 20 December 2013

In conclusion, trend of the construction industry for new projects in field of natural gas transmission in short-term period of 5 years ahead will remain consistently grow up and in line with the investment in natural gas transmission network expansion to increase the efficiency of natural gas system to support high demand due to domestic economic recovery including supporting to consumption expansion in the provincial industrial and transportation sectors.

In the future, the projects to increase the efficiency of natural gas system will significantly expand i.e PTT's projects related to capability improvement of natural gas system for effective distribution to the existing transmission pipelines such as the installation project of Gas Compressor Station within gas station and 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 addition, the construction industry in field of natural gas transmission to be connected with the power plant using natural gas as fuel such as Cogeneration Plants has tended to be grown up responding to 2010 PDP Plan of power plant expansion and also supporting small power plants located in various areas of Thailand.

Focusing on an opportunity for the Company's business in 2014, apart from entering into bidding for the natural gas transmission pipeline projects according to PTT's natural gas transmission network expansion, the Company also continues focusing on the projects to increase the efficiency of natural gas system tending to be higher expanded to increase the efficiency of the existing transmission pipelines and maintain as well as prolong the existing pipeline system for highest benefit of the investment. In addition, the Company intends to expand marketing for the projects of natural gas transmission connecting to power plants, using natural gas as fuel, of both independent power plants (IPP) and small power plants (SPP), especially the private small power plants of cogeneration obtaining an approval of the Energy Regulatory Commission for their power supply proposal during 2015-2021, totally 22 projects with power capacity of 1,980 megawatt. These approved SPPs are one of target customers of the Company, apart from major customer – PTT.

• Construction Industry in Industrial and Energy Sectors

• Industry Overview

Thailand construction investment overview in 2013 grew up 4.5 % with a total of construction value of Baht 970,000 million resulting from an increase of construction projects of public and private sectors in rural areas. The expansion of construction investment in large scale projects were the continuous investment from the previous year and mostly were the basic infrastructure projects such as the Elevated Railway : Purple Line (Bangyai-Bangsue-Ratburana) and North Parallel Lines : Lopburi-Pak Nampho. The expansion investment of private construction projects grew up not only in Bangkok and boundary but also in upcountry especially in the growing trading and investment areas such as Udon Thani, Surat Thani and Chiang Rai, etc. These have continuously resulted in construction materials expansion of which prices increased unidirectionally. In 2013 continued from 2012, there was an expansion of many construction projects in the same period; as a result, contractor companies unavoidably faced manpower shortage problem.

An overview of industry for alternative energy in 2013 such as ethanol and biodiesel tended to grow up in line with consumption demand of alternative energy to replace primary energy especially ethanol consumption demand increasing nearly double from 1.29 million liter per day in 2012 to 2.53 million liter per day resulting from benzene 91 cancellation policy of the Ministry of Energy effective since 1 January 2013 and the first-car project of the government policy leading to an increase of energy consumption. In term of biodiesel demand, it also tended to increase. In 2013, biodiesel demand was at 2.78 million lite per day increasing from 2.54 million liter per day in the previous year resulting from biodiesel B5 usage enforcement measure throughout Thailand starting from September 2011 onwards.

• Trend

Kasikorn Research Center assesses that in 2014, the construction investment overview tends to be higher 2.5-5.0 % with construction value of Baht 994,500 – 1,018,500 million due to many risk factors which may cause an impact to the construction industry' growth such as political issue which has not yet been lack of stability and caused an impact to the economic and investment direction as well as Thailand Basic Infrastructure Investment and Development Policy. The global economic recovery stability was also a remarkable factor since it will cause an effect to domestic investment of foreign investors in the future.

For an overview of public and private constructions in 2014, it is forecasted that the expansion of public constructions will be mostly the investment continued from the previous year for completion within timeframe such as the Elevated Railway : Purple Line (Bangyai-Bangsue-Ratburana) and the Elevated Railway : Green Line (Baring-Samutprakarn) including basic infrastructure projects under public normal budget for the year 2014 such as 4-Lane Road Expedition Project- Stage II and construction of interchange, bridge and tunnel, totally 7 projects, etc. In the meantime, the consideration of investment for basic infrastructure development projects in transportation field may be decelerated due to waiting for the resolution of the Constitutional Court whether the projects are contradictory with the Constitution and also for investment policy of the new cabinet after dissolution and uncompleted election. In case the political situation has not yet become better, it may cause an impact to budget reimbursement and delay of projects approval affecting the public construction growth in the next year.

In term of the expansion of private construction projects, it is expected that it will gain a stimulus from the economic activities in rural areas especially for continuous interests gained from trading and investment at the border of Thailand and nearby areas and resulting in the higher growth of the investment of commercial property construction and may be followed with a development of public basic infrastructure projects as well such as an improvement of road and railway network. The acceleration of the investment for basic infrastructure of neighbor countries for ASEAN Economic Community (AEC) in 2015 is another positive factor for contractors in rural areas to enable them to co-invest for construction projects in neighbor countries.

In addition, the construction of alternative energy such as ethanol and biodiesel tends to constantly increase to respond to the Renewable Energy Development Plan (REDP) for the period of 15 years (2008-2022) with the target to minimize import of overseas crude oil and for value adding as well as to create stability of agricultural products. The target of production capacity/ethanol consumption demand during 2012-2016 to be averagely 6.20 million liter per day and 9.00 million liter per day during 2017-2022 whereas for biodiesel consumption demand to be averagely 3.64 million liter per day during 2012-2016 and 4.50 million liter per day during 2017-2022.

With serious support of the government sector to promote the combination between ethanol and benzene as well as benzene 91 cancellation policy of the Ministry of Energy since January 2013 and the biodiesel B5 enforcement measure throughout Thailand starting since September 2011, Thailand was ranked as the 8th biofuel high producer of the countries producing high production capacity of biofuel in the world. Consequently, considering an opportunity of alternative energy industry after commencement of AEC, Thailand has high potentiality to be as a center of alternative energy production base in South Asean region due to readiness of energy plant raw material. Moreover, long-term free-trading of ethanol will be one of the factors enabling Thailand to become as a hub of ethanol production and trading in this region in the future.

However, although an overview of the construction industry tends to grow constantly, there are other factors which may cause an effect to the construction marketing direction such as risk of breakable global economy, political factor which may cause an impact to the public construction projects and clear public policy related to investment. In the meantime, the construction cost is also a factor to obviously increase due to oil price, construction materials and lowest rate wage adjustment according to the government policy. However, the environmental and community issues remain a significant factor to be recognized which may be a limitation of the infrastructure investment supporting the industrial sector in the future.

Considering an opportunity of growth for the construction industry in short-term period of 5 years ahead, the free-trade area of AEC in 2015 will be one of the factors supporting growth of the construction industry especially CLMV group of countries consisting of Cambodia, Laos, Myanmar and Vietnam which are under development. The economy of those countries tends to grow up more strongly when generally compared with the expansion of the global economy and ASEAN region.

3. Provision of Product and Service

• Employee

Due to construction is the core business of the Company, a number of required employees is subject to the projects' scale of each bidding. Consequently, the policy of engineer employment and permanent employees has been undertaken with appropriate number as required and in compliance with the Company's revenues and also no policy to employ a large number of employees or welders. However, standby team including welders will be arranged for an emergency case of each project upon lack of manpower only.

According to rapid growth of business, during 2011-2013, the group of companies had more permanent employees for divisions especially engineering position in Commercial and Operation Divisions including Procurement Department to support an on-hand large scale project.

• Source of Fund

The Company and subsidiaries have policy to use project financing from financial institutes on individual project basis and in some cases may form an entity in a form of joint venture to co-execute the awarded project with the partner to support the revolving fund of the construction.

• Sub-Contractors

In some cases, the Company and subsidiaries 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, guarantee, inspection and claims, etc. 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 the Company's civil works in which Sahakarn Wisavakorn Co., Ltd. is specialized.

• 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 those 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 bidding 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.

The proportion of domestic and international materials procurement of the Company and Sahakarn Wisavakorn Co., Ltd. are 71:29, respectively.

5. Risk Factors

Risk Factors

1. Risk from Business

1.1 Risk associated with 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 and civil construction business, mostly revenue of TRC' group of companies gained from the natural gas transmission pipeline construction for energy and petrochemical businesses of the main customers related to the PTT group, which is the national energy company of Thailand. (the proportion of revenue gained from the PTT group in comparison with a total revenue of the Company's and its subsidiaries was 46:53:19 from 2011 to 2013, respectively).

Nevertheless, the Company endeavors to reduce the risk from dependency by expanding its customer base to other energy businesses such as power plants (both SPP and IPP) 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. An increase of revenue proportion from other sources apart from the natural gas pipeline construction will be the diversified customer base expansion, enhance the business opportunity, mitigate risk associated with dependence on a few numbers of customers. In addition, the Company has its policy to expand business to abroad to mitigate risk associated with dependence on domestic customers.

1.2 Risk from business expansion on intensive capital requirement, project feasibility study 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 of the Company by tapping into new market and new customers as well as diversifying cyclical construction business risk by creating sustainable income from investment in the related energy business. The project development at the early stage usually involves from medium to high uncertainty of project achievement. The capital injection is also essential and required some period of time before gaining the target return on investment. The risk may be arisen in case of project failure or no strategic partners and could cause an impact to the operating results and financial status of the Group.

In order to mitigate this kind of risk, since 2009 the Management 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. In November 2013, the Board of Directors resolved an appointment of the Risk Management Committee to undertake the risk management task and later report its performance to the Board of Directors. In addition, the Company has the apparent policy to have the Company and its subsidiaries invest for only required expenses including cooperating with competent partners in order to contribute an advantage and high success to the projects.

1.3 Risk of vacancy period prior to obtaining the new contracts

The Company's operating result, income forecast 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. Moreover, since most of them are the large-scale projects of which the process of contractor selection is very complicated and takes up a period of time subject to various factors including economic, marketing conditions, the government's policy and financial status of the customers. 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 delay to an approval of tender announcement including a possible impact to the period of construction commencement which will unavoidably cause an impact to the Company's plan for the new awarded contracts.

In 2013, the Company and subsidiaries had been affected by the following risks:

1. At the early 2nd quarter, Sahakarn Wisavakorn Co., Ltd. delivered a large scale project with work value of Baht 2,134 million - Ubon Bioethanol Project, starting the construction since 2011 onwards. This cause an effect to Sahakarn Wisavakorn Co., Ltd.'s 2013 revenue showing significant decrease from 2012.
2. TRC Engineering LLC, a subsidiary in the Sultanate of Oman, is under the study to enter into new bidding with no job on hand (backlog) since the 4th quarter of 2012.
3. TRC was affected by a delay of bidding for a large scale project, the Provincial Gas Transmission Pipeline Project to Nakhon Ratchasima, that has just been awarded at the end of the 4th quarter of 2013.

By the abovementioned factors, the Group's total revenue then decreases from Baht 4,344 million in 2012 to Baht 2,558 million in 2013.

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 excellent completion of works. With the aforementioned experiences, the company can independently compete the bidding. In addition, after the acquisition of its subsidiary, Sahakarn Wisavakorn Co., Ltd., to reinforce its capability in civil works, the company has been more capable to carry out the entire construction works.

The requirement of seeking business partners for joint venture and business cooperation are one of the factors to contribute for achievement of abroad investment since in some countries, there are some restriction of laws concerning share proportion of foreign investors. In addition, having business partners for abroad investment will enable working more convenience and lead to knowledge and skill transfer for Thai employees working for abroad projects.

In 2013, the Company and subsidiaries have jointed with the foreign partners as follows:

- Sahakarn Wisavakorn Co., Ltd. cooperated with Kuedo Kongyung Co., Ltd. from South Korea to establish SKK Joint Venture Co., Ltd. to enter into bidding for the projects of the State Railway of Thailand.
- The Company cooperated with Sinopec International Petroleum Service Corporation from the People's Republic of China to establish Sinopec-TRC Joint Venture for the Provincial Gas Transmission Pipeline Project to Nakhon Ratchasima of PTT PLC.
- TRC Engineering LLC cooperated with IRPC Public Co., Ltd. to undertake the feasibility study of pollution management of the petrochemical plant in the Sultanate of Oman.

1.5 Risk from liability incurred by the joint venture

Entering into bidding for any large scale projects with high work value, the Company may cooperate with the partners in a form of joint venture for technology cooperation, bidding qualification upgrade and financial and operating risk mitigation. The proportion investment of the Company and partners will be based on responsibilities for works of both parties. However, legally, both parties are required to be jointly responsible for the established joint venture. In case the joint venture cannot perform in compliance with the construction contract, this may cause some risk to the Company especially in case of holding a minority proportion of investment and the damages arisen by breach of the contract and not resulted from the Company's responsible works.

The Company mitigates this kind of risk by a careful and thorough analysis of profile and all information related to the potential partners to be cooperated as a joint venture including negotiation with the top executives of the partners on scope of works to be carried out by each party. The joint venture agreement shall be clearly defined the scope of works and responsibilities to be preliminarily proposed for approval of the Board of Directors as stipulated by the Company's authority table prior to entering into bidding in a form of joint venture.

1.6 Risk from relying on manpower

Managing the construction works to be qualified and succeeded according to the delivery timeframe as planned, manpower in term of engineers, technicians and qualified experienced operation workforce is the important factor. However, due to nature of construction business which is inconstant subject to timing of obtaining the new project, it may lead to difficulties of manpower planning to be appropriate with the new project. Sometimes, it is then necessary to bear the overhead cost in order to support working for works delivery of existing projects on-hand and new potential projects. In case that any potential projects are

delayed or lost, the Company may have overhead cost higher than actual requirement including expenses related to stand-by workers. In addition, considering the current labor market situation, demand of skilled workers in the construction industry which appears rather high and not in line with the cycle of the industry may cause skilled workers shortage in some period. Hence, to mitigate such a risk, the Company then considers to increase a proportion of subcontractors to be appropriate with demand in each period and each type of works as well as always promoting the training courses arrangement to develop manpower's skills and attitudes of working.

In 2012-2013, the Company seriously emphasized on human resource development through executive training programs to enhance and develop their competency and encourage unity among concerned personnel. In addition, the consideration of salary structure was improved to reflect job position and level so as to be used as guideline of human resource management, recruitment of new comers to replace resigned ones or for business expansion including performance assessment for their career path. In 2013, the Company issued the ESOP Warrant Project 2 ("ESOP-W2") to directors and employees of the Company and subsidiaries which will be completed on 30 June 2016 to encourage their will power of long-term working.

2. Risk from Project Execution

2.1 Risk associated with the overseas investment and operation

The Company has its policy on overseas business expansion to increase a business opportunity to mitigate risk from relying on domestic customers as well as to diversify risk which may be incurred due to uncontrollable domestic external factors such as instability of the political situation. However, the investment overseas may face various risk factors probably causing an impact to the operation such as law, politic, economic situation, wage, trading measure, community, local society, legitimacy, fluctuation of foreign exchange rate, etc. The impact from those uncontrollable factors may cause the Company to miss the target as planned. Consequently, the policy for overseas investment has been defined that the feasibility study for any overseas potential project should be thoroughly undertaken prior to decision making for the investment. The possible risk analysis and assessment are required to be proposed to the Risk Management Committee prior to being proposed for investment approval of the Board of Directors with close monitoring by appointing the executive representative as director of the new established entity. In addition, the operating result of the new established entity shall be reported for acknowledgement of the Board of Directors on quarterly basis. Since the 4th quarter of 2012 and 2013, TRC Engineering LLC, a subsidiary in the Sultanate of Oman has had the operating loss continuously due to no job on hand resulting to an overview of the Group of the Company's operating result. However, in November 2013, TRC Engineering LLC had been awarded for Front End Engineering and Design (FEED) for SR-WWTP Odor Abatement Project with work value of OMR 350,000 (approximate amount of Baht 28 million) under the cooperation of IRPC Plc. And, it is expected to obtain the additional works in 2014 so as to recover the 2014 operating result.

2.2 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 such a time. In case of higher increase of construction price after being awarded, no matter due to high price of oil or lack of construction materials, it 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 fix the price of such materials to be matched with the proposed price during bidding period. The contingency expenses are advance forecasted in the estimated costing since the bidding proposal process. 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 for negotiation among suppliers to gain highest benefit of pricing.

2.3 Risk associated with the construction delay

The Company may face a risk of incremental cost or project damage expense charged in case that there is any delay on the project. For any delay caused by the owner, the Company may face a risk of incremental cost 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 such a delay arisen due to the Company's operation or subcontractors, the Company may face a risk of being claimed by the project owner. This type of risk can be mitigated through proper planning and availability of tools and equipment for construction, skilled workers and a number of experienced engineers including close monitoring the subcontractors' works as well as defining the subcontracting contract's condition to avail the Company the right to charge for damages caused by the subcontractors in case of breach of contract to expedite the project completion within timeframe and under forecasted budget.

In 2013, the Company and subsidiaries have no any delayed delivery works.

2.4 Risk associated with unbilled revenue

For the income from works which is recognized as revenue but remains unbilled, such an income according to an accounting principle will be recorded as "Unbilled Receivable". This may be arisen in case the invoices has not yet been sent to the customers. This may be since it has not yet been the payable time according to the contract while the works had been progressed and in line with the condition of payment as stipulated in the contract but the invoices cannot be billed due to complicated process and delay of works inspection by the customer or project owner. In some cases, the Company may need to undertake the additional works or change order as informed by the customer or project owner

without any agreement on scope of works and cost or no any advance written notice from the customer to the Company. Consequently, risk may be incurred since the Company needs to bear the cost for additional works until the Company and the project owner mutually agree and approve the change order and cost offering. To mitigate such risk, the Company regularly monitors works inspection and closely co-ordinate with the project owner or its representatives to ensure that the works delivery and inspection are carried out in compliance with the condition of the contract and all relevant additional contracts are completely signed in time of change of circumstances. In addition, the collection reports reflecting the collection status of each project of both the Company and Sahakarn Wisavakorn Co., Ltd. have been monthly provided and proposed to the Monthly Department Meeting for further monitoring and settling in case of delay of payment.

3. Financial Risk

3.1 Risk from insufficient cash flow

In comparison with the past years, based on experience and competency, the company can increasingly be awarded for the large scale projects. As a result, more revolving funds have 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 revolving funds 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. The enterprise resource planning has been developed and applied to issue the financial report for analysis, planning and cash flow management. The financial instruments for funding are also considered carefully and cautiously. 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, obtaining credit line for new projects continuously and regularly from various financial institutes.

With respect of investment policy and joint venture to expand the business on the purpose of gaining stable income and profit In long-term period, the Company needs to carefully plan the investment structure and project financing so as to avoid any impact to the revolving funds used for normal operation since such an investment is required to spend a period of time till gaining the return on investment.

In 2013, the Company launched the capital mobilization through share right offering to the existing shareholders gaining Baht 78 million to be used as revolving funds, business expansion and investment.

3.2 Risk associated with the financial provision for the Company's subsidiaries

Due to business operating requirement, the Company needs to provide financial support to subsidiaries in various manners such as loan for overseas subsidiary, performance bond or parent company guarantee under the Company's credit line, etc. which may cause risk in case such a subsidiary has unsatisfactory operating result or liquidity shortage leading to

debt default and then causing an impact to the Company, the guarantor, to jointly take a responsibility. Realizing this type of risk, the Company has strictly handled any transactions under the authorization process as defined in the Authority Table when having requirement of the financial support provision for subsidiaries.

As a result of loss operating result in 2012 of TRC Engineering LLC (“TRC”), the Company has recorded the impairment loss from investment in TRCE at the total amount of Baht 13.65 million since 2012. Later, in 2013, TRCE had a net operating loss at Baht 85.51 million and as end of the year, the Company provided a short-term loan and advance to TRCE at the amount of Baht 71.37 million. Consequently, the allowance for doubtful accounts for all short-term loan and advance was then recorded and causes an effect to the financial position report and comprehensive separate financial statements in which the periodical current asset and profit and loss decreased at the same amount. However, such provision did not affect cash flow, financial position and operating results of the Company and its subsidiaries (consolidated financial statements).

3.3 Risk from exchange rate

As some of materials and equipment are imported, risk from exchange rate is unavoidable. Normally, material order exchange rate of 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 end of 2013, the Company and its subsidiaries had debt arisen from goods and materials procurement of which the currency hedge was not signed to avoid risk from the exchange rate volatility totally USD 2.74 million and EUR 0.04 million since the Company’s management considered that it was a short-term order having low risk of the exchange rate volatility.

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

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

In case project owner or partner of the 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. However, since the company's nature is the contractor for natural gas and petrochemical business and most of customers are well-known companies having strong financial status (mostly being a state enterprise), the Company estimates and foresees this type of risk to be low-level one.

4. Risk causing an impact to shareholders' right and investment

- **Risk from majority shareholders owning more than 25% of shares**

As of 31 December 2013, KPK 1999 Co., Ltd. owned 204,491,916 shares or 25.04% of the Company's issued shares (KPK is held 55% of shares by Mrs. Paichit Rattananon, Chairman of the Board of Directors). Consequently, in case the number of shareholders attending the shareholders meeting is less than a half of all issued shares, KPK may be able to control the resolution of the meetings especially for the specific agenda required for majority votes except the matters related to laws or the Company's Articles of Association which are required three-fourth (3/4) of all the total votes of the shareholders present and entitled to vote at the meeting. Therefore, other shareholders may be unable to aggregate their votes for inspection and counterbalance against the dominance of the majority shareholders.

6. General Information

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 425,514,868.50
Paid-up Capital	- Baht 816,586,773
Number of Issued Ordinary Shares	- 816,586,773 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	- EY Office Limited (Formerly known as 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 Cybervillage, Ebene, 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

Subsidiaries

Name	- TRC International Limited
Portion of Share Holding	- 100% (Shareholding 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% (Shareholding through TRC International Limited)
Nature of business	- Construction Service Business in Sultanate of Oman
Head Office Address	- Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O.Box 659, Mina Al-Fahal, Muscat P. Code 116
Registration Number	- 1108601
Telephone	- +968 246 140 48
Facsimile	- +968 246 141 39
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

Subsidiaries

Name	- TRC Middle East LLC
Portion of Share Holding	- 60% (Shareholding through TRC International Limited)
Nature of business	- Construction Service Business in Sultanate of Oman
Head Office Address	- Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O.Box 659, Mina Al-Fahal, Muscat P. Code 116
Registration Number	- 1070009
Telephone	- +968 246 140 48
Facsimile	- +968 246 141 39
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

Name	- SKK Joint Venture Co., Ltd.
Portion of Share Holding	- 90% (Shareholding through Sahakarn Wisavakorn Company Limited)
Nature of business	- 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	- 0105556049733
Telephone	- +66 2936 1660
Facsimile	- +66 2936 1679
Registered Capital	- Baht 1,000,000
Paid-up Capital	- Baht 1,000,000
Number of Issued Ordinary Shares	- 10,000 shares
Par Value	- Baht 100

Associate

Name	- Sinopec-TRC Joint Venture
Portion of Share Holding	- TRC 30% (Sinopec International Petroleum Service Corporation 70%)
Nature of business	- Construction Service transmission pipeline from Saraburi to Nakhon Ratchasima
Head Office Address	- TP&T Building, 21 st Floor, 1 Soi Vibhavadi Rangsit 19, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Registration Number	- 0993000315361
Telephone	- +66 2936 1680

7. Shareholding Structure and Management

Shareholding Structure and Management

1. Major Shareholders

The top 10 largest shareholders as of 27 December 2013 were as below:

Name	No. of Shares	Shareholding
1. Mrs. Paichit Rattananon Group	204,691,916	25.06%
- Mrs. Paichit Rattananon	200,000	0.02%
- KPK 1999 Co., Ltd.*	204,491,916	25.04%
2. Samlee Corporation	99,099,999	12.14%
3. CITYBANK NOMINEES SINGAPORE PTE LTD UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	23,844,560	2.92%
4. Thai NVDR Company Limited	22,664,569	2.78%
5. Mr. Sukanet Junthrujanon	7,175,000	0.88%
6. HSBC Private Bank (Suisse) SA, Singapore Branch	7,113,936	0.87%
7. Mrs. Sirikarn Sakdidechpanupun Na Ayudhya	7,012,600	0.86%
8. Miss Porncheun Hussatham	5,914,740	0.72%
9. Mr. Rachata Laibangyang	5,900,000	0.72%
10. Mr. Sarun Prakairungtong	5,850,000	0.72%
Total of Shares Held by Top 10 Largest Shareholders	389,267,320	47.67%
Total Issued and Paid-up Shares	816,586,773	100.00%
Total Free Float Shares	506,174,408	61.99%

* Note: KPK 1999 Co., Ltd. is the company of which 55% shares are held by Mrs. Paichit Rattananon, Chairman.

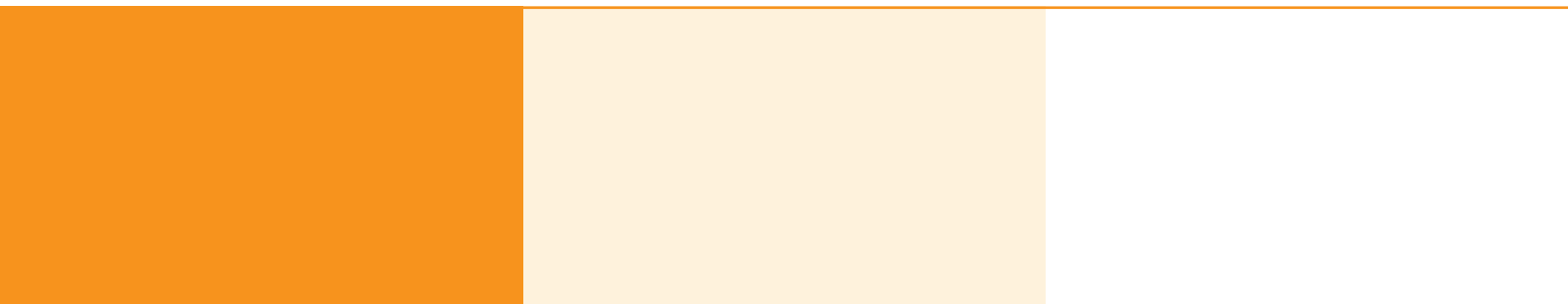
8. The Dividend Policy

The Dividend Policy

The Company has a policy to pay dividends approximately 40% of its net profit after tax and legal reserve. 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, funding for business expansion, or in the case of any adverse change of marketing situation 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 further proposed for approval of Shareholders' Meeting except for the case of interim dividend payment as the Board of Directors has the authority to approve prior to informing the interim payment to the subsequent Shareholders' Meeting.

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

9. Management Structure



Management Structure

1. The Board of Directors of the Company and its Subsidiaries as of 31 December 2013

• **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
3. Pol. Gen. Jarumporn Suramanee	Independent Director
4. Mr. Arun Chirachavala	Independent Director
5. Assoc. Prof. Pises Sethsathira	Independent Director
6. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director
7. Mr. Smai Leesakul	Executive Director
8. Mrs. Podchanee Phaosavasdi	Executive Director
9. Mr. Pasit Leesakul	Executive Director
Ms. Ounruen Sujarittham	Company Secretary

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

1. Mr. Smai Leesakul	Chairman
2. Mrs. Paichit Rattananon	Director
3. Mrs. Podchanee Phaosavasdi	Director
4. Mr. Pasit Leesakul	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, Mrs. Podchanee Phaosavasdi and Mr. Pasit Leesakul, two of four directors sign together with the Company's seal.

• Sahakarn Wisavakorn Co., Ltd.

Mrs. Paichit Rattananon, Mr. Smai Leesakul, Mrs. Podchanee Phaosavasdi and Mr. Pasit 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 Management 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.

- Summary of directors attendance in 2013 Board of Directors Meeting

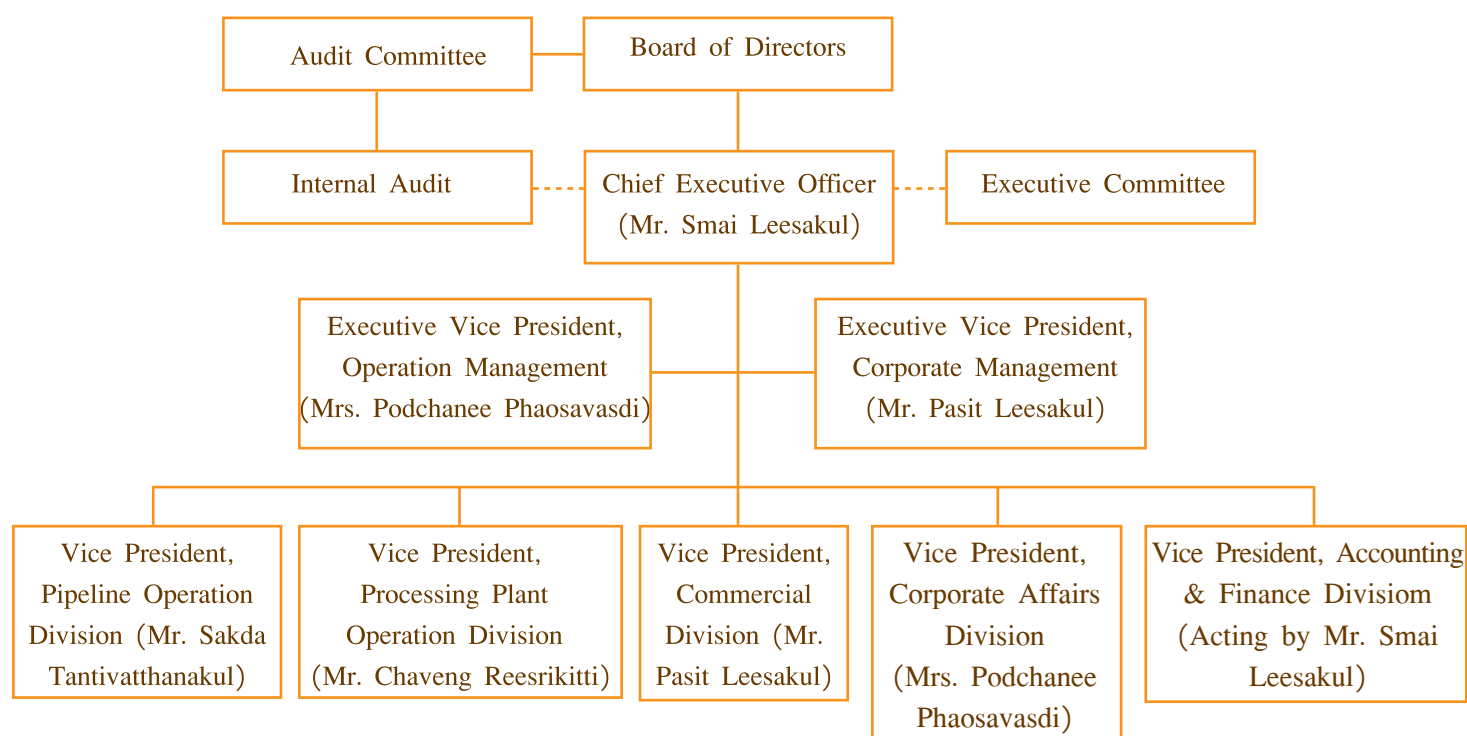
Name-List of Board of Directors	Attendances in 2013 (time)/ reason of non-attendance					
	Directors	Management Committee	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee
1. Mrs. Paichit Rattananon	6/6	-	-	-	-	-
2. Assoc. Prof. Kamjom Tatiyakavee, MD.	6/6	-	4/4	3/3	-	-
3. Pol. Gen. Jarumporn Suramanee	6/6	-	1/1	3/3	2/2	1/1
4. Mr. Arun Chirachavala	6/6	-	-	-	2/2	1/1
5. Assoc. Prof. Pises Sethsathira (Unable to attend due to sickness)	0/6	-	0/3	0/3	-	-
6. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	5/6 (travelling abroad)	-	4/4	2/3 (travelling abroad)	-	-
7. Mr. Smai Leesakul	6/6	13/13	-	3/3	-	1/1
8. Mrs. Podchanee Phaosavasdi	6/6	11/13	-	1/1	1/2	1/1
9. Mr. Pasit Leesakul Being director since 2013 in replacement of Mr. Paitoon Goserakwong	4/5 (travelling upcountry)	8/13	-	-	-	-

- Summary of Director Appointment

Name	Appointed Year	Latest Appointment	Type of Directorship	Nomination/ Appointment in 2013	Next Appointment
Mrs. Paichit Rattananon	2005	2013	Chairman of the Boards	/	2016
Assoc. Prof. Kamjorn Tatiyakavee, MD.	2005	2013	Independent Director	/	2016
Pol. Gen. Jarumporn Suramanee	2007	2011	Independent Director	-	2014
Mr. Arun Chirachavala	2011	2013	Independent Director	/	2016
Assoc. Prof. Pises Sethsathira	2005	2012	Independent Director	-	2015
Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	2005	2011	Independent Director	-	2015
Mr. Smai Leesakul	2007	2011	Executive Director	-	2014
Mrs. Podchanee Phaosavasdi	2007	2012	Executive Director	-	2015
Mr. Pasit Leesakul	2013	-	Executive Director	-	2014

2. Executive

The Company's Organization Chart as of 31 December 2013



As of 31 December 2013, the Company management consists of 7 members as follows:

- | | |
|-------------------------------|--|
| 1. Mr. Smai Leesakul | Chief Executive Officer |
| 2. Mrs. Podchanee Phaosavasdi | Executive Vice President and Vice President,
Corporate Affairs Division |
| 3. Mr. Pasit Leesakul | Executive Vice President and Vice President,
Commercial Division |
| 4. Mr. Sakda Tantivatthanakul | Vice President, Pipeline Operation Division |
| 5. Mr. Chaveng Reesrikitti | Vice President, Processing Plant Operation
Division |
| 6. Ms. Ounruen Sujarittam | Finance and Investor Relations Manager and
Company Secretary |
| 7. Ms. Rewadee Ardarn | Accounting Manager |

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 Management Committee.

3. Company Secretary

The Board of Directors has appointed Miss Ounruen Sujarittham as the Company Secretary since 8 November 2007.

Education: Master Degree of Administration – Finance, NIDA

Working Experiences: as shown on Page 19

Duties and Responsibilities:

1. Prepare and file documents related to

- Director Registration

- Notice of the Board of Directors Meeting including committees for which she acts as secretary to those committees; Remuneration and Nomination Committee and Corporate Governance Committee

- Minutes of Meetings of the Board of Directors and those committees' meetings

- Notice and Minutes of Shareholder Meetings

2. Keep record of conflict of interest report and independent certification letters of directors and executives and propose copies to Chairman of the Boards and Chairman of the Audit Committee within 7 days after receipt of such reports.

3. Handle any actions required as per the regulation of the Office of the Securities and Exchange Commission and as assigned by the Company such as

- Giver advice related to relevant laws and regulations including the code of conduct of corporate governance practice so that any activities of the Board of Directors are undertaken in compliance with those relevant laws.

- Handle the Board of Directors Meetings, Remuneration and Nomination Committee Meetings and Corporate Governance Committee Meetings

- Act as contact person for completed information disclosure as required by relevant laws to the Securities and Exchange Commission and Stock Exchange of Thailand

- Carry out any tasks as assigned by the Company

4. Directors and Management's Remunerations

• Cash Remuneration

(A) Directors' Remuneration in 2013

In 2013, the directors' remuneration can be summarized as follows:

1. Monthly remuneration : Baht 50,000 per month for Chairman of the Boards, Baht 25,000 per month for Chairman of the Audit Committee, Baht 20,000 per month for each independent director and Baht 10,000 per month each for 3 Executive Directors

2. Special remuneration or bonus : The 2013 Annual General Meeting of Shareholders resolved the director remuneration for 2012 operating result to 5 independent directors, totally Baht 1,100,000

3. Meeting Fee : Baht 10,000 per person per meeting for the Audit Committee, Remuneration and Nomination Committee and Corporate Governance Committee (for independent director only)

For subsidiaries, in 2013, the director remuneration was arranged and paid for Sahakarn Wisavakorn Co., Ltd. only and in a form of monthly remuneration at the rate of Baht 10,000 per person.

(Unit: Baht)

Name-Surname	TRC Director Remuneration				Sahakarn Wisavakorn's Director Remuneration	Total of Remuneration
	Board of Directors (comprising 2013 salary and 2012 bonus)	Audit Committee's Meeting Fee	Remuneration and Nomination Committee's Meeting Fee	Corporate Governance Committee's Meeting Fee		
1. Mrs. Paichit Rattananon	950,000	-	-	-	93,871	1,043,871
2. Assoc. Prof. Kamjorn Tatiyakavee, MD.	450,000	40,000	30,000	-	-	520,000
3. Pol. Gen. Jarumporn Suramanee	390,000	10,000	30,000	20,000	-	450,000
4. Mr. Arun Chirachavala	390,000	-	-	20,000	-	440,000
5. Assoc. Prof. Pises Sethsathira	390,000	-	-	-	-	390,000
6. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	390,000	40,000	20,000	-	-	460,000
7. Mr. Smai Leesakul	120,000	-	-	-	120,000	240,000
8. Mrs. Podchanee Phaosavasdi	120,000	-	-	-	120,000	240,000
9. Mr. Pasit Leesakul	120,000	-	-	-	120,000	240,000
10. Mr. Chaveng Reesrikitti	-	-	-	-	120,000	120,000
Grand total of 2013 Directors' Remuneration	3,320,000	90,000	80,000	40,000	573,871	4,103,871

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

	2012		2013	
	Total of Persons	Total of Remuneration (MB)	Total of Persons	Total of Remuneration (MB)
Executive	6	21.04	5	16.91

Notes:

(1) The remuneration consists of salary, bonus, life & group accident insurance, health insurance (commencing year 2013), social security funds and counterpart for provident funds but excluded Accounting Manager's and Finance Manager's remuneration.

(2) The bonus payment herein after consists of 2012 bonus paid in January 2012 and 2012 bonus paid in January 2013.

• Other Remunerations

(A) Other remuneration of directors

The Chairman received social security fund and counterpart for provident fund (Bath 37,200 in 2013), life & group accident insurance, health insurance, car personal driver, oil fee and members of golf club (approximately of Bath 30,000 per year).

(B) Other remuneration of executives

- Provident Fund

In 2013, the counterpart for provident funds of 5 executives was paid by the Company at the rate of 5% of their salary, totally Baht 0.71 million.

(C) Other remuneration of Director and executives

- Employee Stock Option Plan Project 2 (ESOP-W2)

The 2013 Annual General Meeting of Shareholders approved the issuance of 32,000,000 units of 3-year warrants with Baht zero offering price and Baht 4.70 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's business in the future.

On 1 July 2013, ESOP warrants had been sold to directors and employees, totally 78 persons or 31,600,000 units whereas 11 executives received the allocation of ESOP warrants in proportion of 20.89% of all warrants subscribed.

5. Employees

As of 31 December 2013, the Company and Sahakarn Wisavakorn Co., Ltd. had the total number of 907 staffs consisting of 316 permanent ones and 591 temporary ones as follows:

Division/Department	Number of employees	
	2012	2013
Permanent staffs		
Management (from Vice President upwards)	4	5
Operation and Engineering Div.	233	203
Corporate Affairs Div.	53	80
Accounting & Finance Dept.	13	14
Marketing and Project Development and Investment Div.	11	11
Internal Audit Dept.	<u>3</u>	<u>3</u>
Total	317	316
Temporary staffs	<u>996</u>	<u>591</u>
Grand total	1,313	907

• **The Employee's Remuneration:** In 2013, the Company and Sahakarn Wisavakorn paid the employee's remuneration of Baht 298.05 million consisting of salary, overtime, bonus, social security funds and counterpart for provident funds, etc.

(Unit: Million Baht)

Remuneration	2012	2013
Permanent staffs	140.72	161.67
Temporary staffs	<u>172.18</u>	<u>137.36</u>
Total	312.90	299.03

• Employees Development Policy

According to TRC Group's philosophy, employees are the most important resource. Consequently, the adherence to the human resource management have been continuously emphasized, improved and developed in order to catch up with the Company's vision to be as the leading contractor performing with quality and safety of works for natural gas pipeline and petrochemical & energy industry and sustainable growth.

In 2013, HR Sub-Committee was appointed to directly report to the Chief Executive Officer. The Committee consists of 7 persons of advisors and vice presidents from the Company's divisions with their duties to oversee the matters relevant to human resource

management and development to be more effectively with linkage of working for all concerned divisions and departments as well as the Company's vision. HR Sub-Committee Meeting will be held at least 2 times per month or as deemed necessary.

The human resource management and development are as follows:

1. The recruitment for new employees shall be undertaken based on job description, since the Company's nature of business requires specialist candidates. Realizing in a happy workplace principle, the recruitment has been proceeded under "put the right man to the right job" concept. Upon the employment starting date of the new comers, their job descriptions shall be clarified in details for transparency of working.

2. Employees' remuneration and welfare are also emphasized for all employees in all levels. Apart from serving basic welfares as enforced by laws, the Company has established other benefits as follows:

2.1 The accommodation for employees working at site are arranged to minimize their cost of living and for more convenience of working with shuttle cars between their accommodation and sites.

2.2 The health insurance cards are arranged on the purpose of more convenience upon employees' requirement of medical care at any time and hospital with no payment required for both inpatient and outpatient cases.

2.3 Group life and accidental insurance are arranged to ensure employees' confidence on risk since most of works are carried out at sites and any accident maybe arisen.

2.4 The provident funds for their employees has been established since 2005 and 2006 respectively in order to allow employees to reserve their funds after retirement for which the Company has paid a counterpart amount for them based on a number of their working years as required by a relevant law.

2.5 The Employee Stock Option Plan (ESOP) has been contributed to directors, executives, employees in order that they can gain profit from different amount of increasing share value and also to create ownership and feelings of possession.

3. The Board of Directors has defined a policy for Remuneration and Nomination Committee to consider and set up a criteria and budget for annual salary increment and bonus reward for which the captioned committee's decision making shall be based on external factors (such as inflation rate forecast, economic situation, etc.) and internal factors (such as annual operating result, history of salary increment and past bonus payment) for remuneration criteria of each year to be appropriate and in line with the Company's short-term and long-term operating results.

4. In 2012, the salary structure was set up and announced as guideline for employees' working level together with clear position names for appropriate assignment and compliance with the current economic situation as well as the Company's operation.

5. Employees' Development Plan has been continuously arranged to develop their knowledge and skills including specialized fields and general knowledge as follows:

- New Employees

The orientation program has been arranged as a fundamental knowledge for working consisting of the Company's history, nature of business, business process, vision and mission, basic ISO 9001:2008 quality management system standard, information and technology as well as operating system including safety measure.

- Permanent Employees in all levels

To develop competency of all employees to be more capable, many interesting and useful training courses have been arranged in various fields through every channel of both public and in-house programs including an on the job training. In each year, all departments are allowed to propose their training needs via the training needs survey form to Human Resource Department for consideration and arrangement of required training courses. The average training attendances was approximately 8 hours per person.

6. Employee Relation Activities have been organized to provide a meeting opportunity for management and employees to contribute good relation for each other and to enhance unity among all of them in all levels as follows:

- Lunch Talk: It is arranged every 2 months. This avails an opportunity for management and employees to meet each other while the management can directly inform an updated overview of operating performance including responding to any inquiries raised by employees.

- Color Sport Day and Staff New Year Party: to avail an opportunity for both employees working at the head office and sites to participate in sport competition for good relationship between them among warm atmosphere.

The Employee Engagement Survey has been undertaken once per year by an advisory company to survey employees' engagement and satisfaction & dissatisfaction towards the Company. The result of survey shall be brought into attention of the management to seriously solve the arisen problems to present the Company's realization on human capital including retention purpose.

7. The internal communication has been constantly arranged among employees at both head office and site offices through various channels in order to enable them to access, acknowledge and update their knowledge on all regulations and rules including news and information. The main channel is arranged through the intranet and ERP containing ISO 9001:2008 and all information related to employees such as date of birth, monthly new comer, etc. In addition, other channels are accessible; email and board announcement.

8. The Company has also emphasized on human rights respect, no involvement to violation of human rights and no gender discrimination including an employment for eye-sight problem employee and no specific gender requirement of employment.

9. An opportunity for complaints has been always provided for employees to inform any offended acts to Human Resource Manager to further propose for consideration of the HR Sub-Committee and the reporter name shall be strictly kept as confidential.

- **Significant Labor Legal Dispute during the past 3 years**

There is no any serious labor legal dispute during the past 3 years causing an adverse effect to the Company's assets of more than 5% of the shareholders' equity as of 31 December 2013. Most of labor disputes that ever incurred were related to compensation claimed by temporary employees working for projects under specific period of the employment contracts; however, those were settled and negotiated without any lawsuits.

10. Corporate Governance

Corporate Governance Policy

1. Corporate Governance Policy

The Company recognized the significance of corporate governance as a key factor to add value and enhance sustainable growth to the Company. Thus, the written corporate governance policy and business ethics have been established. In 2013, the revision and amendment to the captioned policy including related regulations were made to be in line with the 2014 new criteria of corporate governance survey project for Thai listed companies. The Corporate Governance Committee and the Board of Directors approved the “2013 Ethics and Code of Conduct of the Management and Employees” consisting of 10 categories to be as guideline for the Company’s and subsidiaries’ management and employees with respect to the interests of all stakeholders under related laws and regulations on integrity, justice and equality basis. The objective of the survey project is to provide an appropriate accepted guideline of practice which will initiate sustainable growth of the Company. The 2013 Code of Conduct and Business Ethics Practices have been disseminated to the public via the Company’s website and combined as a part of the employees’ working regulation.

The Company was assessed the 2013 corporate governance practice organized by the Institute of Directors with the average score level of 94% (“Excellent” level) higher than 88% of the previous year and also higher than the average of overall scores of 78% and average scores of all areas concerned. In addition, the Company was granted the 2013 SET award – the Top Corporate Governance Award, MAI, granted to listed companies having outstanding performance of reporting on good corporate governance practice.

2. Committee

In 2013, The Company organizational structure consists of 6 committees; Board of Directors, Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee, Management Committee and Risk Management Committee as details shown below:

1. Audit Committee

As of 31 December 2013, the Audit Committee consists of 3 independent directors as follows:

- | | |
|---|----------------------------------|
| 1. Assoc. Prof. Kamjorn Tatiyakavee, MD. | Chairman of the Audit Committee |
| 2. Pol. Gen. Jarumporn Suramanee | Audit Committee |
| 3. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM. | Audit Committee |
| 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 and a retiring director is eligible for re-election.

Assoc. Prof. Kamjorn Tatiyakavee, MD. and Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. has taken in the position of Audit Committee continuously since 2005 whereas Pol. Gen. Jarumporn Suramanee has been appointed in replacement of Assoc. Prof. Pises Setsathira who resigned in August 2013.

The Charter of the Audit Committee consisting of the objective of the Audit Committee appointment, scope of duties and responsibilities, qualification, term, meeting, quorum, remuneration, responsible unit and the quality control of the Audit Committee is as disseminated 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 the 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 auditor without participation 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 reviewing the financial management and risk management policy, 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 regular 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 discussed among the Board of Directors, the Committee and the Company's management for further improvement, however, after the due date, should the Committee finds that there is any 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 noncompliance with the laws done by director, manager or any person who are 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.

2. Remuneration and Nomination Committee

As of 31 December 2013, the Remuneration and Nomination Committee consists of 6 members as follows:

- | | |
|---|---|
| 1. Assoc. Prof. Kamjorn Tatiyakavee, MD. | Independent Director, Chairman of the Remuneration and Nomination Committee |
| 2. Pol. Gen. Jarumporn Suramanee | Independent Director, Member of the Remuneration and Nomination Committee |
| 3. Assoc. Prof. Pises Sethsathira | Independent Director, Member of the Remuneration and Nomination Committee |
| 4. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM. | Independent Director, Member of the Remuneration and Nomination Committee |
| 5. Mr. Smai Leesakul | Executive Director, Member of the Remuneration and Nomination Committee |
| 6. Mrs. Podchanee Phaosavasdi | Executive Director, Member of the Remuneration and Nomination Committee |

The Remuneration and Nomination Committee has 3-year term but for the executive directors being appointed during 2013, they will retire by rotation in the same time of 2-year term of the existing committee on 24 February 2015.

The Charter of the Remuneration and Nomination Committee consists of duties and responsibilities with respect to consideration of remuneration, nomination, composition, term and report of their performance result that are disseminated in the Company's website.

Scope of duties and responsibilities of the Remuneration and Nomination Committee are as follows:

1. Remuneration

1.1 To consider pattern 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 fairly 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.

3. Management Committee (previously called the Executive Committee and later being changed in 2013 as per the Board of Directors' resolution)

As of 31 December 2013, the Management Committee consists of 5 members as follows:

1. Mr. Smai Leesakul	Chairman of the Management Committee
2. Mrs. Podchanee Phaosavasdi	Member of Management Committee
3. Mr. Sakda Tantivathanagul	Member of Management Committee
4. Mr. Chaveng Resrikitti	Member of Management Committee
5. Mr. Pasit Leesakul	Member of Management Committee

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

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 Management 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 Management Committee as appropriate.

4. Corporate Governance Committee

As of 31 December 2013, the Corporate Governance Committee consists of 3 members as follows:

1. Mr. Arun Chirachavala Chairman of Corporate Governance Committee
2. Pol. Gen. Jarumporn Suramanee Corporate Governance Committee
3. Mrs. Podchanee Phaosavasdi Corporate Governance Committee

The Charter of the Corporate Governance Committee consists of duties and responsibilities, composition, term and report of their performance result that are disseminated in the Company's website.

Duties and Responsibilities of Corporate Governance Committee are as follows:

1. To review the corporate governance policy, business ethic including policy and guideline practice on corporate and social responsibility which has been reviewed and proposed by the Company's management in term of compliance with the good corporate governance practice prior to being proposed to the Board of Directors.

2. To propose the guideline and/or policy related to the good corporate governance to the Board.

3. To suggest the Board on the good corporate governance issues.

4. To monitor the Company's management to conduct the good corporate governance practically.

5. To follow up and report corporate social responsibility activities to the Board.

In addition, the Corporate Governance Committee has to perform tasks as assigned by the Board of Directors and the Board of Directors has its authority to change scope of duties of the committee as deemed necessary or appropriate.

5. Risk Management Committee

As of 31 December 2013, the Corporate Governance Committee consists of 4 members as follows:

- | | |
|----------------------------------|---------------------------------------|
| 1. Mr. Arun Chirachavala | Chairman of Risk Management Committee |
| 2. Pol. Gen. Jarumporn Suramanee | Risk Management Committee |
| 3. Mr. Smai Leesakul | Risk Management Committee |
| 4. Mrs. Podchanee Phaosavasdi | Risk Management Committee |

The Charter of the Risk Management Committee consists of duties and responsibilities, composition, qualification, term, meeting and report of their performance result that are disseminated in the Company's website.

Duties and Responsibilities of the Risk Management Committee are as follows:

1. To define policy and frameworks of Risk Management Committee covering all significant risks of the Company such as risks related to bidding, procurement of materials and equipment, construction, financial term and manpower, etc. including giving recommendations to the Board of Directors and management on risk management.

2. To set up strategy in compliance with the risk management policy to assess, follow-up and monitor all of the Company's risks to be in appropriate and acceptable level.

3. To monitor and encourage cooperation for the Company's risk management and review the sufficiency of policy and risk management system continuously so as to enable risk management to be carried out effectively.

4. To report the Board of Directors about significant risk transaction, risk assessment, risk management and any impact maybe occurred including prevention and correction required. In case of significant risks which may cause any impact to the Company, this must be reported for consideration of the Board of Directors urgently.

5. The Risk Management Committee has an authority to appoint a working team to handle risk management tasks and later report to the Risk Management Committee and also carry out any tasks as assigned by the Board of Directors.

6. To perform any other duties as assigned by the Board of Directors

3. Nomination Process of Director and Top Management

(1) Independent Director

Criteria of Independent Director Selection

• Process of Independent Director Nomination

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 appointment of directors in replacement of directors retiring 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. Neither be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person.

3. Not be a related person by blood or registration under law, such as a father, mother, spouse, sibling, or legitimate 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. Neither have nor used to have a business relationship with the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person, in a manner which may interfere with his or her independent discretion, 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, joint venture, 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, joint venture, 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, joint venture, major shareholder or controlling person, unless the foregoing relationship ended not less than two (2) years prior to 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, joint venture, major shareholder or controlling person, and not have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years prior to 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 shareholding to not exceeding 0.75%.

(2) Director and Top Executive Selection

• Director Selection

Nomination and appointment of director are responsible by the Remuneration and Nomination Committee to nominate and consider a person having suitable qualification, experience of working to be further proposed, for approval of appointment, to the Board of Directors and shareholder meeting, respectively (Only the increase of the number of directors and the appointment of directors in replacement of directors retiring by rotation shall be approved by the Shareholders' Meeting.) under the following criteria and procedure:

1. A shareholder is equal to one share one vote.

2. Shareholders will vote for director appointment on individually basis.

3. Candidate gaining the highest votes in sequence will be appointed as director and the number of appointed director subject to required number of director vacancy. In case of a tie of votes and qualified candidates are exceeding the required number, the Chairman of the meeting shall have an additional casting vote.

At the annual general meeting of shareholders, one-third of directors shall retire by rotation. In case the number to be divided cannot be made, the retiring number should be the number nearest to one-third.

For the retiring director in the first and second years after the company's registration, drawing-lots method shall be applied to decide who will retire by rotation whereas for the next year, directors holding the longest service term shall retire and those retiring are eligible to be re-elected for another term.

• Top Executive Selection

The top executive selection shall be undertaken by the Remuneration and Nomination Committee to select candidates having suitable qualification, experience of working to be further proposed to the Board of Directors for approval. The policy and criteria for selection of the top executives including succession plan for emergency case or retirement are set forth to avoid any impact to the Company's business as follows:

- The Board of Directors approved to set up the succession plan for Chief Executive Officer position and Vice President positions as well as experience transfer to their potential subordinates to work in their replacement for emergency case or retirement.

- The basic qualifications of Chief Executive Officer are as follows:

- The education should be not lower than a master degree in engineering field or business administration or other related fields. In case of being educated in lower degree, it is subject to the discretion of the Remuneration and Nomination Committee on his other qualifications.

- Having experience not less than 10 years in the top executive position management

- Having leadership character with wide vision

- Be capable in strategic planning and organizational management

- Having cautious decision making and problem solving with recognition of highest benefit of the Company

• **Policy for Chief Executive Officer and directors to hold director position in other companies**

The Board of Directors had set up a policy that the Chief Executive Officer and directors holding director position in other companies should be in compliance with the Company's Article of Association, Section 13, paragraph 2 stating that

"A director is prohibited from being a partner or unlimited partner in a business entity or hold a director position in a private company or any other company that conducts a similar type of business or in competition against the Company's business activities, except where the General Meeting of Shareholders is notified prior to the appointment resolution."

In case Chief Executive Officer and directors hold a director position in other companies which is not in the above condition, it is required to report for acknowledgement of the Board of Directors Meeting.

4. Corporate Governance Subsidiaries and Joint Venture Performance Monitoring

The Board of Directors has set up the policy and authorized the Company's management to monitor the performance of subsidiaries and joint venture as follows:

- To consider and assign qualified candidates to act as the Company's representatives to be directors and/or executives of subsidiaries and joint venture in proportion of share holding so as to monitor and control those business.

- To report for acknowledgement of the Board of Directors about assignment together with their qualifications

- To monitor subsidiaries and joint venture to perform their operation in compliance with the authority table including disclosure and any action complying with the SET's law, regulation and notifications as well as the guideline practice of connected transaction and acquisition or disposition of assets.

- To report the summary of subsidiaries and joint venture's operating performance to the Board of Directors on quarterly basis. In addition, in case of significant transaction such as an increase or decrease of capital, company dissolution, etc. it is required to being proposed for prior approval of the Board of Directors.

5. The Uses of Internal Information Control

The 2/2005 Board of Directors Meeting on 19 May 2005 has set the policy to govern the uses of internal information that has been presently enforced 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 nor sell or transfer or obtain the Company's securities by using the classified and/or internal information of the Company nor enter into any transactions by 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 of such holdings as per the Securities and Exchange Act B.E. 2535, Section 59.

To be in line with the good governance practice, the Company also set the policy that each director and management are required 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 shareholding changing form (Form 52-9) to the Company Secretary for recording and reporting to the Board of Directors.

6. Audit Fee

- Audit Fee

	Audit Firm	2013 Audit Fee
TRC Construction Public Company Limited	EY Office Limited*	Baht 860,000
Subsidiaries;		
Sahakarn Wisavakorn Co., Ltd	EY Office Limited*	Baht 820,000
TRC International Limited	Simon W.F. Ng & Co., Hong Kong	USD 3,000
TRC Investment Limited	S.C.Ng Fuk Chong, FCCA Mauritius Republic	USD 1,500
TRC Middle East LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200
TRC Engineering LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200

* Ernst & Young Office Limited, former name was Ernst & Young Office Limited

- Non-Audit Fee

Travelling expenses of the auditors for 2013 audit tasks

- TRC Construction Public Company Limited	Baht 24,060
- Sahakarn Wisavakorn Co., Ltd.	Baht 2,028

7. Practice in accordance with the Good Corporate Governance

The followings are the Company's fulfillment of the 5 principles of good corporate governance practice:

1. Rights of the Shareholders

The Company has a policy to equitably facilitate all the shareholders for the Shareholders' Meeting attendance, exercising of their voting rights, gaining of dividend payment as well as the information disclosure. In addition, The Company also provides an opportunity for shareholders to propose in advance meeting agenda and nominate qualified persons to be elected for director position and also to raise their questions, freely express their opinion during the Shareholders' meeting as well as encourages the Board of Directors, management and independent auditors to unanimously participate in the meeting.

In 2013, there was only one meeting held for Annual General Meeting of Shareholders on 24 April 2013 and during the year there was no any extraordinary meeting held. The Company has performed in compliance with the good corporate governance practice as follows:

• Prior to the Annual General Meeting of Shareholders day

On 12 September 2012, the Company opened for the shareholders, through the ELCID system of the Stock Exchange of Thailand and the Company's website (www.trc-con.com, item "Investor Relation") to propose the meeting agenda for the 2013 Annual General Meeting of Shareholders and nominate the qualified person to be a director. The information can be proposed during 12 September – 15 February 2013 prior to the Remuneration and Nomination Committee Meeting in order to consider one-third of directors retiring by rotation. The Board of Directors later considered the retired ones and approved the issue as one of the agenda of the shareholders' meeting. The shareholders could inform their proposed issues through 3 channels; e-mail to the Chairman of the Audit Committee or secretary to the Board, facsimile and post mail. However, there was no any proposed issue from the shareholders.

In order to provide shareholders an opportunity to go through the meeting notices in advance, the Company disseminated meeting notices and related documents on 25 March 2013 both in Thai and English languages through the Company's website which was 30 days prior to the 2013 General Meeting of Shareholders date and also informed shareholders of the disclosure through the Stock Exchange of Thailand's ELCID system for investors and shareholders' acknowledgement.

The Company sent the meeting notice of the 2013 Annual General Meeting of Shareholders enclosed with supporting information of each agenda to the shareholders not less than 14 days prior to the meeting date (since during 2013, there were agenda of capital decrease/increase required for 14-day notification as per the Public Company Act) and also published the notice in a newspaper not less than three consecutive days prior to the date of the meeting. Each agenda contained the Board of Directors' opinion with supporting information for shareholders' consideration.

• The General Meeting of Shareholders Day

The 2013 Annual General Meeting of Shareholders was attended by 8 of totally 9 directors. The absent directors was Assoc. Prof. Pises Sethsathira, an independent director (due to his sickness). The meeting was attended by the Chairman of the Board of Directors, the Chairman of the Audit Committee, the Chairman of Remuneration and Nomination Committee, the Chairman of the Corporate Governance Committee, Chief Executive Officer (highest executive), financial advisor, legal advisor and representatives of the audit firm. The barcode method was deployed for registration and vote casting for more convenience of the shareholders.

Prior to starting the meeting, the Chairman of the Meeting introduced directors, legal advisor and auditors for acknowledgement of attending shareholders. The legal advisor explained the process of the meeting, method of vote casting and required votes for resolution of each agenda. The meeting proceeding was held in sequence of the meeting agenda without any additional ones unstipulated in the notice of the meeting. For the agenda of directors' remuneration, the policy of remuneration and procedure was separated into remuneration for directors and sub-committee. During the meeting, the chairman of the meeting allowed all attending shareholders to cast their votes on individually basis for the agenda of director appointment and they could appoint the qualified candidates by casting votes with ballot as an evidence of appointment. For other agenda, ballot method was allowed in case of disagreement or abstention. However, there was no any disagreed or abstain vote. Moreover, the shareholders could equitably and freely express their opinions, suggestion or raise questions relating to the Company's performance prior to exercising their votes.

• After the General Meeting of Shareholders Day

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, Department of Business Development, Ministry of Commerce on 10 May 2013 which was within the specific 14 days and the meeting information in both Thai and English including meeting's recorded sound through the Company's website.

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 nominated director for consideration of the shareholders' meeting prior to the Board of Directors' meeting date, the details as stated in item 1 - Rights of the Shareholders. Then, the Remuneration and Nomination Committee considered the nominated candidates and further proposed its resolution to the Board of Directors Meeting and the shareholders' meeting, respectively.

- 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.

- Disclosing the notice of the meeting and related documents through the Company's website earlier 30 days prior to the meeting date and sending such a notice to shareholders 7 and/or 14 days prior to the meeting date (in case of agenda concerning registered capital or relevant matters as enforced by laws).

- Providing each shareholder the ballot for each agenda item, in case for disagreed or abstained votes.

- Prior to starting the meeting, the Chairman of the meeting shall inform the voting procedures and the vote counting and also allow shareholders to comment and raise the questions within the appropriate and sufficient period. The meeting will be proceeded in a sequence of agenda as per the meeting notice with no additional agenda policy.

- To avoid any conflicts of interest, the Company sets regulations on connected transactions stricter than the Stock Exchange of Thailand's regulations. The details are in the item "Criteria or procedure for connected transactions" on Page 120. 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 2012, there was no any connected transaction.) The Board of Directors also sets the policy on the prevention of insider trading. The details are as per the item "Corporate Governance" on Page 82. The Secretary to the Board of Directors will remind directors and management via email in advance to acknowledge the silent period (1 month prior to disclosure of the financial statements to the public).

- 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 acquisition and or disposition of assets.

- All changes 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 compliance with the related laws and regulations in order that the stakeholders can obtain a good attention. In 2013, the corporate governance policy was reviewed with establishment of "2013 Code of Conduct and Business Ethics Practice" in written and disclosed through the Company's website on the item of "Corporate Governance" to be as guideline of practice towards the stakeholders especially for strict adherence of the Company's management and employees.

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

- **Employees**

The Company emphasizes on human right respect and treat labors on fairly basis. The policy on human resources development was set to develop knowledge, capability and skills for employees' responsible tasks and also arranged reward, welfare, life quality and safety on fairly basis. The tangible employees development is as disclosed in item of "Employees Development Policy", Page 77.

- **Shareholders**

The Company is constantly responsible for shareholders, and gives rights to all shareholders on equitable treatment basis. The Company aims to operate the business with successful growth to increase long-term potentiality of sustainability and competitiveness, as well as to create appropriate and sustainable interest for 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 free competitive covenant on fairly basis, has 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, not defamed the competitors by calumniating or other inappropriate methods and omitted 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.

The Company places importance on safety during project execution and completion of works to be delivered as the absolute first priority since nature of business is the service construction of energy and petrochemical industries. The Company also emphasizes on training of the Quality Assurance Department continuously in order to obtain standard of works under the highest safety.

Moreover, during the construction, meetings with customers' representatives are held regularly for every projects. The Company is also pleased to welcome all customers for site visit and explain any required clarification about the construction to ensure their confidence towards all process of working. Those services arranged for customers always lead to customers' reliance and satisfaction on the Company's standard works.

- **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.

- **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, construction site visits are arranged for creditors to acknowledge the progress of the project they have supported the project financing and also 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.

- **Information Technology System, Intellectual Properties or Copyright**

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. In 2103, the Company set up the written "Guideline of Practices for Security of Information Technology" in order to maintain security of information technology of the Company and Sahakarn Wisavakorn Co., Ltd. to be properly handles with efficiency, stability with continuous effectiveness and protectable for future problems maybe arisen due to improper usage and any menace. In addition, IT Contingency Plan was prepared to be used as guideline of risk protection and problem solving for emergency cases.

- **An-ti Corruption**

The Company has an anti-corruption policy with no bribery or no receipt of bribes (both in a form of cash, good or any other benefits) to be adhered to by the Company's employees, their close relatives or other persons concerned.

- **Society and Community**

With recognition of responsibility for participation in social, community and environmental development, the Company and its subsidiaries have reserved the annual budget to support the projects and activities related to the aforementioned terms and encourage directors, management and employees to participate in social and community activities. Those activities in 2013 are as shown in the item of "Social Responsibility", Page 108.

- **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 the 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.

According to the Board of Directors's policy, the Company and Sahakarn Wisavakorn Co., Ltd. have to strictly perform in compliance with ISO 9001:2008 standard. In each year, the Company's and Sahakarn Wisavakorn Co., Ltd.'s quality management team together with ISO certifying company undertake the inspection and assessment for departments' operating performance 2 times per year to oversee and ensure that the Company has performed in accordance with the requirements of ISO 9001:2008.

Further to the revision of the Company's organization chart in 2013, the management has defined its policy of ISO9001:2008 participation to have all departments arrange their written quality manuals to be used as guideline of working for their departments and other departments concerned. Workshop activity are also arranged with participation of management, vice presidents, project managers, managers including section heads to acknowledge the announcement of the quality manuals enforcement on 29 November 2013 at Miracle Grand Convention Hotel.

2. The Company has appointed Health and Environment Department to set out planning and training courses for employees to acknowledge the advisory firm's recommendations and guideline of practice for health and environment including timeframe of improvement periodically to enable the Company to correctly and continuously improve operating performance in accordance with the mitigation measure.

3. The Company encourages employees to utilize resource effectively and realize in an importance of environment including arranging activities to reflect environmental concern such as worthwhile use of 2-side paper, additional lighting throughout the office area for eye preservation as well as clean & tidy office campaign, etc which have encouraged employees for public environmental awareness.

4. The Board of Directors has defined a policy on knowledge transfer and training courses on safety, health and environmental issues to all employees and the followings are activities arranged in 2013:

- The training courses for employees including all engineers working at all sites of the natural gas pipeline construction projects to be as protection measure and to control gas leakage accident for health and environmental safety;

The Safety, Health and Environment Department has been assigned to arrange the training program on safety, health and environmental care for employees prior to commencement of each project.

- A training course and drying run on fire fighting and mitigation;
- A training course for workers working for crane operation to be as protection measure and to control any accident maybe occurred by crane operation.

- A training course for employees working in confined spaces to be as protection measure and to control any accident maybe occurred from working in such area.

In 2013, the Company and Sahakarn Wisavakorn Co., Ltd. had a total of 1,533,307 working hours with 2 cases of serious accidents causing suspension of normal working whereas TRC Middle East LLC, a subsidiary in the Sultanate of Oman, had 388,446 working hours with 4-consecutive year of no serious accident.

• Channel for stakeholders' contact and complaint

The Company arranges the channels for investors and stakeholders to communicate with the Board of Directors any concerns about illegal or unethical practices, incorrect financial reporting, insufficient internal control or other complaints which may cause some impact to the Company via the followings:

1. by emailing to the Chairman of the Audit Committee at chairman.auditcom@trc-con.com or via the Company's website (www.trc-con.com) by clicking the icon of "send email to Chairman of the Audit Committee";

2. by emailing to the Company Secretary, Miss Ounruen Sujarittham at ounruen@trc-con.com; or telephone number +66 2936 1660 ext. 178 or facsimile number +66 2936 1671; and

3. by emailing via the icon of "Contact us" as shown in the Company's website.

For Channel 2. and 3., the Company Secretary will collect all concerns raised and later propose them to Chairman of the Audit Committee for acknowledgement and investigation to gather all concerned issues and documents for reporting to the Board of Directors. Details of person who communicates such concerns will be kept as confidential record to protect his/her right.

4. Information Disclosure and Transparency

• Shareholder Structure

Details of shareholder structure and group of company structures are disclosed in the annual report and the Company's website clearly showing the major and minor shareholder list including their shareholding portions of each company.

• Remuneration for Directors and Management

The Remuneration and Nomination Committee and the Board of Directors set a clear and transparent policy on remuneration for directors and management in conformity with the industry norms. The Annual General Meeting of Shareholders approves the remuneration package including the compensation and bonus for directors. Details of remuneration for directors are as shown in the item of "Remuneration of Directors and Management", Page 75.

The remuneration for highest management's member; Chief Executive Officer, is normally considered and assessed based on his performance by the Remuneration and Nomination Committee in accordance with the Company's principle and policy defined by the Board of Directors and in relation to the Company's and its subsidiaries' operating performances as well as his scope of duties, responsibilities and performance prior to being proposed for approval of the Board of Directors.

• Report of Interest of Directors

In 2012, 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 regularly at the end of each year no matter there is no any change to their interest.

• Connected Transactions

In 2013, there was no any connected transaction.

• Directors' and Managements' Changes in number of shares

The Company set out the policy that directors and Management have to report shareholding of themselves as well as their spouses and children who have not yet reached their legal age to the Securities and Exchange Commission of Thailand and the Company Secretary to report any changes in relation to shares transaction of the Company to the Board of Directors Meeting for their acknowledgement.

• 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. Pasit Leesakul, Vice President of Project Development and Investment Division, and Ms. Ounruen Sujarittham, Finance & Investor Relations Manager and Company Secretary, as focal points of investor relation to communicate with investors, shareholders, analysts, media, and other organizations concerned. Investors can access all information relating to the Company by contacting the Company Secretary at Tel. +66 2936 1660 ext. 178, Email Address: ounruen@trc-con.com or via website: www.trc-con.com, item "Contact us".

In 2013, 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 2012 and the 1st – 3rd quarter of 2013.

2. Mr. Smai Leesakul, Chief Executive Officer, gave an interview to the television channels to update progress of business operating result and policy and also to the analysts in road show activities as follows:

- An interview on "Hard Topic Special and Money Talk Weekly" via Money Channel

- An interview on "TRC Business Strategy" of "Economic Time" Program via TNN24 Channel

- Meeting with analysts in "Thailand Focus 2013" Road Show organized by the Stock Exchange of Thailand, Phatara Securities Public Co., Ltd. and Bank of America Merrill Lynch.

- Meeting with analysts in "CIMB Thai construction Day" organized by CIMB Securities (Thailand) Co., Ltd.

3. Mr. Pasit Leesakul, Vice President of Commercial Division, joined as a guest speaker gave an interviews via TV programs as follows:

- Being co-guest speaker for Road Show Activity organized by Bualuang Securities Public Co., Ltd.
- Giving an interview to “Economic Time” Program via TNN24 Channel on subject of “TRC Business Strategy”
- Giving an interview to “AEC Focus” Program via E-Investor Channel
- Giving an interview to “ Beautiful Mind” Column of Post Today Newspaper
- Giving an updated information to analysts in “RHB-OSK DMG Asean & Hong Kong Corporate Day” Road Show Activity held in Singapore and organized by OSK Securities (Thailand) Co., Ltd. and OSK Investment Bank Berhad
- Giving an updated information to analysts in “CIMB Construction Day” organized by CIMB Securities (Thailand) Co., Ltd.
- Giving an interview to “Khaohoon Jortalad” Program via Spring News
- Giving an interview on TRC business plan via Than Sethakij Newspaper

4. Publicizing the investor relation’s information via the Company’s website under the item of “Investor Relation” such as TRC stock analysis article which was issued in 2013, Company’s news, management interviews via printing media, video of management interview via television channels, acting as a guest speaker for events, presentation in the Opportunity Day activity and the 2013 Annual General Shareholders Meeting.

5. Arranging an opportunity for analysts of securities companies to meet with the Company’s executives as follows:

- Maybank Kim Eng Securities (Thailand) Public Company Limited
- Trinity Securities Co., Ltd.
- OSK Securities (Thailand) Co., Ltd.
- Bualuang Securities Public Company Limited
- Daiwa Asset Management (Singapore)
- Country Group Securities Public Company Limited
- Lazard Asset Management (Singapore)
- Acorn Capital Ltd. (Australia)
- CIMB Securities (Thailand) Co., Ltd.
- Merchant Partners Securities Public Company Limited

• Financial Statements and Auditors

The Company has appointed EY Office Limited as auditors since 1999 to present and Sahakarn Wisavakorn Co., Ltd. since 2007 to present. The appointed auditors were the independent ones whose qualifications were accepted and approved by the Securities and Exchange Commission.

The financial statements have been always certified by the auditors without any condition.

In 2013, the Company had 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 the financial statements.

5. The Directors' Responsibilities

• Vision, Mission and Corporate Governance Policy

In 2013, the Board of Directors reviewed, amended and approved

- 2013 Code of Conduct and Business Ethics Practices of Management and Employees
- 2013 Vision and Mission

in order to be in line with the corporate governance practice.

• Directors' Qualification and Structure

The Board of Directors consists of qualified personnel with various skills and working experiences. 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 have to resign 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 directors has to report to the Board of Directors in case appointed as director position in other companies.

The Chairman of the Board of Directors is the representative of major shareholder who does not hold the executive position whereas the top management is the Chief Executive Officer.

• Orientation Program for New Director

The Company arranged a video presentation containing the large scale projects such as Ubon Bio Ethanol Project with production capacity of 400,000 liter per day in Ubon Ratchathani, the Bangchak Natural Gas Transmission Pipeline Project, Bangchak Biodiesel Plant Project and Nong Saeng Power Plant Gas Pipeline Project to introduce the Company's business to new directors and public as disclosed on the first page of the Company's website. In addition, the slide presentation was arranged 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 an 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 an 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 2007-2012 are ranked at more than 90% or at the level of "Excellent".

- **Performance Appraisal for Chief Executive Officer**

The Board of Directors assigns the Remuneration and Nomination Committee to handle the performance appraisal for Chief Executive Officer on annually basis and also determine the annual remuneration for him prior to proposing the appraisal result for consideration of the Board of Directors Meeting for approval of his 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 four committees of which their members are the Company's directors to carry out specific tasks as assigned. Those five committees are the Audit Committee, Management Committee, Remuneration and Nomination Committee, Corporate Governance Committee and Risk Management 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 for recommendations as deemed 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 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 Company set up the internal audit department since December 2004 directly reporting to the Audit Committee.

- **The Management Committee**

The Management 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 and as assigned from the Board of Directors. This committee was appointed to facilitate the Company's operations for which the Board of Directors has approved the scope of duties and responsibilities of the Executive Committee in written for management clarification and transparency.

On the purpose to systemize the Company's operation to be concise, appropriate and controllable for any risk maybe incurred with the proper internal audit and enhance more efficacy and effectiveness, the Board of Directors approved and enforce in 2007 "the Authority Table" to be as guideline for all employees in which the scope of responsibilities of the executives in each level was defined as authority allocation from high level to lower level to work smoothly and conveniently. The Authority Table was revised in 2009, 2011 and 2012 to be updated appropriately and in line with the current situation.

- **The Remuneration and Nomination Committee**

The Remuneration and Nomination Committee has been appointed in 2009 consisting of 7 directors; 5 independent directors, Chief Executive Officer and executive director to perform their duties according to the charter approved by the Board of Directors. In 2013, there was three meetings in which consideration of entire salary increment and bonus payment, amendment to the charter, additional appointment of the committee member, directors nomination in place of those retiring by rotation and the 2nd employee stock option plan were made.

- **Corporate Governance Committee**

The Corporate Governance Committee has been appointed in 2012 consisting of 2 independent directors and one executive director to perform their duties according to the charter approved by the Board of Directors. In 2013, there were two meetings to acknowledge the new criteria of 2014 for Corporate Governance survey for listed companies to be assessed by Institute of Directors defining the Company's management to improve corporate governance policy and code of conduct to be in line with the captioned criteria, approve the policy related to the corporate governance prior to proposing to the Board of Directors Meeting for approval such as the authority and duties of Chairman of the Board of Directors, 2013 Code of Conduct and Business Ethics Practices of Management and Employees, etc. and acknowledge & give comments for CSR activities of the Company.

- **Risk Management**

Risk Management Committee was appointed in November 2013 consisting of 2 independent directors and 2 executive directors to perform their duties according to the charter approved by the Board of Directors. In 2013, there was only one meeting to appoint the Management Committee to act as the Risk Management working team.

- **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 including every change to such an interest including their independent certifying letters on yearly basis and assigned Company Secretary to propose the said report copies to the Chairman of the Board of Directors and Chairman of the Audit Committee.

- **Succession Plan** as appeared in the item of "Top Executive Selection", Page 90

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

As of 31 December 2013, 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 Remuneration and Nomination Committee proposes directors' remuneration and bonus to the Board of Directors Meeting to later propose to the Annual General Meeting of Shareholders for approval. The remunerations was passed the resolution of the committee in term of appropriateness in comparison with other listed companies. The Company's remunerations for directors are in a form of monthly payment, meeting attendance 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 officially arrange the management meeting in a form of workshop 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 operation. The honor experienced guest 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 propose 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' acknowledgement. For example, in 2012, 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 be beneficial for their duties such as Director Certification Programs held by Thai Institute of Directors, SET's seminars, etc.

In 2013, director and executive participation in the training courses and seminars are as follows:

- Mr. Smai Leesakul, Mrs. Podchanee Phaosavasdi and Mr. Pasit Leesakul participated in a workshop for ISO quality manuals review of all departments.
- Mrs. Podchanee Phaosavasdi participated in the seminar of “Risk Resilience : How the company’s directors should deal with the issues of Enterprise Risk Management (ERM)” organized by Thai Institute of Directors and also in “Sharing Forum on Financial Instruments for Directors (FID)” organized by the Stock Exchange of Thailand.
- Mr. Pasit Leesakul participated in “Director Accreditation Program (DAP)” seminar of Group 105/2013 and also the “Job Description” training course organized by the Company.

• Board of Directors Meeting

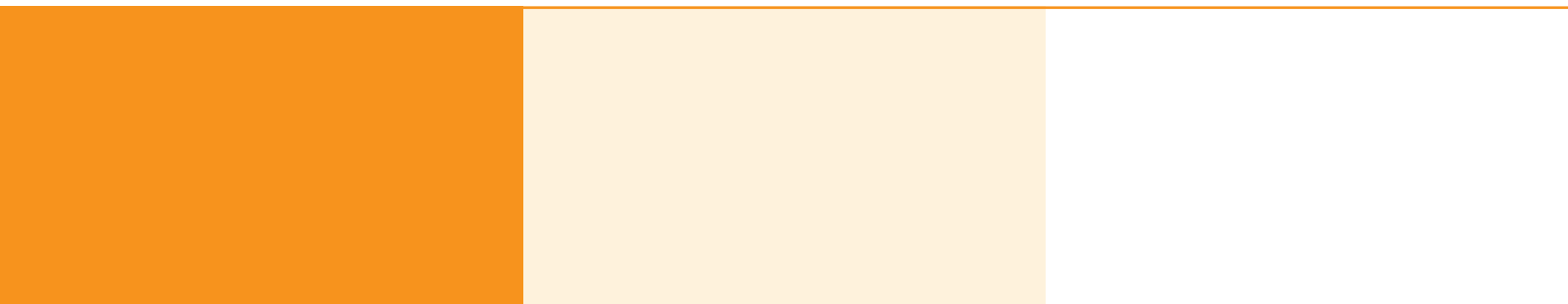
The Board of Directors Meeting is held at least every 3 months and chaired by the Chairman of the Board of Directors who will also monitor the meeting, conclude the agenda for consideration of the meeting, avail an opportunity, encourage all directors to express their comments, gather and propose the resolution of the meeting.

The Board of Directors also set out the policy to arrange the meeting among all independent directors without any participation of the executive directors at least once per year starting from 2012 onwards. In 2013 there was only such a meeting in December 2013.

• Company Secretary

Since 2007, the Board of Directors has appointed Ms. Ounruen Sujarittham, Finance Manager and Investor Relations, as Company Secretary to perform supporting duties to the Board of Directors Meeting such as agenda preparation, notice of the meeting, meeting arrangement, meeting documents filing and also give her advices to directors so that they can perform their duties in compliance with relevant laws and regulations.

11. Social Responsibility



Social Responsibility

1. Prospective Policy and Business Operation

The Board of Directors has defined the policy on running the businesses of both Company and its subsidiaries with recognition of responsibility towards society, environment and stakeholders. In 2013, The Company's vision and mission as well as corporate governance policy were reviewed with the arrangement of "2013 Ethics and Code of Conduct of the Management and Employees" disclosed through the Company's website under the item of "Corporate Governance" to be as a guideline for practice of directors, management and employees with recognition of the rights of concerned stakeholders under related laws, regulations, ethics, fairness and equality to enable the Company's concerned personnel to work and perform in the positive and appropriate way and being acceptable in society so as to support the sustainable development of the operating result.

The Group of companies has defined the policy and guideline of practice in accordance with 8 principles of guidance on social responsibility as set by the Stock Exchange of Thailand as follows:

1. Business operating on fairly basis

The Company set up a guideline of practice showing business operating on fairly basis, with respect to other assets as shown in the 2013 Ethics and Code of Conduct of the Management and Employees, category 5.- Code of Conduct towards customers, category 6.- Code of Conduct towards business competitors and category 7.- Code of Conduct towards the Intellectual Property or Copyright.

2. Anti-corruption

The Code of Conduct towards anti-corruption and channel for complain or whistle-blowing is as shown in the 2013 Ethics and Code of Conduct of the Management and Employees, category 10.

However, in 2013, there is no any complaint or whistle-blowing related to fraud or corruption raised to the Audit Committee.

3. Human Right Respect

The Company has emphasized on human right respect, no involvement with human right violation and no sex discrimination. The unsighted employee was employed as permanent staff and no sex definition of employment. Moreover, CSR activities related to the human right respect were launched such as wheelchair delivery donated through Thai with Disability Foundation for further delivery to disable people.

4. Treat labor on equal basis

The code of conduct related to employment, labor, safety, health and environment as well as opportunity of equality are as shown in the 2013 Ethics and Code of Conduct of the Management and Employees, category 1. – Code of Conduct towards the Company and category 2. – Code of Conduct towards superiors, subordinates and colleagues.

The materialistic code of conduct related to the quality management system, safety, health and environmental management are as shown in the Section of "Corporate Governance", Page 81.

5. Responsibility towards customers

The Group of Companies has substantially realized in the effective service with works delivery in compliance with their requirement under defined timeframe with safety and standard as shown in the 2013 Ethics and Code of Conduct of the Management and Employees, category 4. – Code of Conduct towards customers.

In addition, the customer satisfaction survey has been undertaken on every 6-month basis. The questionnaire survey form contains 10 assessment items; 1. Information disclosure prior to being awarded, 2. Communication, 3. Completion of supporting documents, 4. Coordination for problem solving and expedition, 5. On-time delivery, 6. Correction of works in compliance with customers' requirement, 7. Safety awareness along project execution, 8. Environmental awareness of working, 9. Service after works delivery, and 10. Price. All assessment and comments raised by customers will be proposed to the Company's management for acknowledgement and further service development & improvement in responding to customers' satisfaction.

6.-7. Environmental care and participation in community and society development

The Policy on environmental care and participation in community and society development is as per 2013 Ethics and Code of Conduct of the Management and Employees, category 8.– Code of Conduct towards society, environment and community.

The Group of Companies' business operation with recognition of awareness of corporate social responsibility and community & social development is always adhered to since nature of business has been related to the construction of energy and petrochemical industries for which community safety and environmental care during project execution and after works delivery are required to be strictly recognized. In addition, an impact which maybe arisen to communities nearby the construction areas is also always aware.

8. CSR innovation and disclosure - no information of this item.

2. Business against Corporate Social Responsibility

In 2013, the company had no any significant cases inspected or under inspection by the authorities concerned for law violation and incompliance with the abovementioned 8 items.

3. Social and Environmental Activities

In 2013, TRC and its subsidiaries launched the social and environmental activities as follows:

1) Pay It Forward Activity by greeting card delivery to the in service police and military officers working in the southern 3 provinces was launched by TRC Construction Plc. and Sahakarn Co., Ltd. to express them good wishes and encouragement in the occasion of 2013 new year. The collection of greeting cards signed by employees and donated books including snack and dried foods were delivered to the Information Centre, Internal Security Operations Command Region 4 Police Station, Siridhorn Military District in Pattani Province and the Southern Border Provinces Police Operation Center in Yala Province.



2) On the occasion of Children's Day, TRC donated the appliances such as refrigerator, electrical fan, marble table, bicycles and dessert to Pai-tam Municipality's Child Development Center, Nong-care District, Saraburi Province nearby Nong-Seng Power Plant Gas Pipeline construction site of Gulf JP NS Co., Ltd. In this occasion, the company also received an honorable shield from Pai-tam Municipality representing that the company is an organization with excellent outstanding performance on educational development encouragement and support.



3) Blood Donation by employees and other people to blood mobile unit of Rajavithi Hospital on the occasion of the 59th Anniversary of the Establishment of Sahakarn Wisavakorn Co., Ltd. was launched under extended space support from Thai Petroleum & Trading Co., Ltd., the owner of TP & T Tower. This activity has been held annually in February since 2008.



4) Donation of 10 Wheelchairs for the Disabled and Disadvantaged People : With recognition of human right respect, TRC Construction Public Company Limited donated 10 wheelchairs to disabled people to help them more convenience of living. The donation was launched at “Thai with Disability Foundation” through Mr. Kittipong Hardtavaikarn, Treasurer of the foundation to further give these wheelchairs to the disabled and disadvantaged people.



5) The Lumbini Renovation Activity in Nepal has been managed with overseas experience and expertise for the project construction management especially in middle east for Thai Pung Thai Foundation. The works consists of 3 phases as follows :

1. Pathway from Peach flame to Mayadhevi sacred garden which is the birthplace of the Buddha approx. 700 metre length. The existing condition prior to renovation was ground with clay during rainy season and after renovation, the pathway will be tiled to be plain, tidy and more convenient for pilgrims paying homage to.
2. Traffic Circle for “Baby Bbudha” Monument
3. Tourism Service Building for exhibition, first-aid and restrooms

The Company feels very proud of being a part of the captioned project and as Thai representative to participate in the 3rd renovation of the history. The 1st renovation had been done by King Asoka in the past 2,320 years. The work is under construction and with closely coordination with Royal Thai Monastery and Lumbini



6) Computer and Stationery Donation to Ban Non Sawan School in Chaiyaphum Province : This activity was launched upon educational recognition to support instruction media and other items required for learning of upcountry students. 6 sets of computers, instruction media, canvas shoes and student socks were granted to students at Ban Non Sawan School in Chaiyaphum Province, Office of the Education Region 3 – Chaiyaphum.

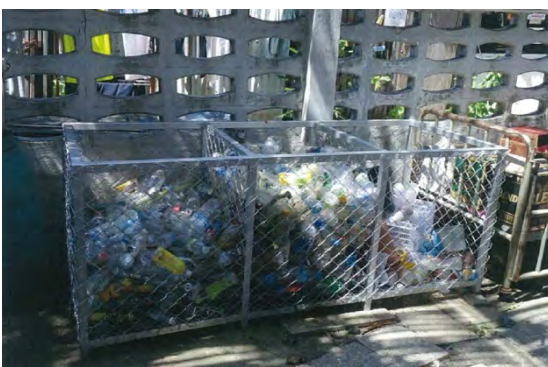


7) Donation of Marble Playground Equipment and Garbage Separation Wire Baskets to Rama VIII Children Advantage Creation Center : Firstly, the Company's representatives had made a survey for requirement and living condition of children at the captioned center and according to "Teacher Chao" working at the center and for homeless children as well as ones in slum, he needs to afford them by working as labor and collecting garbage for sale to gain income to afford them. For well-proportioned area and cleanliness, after collecting garbage and waiting for separation, the Company then provided and delivered wire baskets for garbage separation and also marble playground equipment for children activities at the center.

Before



After



8) Donation of 10 Wheelchairs to Thai with Disability Foundation: This activity was an additional one of donation in March, 2013 on which 5 wheelchairs were donated through this foundation to further give to disabled and disadvantaged people.



9) The sediment water filter for artesian water and the 500 liter storage tank were donated to Seeyak Bangtoey School, Bangtoey Subdistrict, Samkhok, Pathumthani Province for their good health. Formerly, in August 2012, the Company had joined the flood relief project of “Recover Schools for Children and Relationships to Community” hosted by Thai Listed Companies Association and donated the sediment water filter for artesian water and the 500 liter storage tank to Seeyak Bangtoey School. Upon an anniversary of the above donation of the sediment water filter for artesian water, the Company found an inefficiency of the sediment water filter due to disqualified water and rust. The Company therefore proceeded to change the 3- step filter and set up a new tank with roof along with high foundation for flood protection.



10) The Homelands Project is the long-term project initiated in 2012 and become obviously tangible in 2013 with an objective to recover, develop society and communities of employees' homelands. In 2013, the provision of budget were for the activities for public to improve employees' homelands communities as follows:

- Agricultural Project for Baan Nam Dip School at Thoen District, Lam-pang Province: With reference to the Royal Initiatives Project “Sufficient Economy”, TRC supported Baan Nam Dib School the fund to build the mushroom and poultry shelters. The pretrial fund was arranged for fish breed for the school pond. The operation is run by students under the teacher's supervision to encourage their professional practice. The products are their materials for students' school lunch. On the delivery date, the Company's management and employees also additionally donated education tools to the school and participated in cleaning activity with the students the area of Wat Ban Nam Dib.



- Artesian Well Drilling Project and Water Tank Installation for Baan Hua Dong Community, Tubtan District, Uthai Thani : Previously, Baan Hua Dong School and Community used rainwater from jar storage as a primary resource for consumption, therefore, it is insufficient during dry season especially for the captioned school. This project is then arranged to drill the groundwater in 84 meters depth under coordination with Department of Ground Water Resources and the 15-meters height water tank was also installed for Baan Hua Dong community and the school consumption during dry season. On the delivery date, the Company's management and employees also additionally donated education tools to the school and participated in cleaning activity with the students the area of Wat Nong Khui located in such area.



11) TRC had co-sponsored with the library camp, organized by the Faculty of Economics, Chulalongkorn University, at Baan Song School, Huai Kra-Choa District, Kanchanaburi Province. This activity provides an opportunity for students to practice the project operation, teamwork, management and problem solving skill while the library will be the knowledge-base for the school and community.



12) Participation with PTT Plc. and Tha Khanon Municipality and Khanon Klee Community for Water Power Dam Construction Project : This project was constructed for community and Ban Khanon Klee School in Thong Pha Phoom, Karnchanaburi Province and the construction consisted of steel structure, stone-laying weir, gutter, water turbine and bridge connected to water turbine location.



12. Internal Audit Control and Risk Management

Internal Audit Control and Risk Management

1. Brief of the Board of Directors' comment towards sufficiency of the internal audit control system

In the 2/2014 Board of Directors Meeting on 27 February 2014, all of three Audit Committee had participated and the Management Letter of 2013 finance statements of the Company and Sahakarn Wisavakorn Co., Ltd. were proposed. The Boards mutually assessed the internal audit control of the Company and subsidiaries for the year 2013 as per the internal audit control form consisting of 5 parts; organization and environment, risk management, management control system, information and communication technology and monitoring system. The Board of Directors had their inquiries together with consideration of internal audit control in term of its sufficiency previously reviewed by the Audit Committee and was of the view that the Company and its subsidiaries had a sufficient internal audit control system including a sufficient internal control system on all transactions related to major shareholder, directors, management or other concerned personnel. Moreover, the current internal audit control system was deemed sufficient and could protect the management not to deploy the Company's and subsidiaries' assets illegally or without prior permission.

The recommendations of the management letter from the Company's and Sahakarn Wisavakorn's auditor can be summarized as follows:

TRC	Sahakarn Wisavakorn
<p>1. Salary System: Tax withholding should be applied for all eligible employees.</p> <p>2. Other Matters:</p> <ol style="list-style-type: none">1. Supporting documents for transfer price between subsidiaries should be arranged for reference.2. In case of allowing the Company's assets as mortgage for loan for related subsidiary, fee charge should be applied.3. Appropriate interest rate should be applied for advance money to related subsidiary.	<p>1. Accounting System: The record of improved and reversed transactions should be recorded correctly and regularly.</p> <p>2. Salary System: Personal Income Tax Withholding should be applied for all eligible employees.</p> <p>3. Other Matters:</p> <ol style="list-style-type: none">1. Supporting documents for transfer price between subsidiaries should be arranged for reference.2. Permanent Assets Registration Book should always contain updated information.

2. Head of the Company's Internal Audit

The 1/2005 Audit Committee Meeting on 8 April 2005 appointed Ms. Sarinthip Laomahamek holding a Bachelor Degree of Cost Accounting, having 9-year experience in internal audit field in public limited company as well as overseas working with the following record of trainings by Internal Auditor Association of Thailand:

- In 2011: "Creative Problem-Solving Techniques for Auditors" Course
- In 2011: "Consulting Activities, Skills & Attitudes" Course
- In 2008: "Certification of Thai Internal Auditor" Course
- In 2008: "Operation Auditing" Course
- In 2007: "Risk Based Audit" Course

to be the head of the Company's Internal Audit Department and Secretary to the Audit Committee due to her qualification and past experiences as mentioned above.

The consideration and approval of appointment, dismiss and transfer for the head of the Internal Audit Department is required to obtain the resolution of the Audit Committee.

13. Connected Transactions

Connected Transactions

In 2013, there was no any connected transaction.

Policy and Procedure of Connected Transaction Approval

The 2/2005 Board of Directors Meeting on 19 May 2005 had resolved to define the policy for future connected transaction that any connected one should be reviewed with comments of the Audit Committee and/or the Board of Directors on its requirement and reasonability. Review and price & condition comparison for each transaction should be also proceeded to assure whether it is common business transaction as done for the connected transaction with outsiders. For effective business operation, the captioned Board of Directors Meeting had resolved to allow the Company to proceed the common business connected transactions or supportive common transaction such as obtaining new awarded project, subcontracting of the project with work value of not over than 30 MB under the condition that such a transaction should be undertaken under price and condition as normal practice and for highest benefit of the Company. The connected transaction should be prior proposed to the Audit Committee Meeting and/or Board of Directors Meeting for acknowledgment and comment. The following connected transactions are required to be proposed for consideration of the Audit Committee Meeting and/or Board of Directors Meeting for further comment in term of requirement and reasonability and also for approval prior to proceeding.

- Uncommon business transaction or unsupportive common transaction
- Connected transaction to be proceeded under price and condition different from normal practice done with outsiders
- Common business transaction or supportive common transaction to be proceeded under price and condition as normal practice with transaction value of not over than 30 MB

Anyone who is opposed, a stakeholder or may have a conflict of interest in any cases (as per the Company's Article of Association, the Securities and Exchange Commission and Stock Exchange's notification and regulation) has no authority to proceed any act in relation to the connected transaction with the Company or subsidiaries.

In addition, the Board of Directors shall monitor the Company to perform in accordance with the Securities and Exchange laws, regulation, notifications and rules as well as compliance with the disclosure manual and acquisition or disposition of asset of the company and subsidiaries (if any) as well as the accounting standard of the Accountant Association.

In case the Audit Committee and/or Board of Directors have no expertise to consider the connected transaction maybe arisen, the Company shall seek for an independent expert or auditor's comment to obtain recommendations as supporting information for the Audit Committee's or Board of Directors' and/or shareholders' decision as deemed appropriate. The Company shall disclose the arisen connected transaction in the notes to financial statements as audited by the Company's auditors.

Approval of Common Connected Transaction

As per the Securities and Exchange Act (Vol. 4) B.E. 2008 announced on 31 August 2008, any common connected transaction is required to be proposed and approved by the Board of Directors or the Board of Directors is required to approve in principle such connected transaction prior to proceeding. Formerly, the company's management could proceed such transaction without prior approval of the Board of Directors.

For the Company, the Board of Directors held in 2005 had passed its resolution in principle that any common connected transaction with value of over than 30 MB was required to obtain an prior approval of the Board of Directors (as described hereinabove in item of "Policy and procedure of connected transaction approval"). This approval is in line with the principle of common connected transaction and also guideline of practice of the new act. However, the Company later raised this issue for acknowledgement of the 7/2008 Board of Directors Meeting held on 7 August 2008.

Policy and Trend of Future Connected Transaction

In 2013, the Company had transactions with related parties as per the following details of the notes to 2013 financial statements

- Item 7 Related Party Transactions

- Item 36.4 Guarantees: As at 31 December 2013, the Company has commitment from guarantee of credit facilities of the subsidiaries totalling USD 1 million.

However, the above were not considered as the connected transactions and the Company had strictly followed up the approval procedure of the Authority Table.

For any future connected transaction (if any), the Company shall perform in accordance with the policy and procedure of connected transaction after approval of the Board of Directors.

14. Management Discussion and Analysis of Financial Status and Performance

Management Discussion and Analysis of Financial Status and Performance

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 successful factors of the business depend on bidding opportunities, securing work contracts, implementation and effective project supervision, good cost control and punctual completion.

In 2013, the Company and its subsidiaries recognized revenue from construction services and sales of Baht 2,526.48 million decreasing Baht 1,788.26 million or 41.45% from the previous year. Net profit attributable to equity holders of the Company was Baht 126.36 million decreasing Baht 102.08 million or 44.69%. Net profit margin was 4.94% decreasing from 5.26% of the previous year. A decrease of revenue in 2013 was due to a delivery of the completed large scale projects such as IPP Project from GULF JP Co., Ltd. Group and Ubon Bio Ethanol Project including a delay of bidding announcement for potential large scale projects. Consequently, most of the new projects were awarded during the second half of year 2013 i.e the Natural Gas Transmission Pipeline Projects from PTT Plc. consisting of Navanakorn-Rangsit Interconnecting Pipeline Project, Provincial Gas Transmission Pipeline Project to Nakhon Ratchasima (under a joint venture between Sinopec International Petroleum Service Corporation, the strategic partner from People's Republic of China), etc. However, TRC Group was able to maintain gross margin at 14.96% which was in line with the standard gross margin of 15.00%. The main reason of the decrease of net profit was loss from operation of TRC Engineering LLC ("TRCE"), a subsidiary in Sultanate of Oman.

As end of 2013, there were 23 projects on hand with work value of Baht 4.7 billion. In 2014, TRC and its subsidiaries plan to enter into bidding for large scale projects with work value over than Baht twenty thousand million. Most of the projects are from PTT Plc. and construction works in energy and petrochemical businesses. TRC is confident that in 2014 the potential bidding projects will be additionally awarded with the expected revenues of Baht 4-5 billion and the performance of TRCE can be recovered.

2. Operating Results and Profitable Ability

• Revenue

– Construction Services Income and Sales

In 2013, the construction services income and sales were Baht 2,526.48 million, decreasing 41.45% from the previous year. The core revenue structure consisted of 79.16% from pipeline system works, 9.77% from engineering system installation and processing plant construction works, 8.97% from civil works and 2.10% from other services while the previous year were at 47.96%, 50.49%, 1.46% and 0.09%, respectively. Construction services income

and sales decreased due to a delivery of the large scale project such as the Ubon Bio Ethanol Project with work value of Baht 2,134 million, IPP Project and GUT Gas Pipeline Project of GULF JP Group value of Baht 1,695.38 million and a delay of bidding announcement for potential large scale projects. Consequently, most of the new projects were awarded during the second half of the year such as Navanakorn-Rangsit Interconnecting Pipeline Project and Provincial Gas Transmission Pipeline Project to Nakhon Ratchasima. The top 3 highest revenue recognition projects consisted of GUT Gas Pipeline Project, IPP Project from GULF JP Co., Ltd. Group and Navanakorn-Rangsit Interconnecting Pipeline Project Works from PTT Plc. representing 34.92%, 17.94% and 4.32% of construction services income, respectively.

- Other Income

Other income was Baht 28.99 million comprising Baht 22.08 million of transfer of provision for the expired performance guarantee after the completed works, Baht 0.92 million of the operating income charged for compensation reimbursement from subcontractors and the remaining from other income.

• Cost of Construction Services and Cost of Sales

Significant cost of construction services consists of materials and labor cost. In 2013, cost of construction services and cost of sales were Baht 2,148.41 million representing 83.99% of total revenues whereas the previous year was at 88.61% due to an effective cost control and successful operation as planned. For example, there was a reduction of services for subcontractors by using the Company's and subsidiary's workforce. In 2012, Sahakarn Wisavakorn Co., Ltd. had the large scale projects under construction such as Ubon Bio Ethanol Project and the Civil Works for Green ABS VI Project with work value of Baht 2,134 million and Baht 280 million, respectively, of which the construction was accelerated for delivery in early of 2013. Therefore, additional workers were hired causing 14.96% of the gross profit margin for 2013, increasing from 10.78% of last year.

• Administrative Expenses

In 2013, administrative expenses were Baht 230.69 million representing 9.02% of a total revenue whereas while the previous year was 4.56%. An increase of expenses were mostly from employees' expenses such as more recruitment, salary base adjustment according to the government's policy, seminars for human resource development and expenses of the ESOP-W2.

On 1 July 2013, the Company issued 31,600,000 units of ESOP-W2 to directors, management and employees totally 78 persons at the offering price of Baht 0. The exercise ratio was 1 unit of warrant which could purchase 1 ordinary share at the exercise price of Baht 4.70 per share. In 2013, the ESOP-W2 issuance affected additional expense in term of accounting record as employees' expenses at a total of Baht 8.24 million.

• Doubtful Debt

The Company and TRCE set up allowance for doubtful accounts for over 1-year past due accounts receivable at a total of Baht 16.31 million. In addition, there was a provision for loan and advance provided to TRCE at a total of Baht 71.37 million since it was expected that TRCE would not be able to repay such loans due to its significant loss from operation. However, such provision had not caused any effect to the consolidated financial statements.

• Income Tax Expenses

In 2013, the income tax rate of the Company and Sahakarn Wisavakorn Co., Ltd. decreased from 23% in 2012 to 20%. 2013 tax expenses were Baht 51.42 million showing a decrease of Baht 27.70 million. The proportion of income tax expenses to total revenue was 2.01% whereas at 1.82% of the previous year. The decrease of tax expenses was due to a decrease of net profit as detailed shown in the notes to financial statements item 31: Corporate income tax.

• Operating Results and Profitability

	Gross Profit (Million Baht)		Net Profit (Million Baht)	
	2013	2012	2013	2012
TRC Construction Public Co., Ltd.	330.22 17.51%	340.56 14.23%	81.33 4.24%	178.95 7.42%
Sahakarn Wisavakorn Co., Ltd.	54.83 14.28%	118.19 7.67%	21.78 5.65%	105.63 6.80%
TRC Middle East LLC	42.22 17.57%	16.30 9.19%	18.30 7.55%	(5.21) (2.92%)
TRC Engineering LLC	(49.48) (302.59%)	(16.59) (8.15%)	(85.51) (522.97%)	(46.78) (22.98%)
The Company and its subsidiaries	378.08 14.96%	465.25 10.78%	126.36 4.94%	228.44 5.26%

* Note: Percentage representing gross profit margin and net profit margin

- Gross Margin

In 2013, the gross margin increased from 10.78% to 14.96% approximately to the Company's normal level. The gross margin of each company was as follows:

- TRC's gross margin was 17.51% higher than the Company's normal level of 15% and increased from 14.23% of the previous year since most of the projects were pipeline construction services in which the company was experienced with effective cost management.

- SKW's gross margin was 14.28% increasing from 7.67% of the previous year since most of 2012 projects were civil works of which the gross margin was less. In addition, there were a large number of subcontractors hired for Ubon Bio Ethanol Project.

- TRC Middle East LLC's gross margin was 17.57% increasing from 9.19% of the previous year.

- TRC Engineering LLC had a gross loss of Baht 49.48 million since in 2013, TRCE had no any new project on hand whereas costs and expenses from the previous project remained exist.

- Net Profit and Segment Profit

For the year 2013, net profit was Baht 126.36 million decreasing from Baht 228.44 million of last year due to the operating loss of TRCE of Baht 85.51 million (70% of net loss was recognized to consolidated financial statements or Baht 59.86 million.) causing the net profit margin was at 4.94%, decreasing from 5.26% of last year .

Profit by segment was declared in the notes to financial statements, item 35: Segment information. Pipeline system generated the highest services income of 79.16% of total construction services income with net profit margin of 4.24%. Secondly, the engineering services and factory construction for energy and petrochemical industry generated 9.77% of total services income with net profit margin of 2.86%. Civil works generated 8.97% of a total services income with net profit margin of 13.72%. Sales and other services generated 2.10% of total services income.

• Return to Shareholders

The Company paid dividends for operating performance of the financial year 2009 to 2013 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	
2009	0.06	-	19.80	-	n/a
2010	0.15	-	49.88	-	50.66%
2011	0.12	-	40.25	-	83.73%
2012*	0.050358	0.083336 (6 existing shares per 1 new share)	33.89	56.07	52.93%
2013*	0.05	-	40.83	-	52.87%

* Note: Dividend payment for the 2012 and 2013 operating performance was based on par value of Baht 0.50 per share and the 2013 dividend will be proposed to the 2014 Annual General Meeting of Shareholders for approval.

3. Financial Status Analysis

• Assets

The total assets as of 31 December 2013 were Baht 1,977.00 million, decreasing Baht 567.15 million or 27.46% from the previous year.

(Unit: Million Baht)

	31 Dec 13	31 Dec 12	Increase (Decrease)	%
Current assets	1,498.34	2,065.48	(567.14)	(27.46)
Restricted deposits at financial institutions	82.67	121.12	(38.45)	(31.75)
Investments	50.07	50.09	(0.02)	(0.04)
Property, plant and equipment	325.38	250.32	75.06	29.99
Other non-current assets	20.54	15.84	4.70	29.67
Total assets	1,977.00	2,502.85	(525.85)	(21.01)

• Current Assets

Current assets were Baht 1,498.34 million decreasing Baht 567.15 million or 27.46% which was consistent with the decrease of revenue and operating performance. The significant decreased assets consisted of the followings:

- Advances paid to subcontractors under construction since contracts decreased from Baht 108.22 million to Baht 9.61 million representing a 91.12% decrease since there were a periodical deduction of advance paid to subcontractors according to the proportion of work completion.

- Accounts receivable-retention under construction contracts decreased from Baht 275.86 million to Baht 105.82 million representing 61.64% decrease. The significant reason was from Sahakarn Wisavakorn Co., Ltd.'s receipt of Baht 213.41 million retention after the completion of Ubon Bio Ethanol Project.

- Withholding tax deducted at source decreased from Baht 89.61 million to Baht 42.26 million representing 52.84% decrease since the Company and Sahakarn Wisavakorn Co., Ltd. obtained accrued withholding tax.

- Trade and other receivables decreased from Baht 501.29 million to Baht 252.96 million, representing 49.54% consistent to the decrease of services income since the collection from accounts receivable could be done within credit term. Net trade accounts receivable was Baht 219.44 million consisting of 65.58% not yet due and 34.42% up to 3 months past due. In 2013, the Company and TRCE set up an allowance for doubtful debts of Baht 16.57 million for customers expected to be lack of an ability to pay debt.

• Restricted Deposits at Financial Institutions

Restricted deposit was Baht 82.67 million decreasing Baht 38.45 million or 31.74% due to a return of performance bond from customers in 2013. Therefore, the pledged deposit was withdrawn for working capital.

• Property, Plant and Equipment

Net property, plant and equipment were Baht 325.38 million increasing Baht 75.06 million or 29.99%. The significant increased fixed assets were in progress new head office construction commencing the construction since end of 2012 decreasing from Baht 12.55 million to Baht 99.47 million.

• Liabilities

As of 31 December 2013, total liabilities recorded at Baht 823.14 million decreasing Baht 690.15 million or 45.61%. from last year.

(Unit: Million Baht)

	31 Dec 13	31 Dec 12	Increase (Decrease)	%
Current liabilities	749.38	1,469.75	(720.37)	(49.01)
Long-term loans and liabilities under finance lease agreements	30.60	0.34	30.26	8,900.00
Other non-current liabilities	43.16	43.20	(0.04)	(0.09)
Total liabilities	823.14	1,513.29	(690.15)	(45.61)

• Current Liabilities

Current liabilities recorded at Baht 749.38 million decreasing Baht 720.37 million or 49.01% due to the decrease of the operating performance. The significant decreasing current liabilities consisted of the followings:

- Accounts payable-retention under construction contracts decreased from Baht 131.97 million to Baht 15.87 million, representing a 87.98% decrease due to a payment of retention to subcontractors after project completion.

- Unbilled payable decreased from Baht 275.80 million to Baht 96.53 million representing a 65.00% decrease. In 2012, most of the unbilled payable was from Gas Pipeline Construction Work for Gulf JP's IPP Project (Nongsang) and Ubon Bio Ethanol Project of which a cost of services recognition was subject to works delivered from subcontractors but has not yet billed. Later, such accrued costs were completely paid in 2013.

- Advances received from customers under construction contracts decreased from Baht 466.31 million to Baht 193.92 million, representing a 58.41% decrease because most of new awarded projects had no advance received while the advances received from existing projects are periodically deducted according to the progress of works.

- Unearned construction revenue decreased from Baht 62.92 million to Baht 33.49 million, representing a 46.77% decrease. In 2012, Sahakarn Wisavakorn Co., Ltd. collected work progress from Ubon Bio Ethanol Project more than revenue recognition on the basis of percentage of completion bringing about a high unearned construction revenue. Then in 2013, such unearned construction revenue was periodically turned to services income.

- Trade and other payables decreased from Baht 441.93 million to Baht 321.38 million, representing a 27.28% decrease due to a lower of subcontractors and raw material & equipment procurement than last year since in 2013, beginning balance projects gradually finished while new project acquisition was in the second half of year.

- **Long-term Loans and Covenants**

During 2013, the Company borrowed Baht 50 million from a total of Baht 100 million long-term loan in order to fund the construction of new office building with the repayment period of 5-year. The current portion within 1-year is Baht 19.50 million for which the Company is confident to repay within due date. The Company was able to maintain the financial covenants of debt to equity not over than 2 times and debt service coverage ratio not less than 3 times according to the agreement. (As end of 2013, the Company's financial ratios were 0.60 time and 4.19 times, respectively.)

4. Liquidity and Fund Sufficiency

The Company and its subsidiaries' current ratio in 2011-2013 was 1.32 times, 1.41 times and 2.00 times, respectively. Quick ratio was 0.73 time, 0.42 time and 0.55 time, respectively. This represented the better ability for short-term loan repayment. In addition, there was an efficiency collection from customer. Average collection period was 34 days which was in line with normal credit period of the Company. Most of trade accounts receivable of 65.58% were not yet due, the remaining 34.42% were past due up to 3 months. All of over 1-year past due of Baht 17.68 million were set up as allowance for doubtful accounts.

Repayment period increased from 33 days of previous year to 52 days. Debt to equity during 2011-2013 was 1.98 times, 1.53 times and 0.71 time, respectively. The lower trend of debt to equity represented the lower financial risk and proper financial stability. Lower debt to equity in 2013 was due to the decrease of liabilities and the increase of paid-up capital from Baht 336.59 million to Baht 408.29 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 for the Company's operations, mostly via short-term loans or project finance loans requiring fixed deposits pledged as collateral. The continuous strong operating performance and status as listed company has enabled the Company to be attractive to 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 proportion of pledge required as collateral.

• The Paid-up Capital

At the end of 2013, the Company's registered capital was Baht 425,514,868 and the paid-up capital of Baht 408,293,386, increasing Baht 71,707,797 from 2012 . Newly issued shares in 2013 consisted of stock dividend 112,146,533 shares (Baht 56,073,266.50) and right offering shares allocated to existing shareholders, totally 31,269,062 shares (Baht 15,634,531).

• Cash Flows and Liquidity

(Unit: Million Baht)

	2013	2012
Net cash flows from (used for) operating activities	45.58	(498.05)
Net cash flows from (used for) investing activities	(76.69)	(126.66)
Net cash flows from financing activities	74.39	0.34
Increase in translation adjustment	2.92	(1.88)
Net increase (decrease) in cash and cash equivalent	46.20	(626.25)
Beginning cash and cash equivalent	149.36	775.61
Ending cash and cash equivalent	195.56	149.36

In 2013, net cash flows from operating activities were at Baht 45.58 million increasing from previous year which were net cash flows used for operating activities of Baht 498.05 million. The significant changes of assets were as follows:

- Trade and other receivables decreased Baht 232.76 million due to the lower revenue and accounts receivable collection within due date.

- Accounts receivable- retention decreased Baht 170.04 million due to a receipt of retention from Ubon Bio Ethanol Project after project completion.

- Unbilled receivable decreased Baht 35.63 million since in 2012, there were large projects on hand which their progress have not yet met milestone as per the construction contracts.

- Construction supplies decreased Baht 10.22 million. In 2013, most of new project acquisition incurred in the second half of the year while brought forwarded projects from 2012 were nearly completed.

The operating cash flows also were result from the decreasing of following liabilities.

- Advance received from customers decreased Baht 270.02 million since most of the projects were nearly completed, also advance received periodically recognized as services income. In addition, most of acquired projects had no advance received.

- Trade and other payables decreased Baht 120.08 million since the projects brought forwarded from 2012 were nearly finished and new projects were acquired in the second half of 2013, therefore, there were only a few purchase of raw materials and equipment and subcontracts.

- Accounts payables-retention decreased Baht 116.10 million. During 2013, Sahakarn Wisavakorn Co., Ltd. delivered the completed project and the retention was also re-paid to subcontractors and the new projects acquired in 2012 were in the early stage and also there were only a few accounts payable-retention.

Net cash flows used for investing activities were Baht 76.69 million. Major transactions were the investment in new head office construction and other fixed assets total of Baht 117.08. There was the decrease in restricted deposits at financial institutions which used as collateral for project finance loans of Baht 38.45 million due to the withdrawal of the pledged deposit from the letter of guarantee expiration.

Net cash flows from financing activities were Baht 74.39 million. Major transactions were the cash received from increase in capital from right offering Baht 76.51 million and cash received from long term loans Baht 50 million. There was also the dividend paid for the 2012 operating performance Baht 33.89 million. There were a decrease in bank overdrafts and short-term loans from financial institutions Baht 12.13 million and interest payment Baht 5.87 million.

5. Liability Commitments and Off-Balance Sheet Liability

The details were declared in the notes to financial statements item 36: Commitments and contingent liability

6. Factors Affecting the Future Operation

Due to the significant loss from operation of TRC Engineering LLC of Baht 46.78 million in 2012 and Baht 85.51 million in 2013, it probably causes the future business operation risk to the Company. However, TRCE was able to acquire the new project namely “Front End Engineering and Design (FEED) for SR-WWTP Odor Abatement Project” worth OMR 350,000 from ORPIC Sohar Refinery Complex under the co-corporation with IRPC Public Company Limited. TRCE also entered into bidding of petrochemical environment improvement project and the long-term consultation of environment improvement. The Company is confident that there will be a new project acquisition and its operating result will be capable to recover in 2014.

15. Financial Statements

TRC Construction Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2013

Independent Auditor's Report

To the Shareholders of TRC Construction Public Company Limited

I have audited the accompanying consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TRC Construction Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, 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 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy due to the adoption of Thai Accounting Standard 12 *Income Taxes*. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustments resulting from such change. The Company has also presented the consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

(Formerly known as Ernst & Young Office Limited)

Bangkok: 27 February 2014

TRC Construction Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(restated)			(restated)	
Assets							
Current assets							
Cash and cash equivalents	8	195,562,533	149,364,791	775,611,449	38,165,761	20,688,975	383,188,614
Current investments		36,434	36,076	4,744,067	36,434	36,076	35,786
Trade and other receivables	7, 9	252,955,970	501,292,544	346,591,776	93,087,803	354,740,586	142,328,594
Unbilled receivable	10	785,135,118	817,171,954	488,444,995	700,263,330	771,079,242	471,114,756
Accounts receivable - retention under construction contracts	10	105,822,345	275,861,964	105,167,887	101,072,482	70,907,251	14,090,955
Advances paid to subcontractors under construction contracts		9,605,293	108,220,637	222,344,534	6,118,217	40,163,784	30,435,691
Construction in progress	10	2,382,544	5,847,718	61,075	2,357,887	5,756,102	-
Construction supplies	11	67,345,169	77,562,168	-	67,345,169	63,597,659	-
Short-term loans to related parties	7	-	-	-	36,427,917	36,131,962	879,725
Withholding tax deducted at source	12	42,260,210	89,609,067	64,092,247	17,928,269	30,787,646	27,276,072
Other current assets		37,230,357	40,516,950	30,926,424	24,403,463	26,148,917	18,873,411
Total current assets		1,498,335,973	2,065,483,869	2,037,984,454	1,087,206,732	1,420,038,200	1,088,223,604
Non-current assets							
Restricted deposits at financial institutions	13	82,673,892	121,121,413	187,396,171	47,297,628	49,422,895	104,297,812
Investments in subsidiaries	14	-	-	-	173,045,558	172,328,483	172,328,483
Investments in joint ventures	15	69,269	90,892	94,848	-	-	-
Investments in associate	16	-	-	4,399,989	-	-	4,399,989
Other long-term investments	17	50,000,000	50,000,000	245,528	-	-	-
Property, plant and equipment	18	325,381,630	250,317,208	117,876,522	281,810,232	185,933,052	70,781,325
Intangible assets	19	5,803,357	5,424,902	6,005,869	5,449,501	5,094,107	6,005,869
Deposit for land acquisition		-	-	20,000,000	-	-	20,000,000
Deferred tax assets	4, 31	7,930,325	6,370,829	18,483,156	7,063,913	6,046,966	6,465,247
Other non-current assets		6,805,332	4,044,576	3,964,918	6,356,239	3,441,168	3,485,498
Total non-current assets		478,663,805	437,369,820	358,467,001	521,023,071	422,266,671	387,764,223
Total assets		1,976,999,778	2,502,853,689	2,396,451,455	1,608,229,803	1,842,304,871	1,475,987,827

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

TRC Construction Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(restated)			(restated)	
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts and short-term loans							
from financial institutions	20	33,373,389	45,504,159	6,058,373	-	-	-
Trade and other payables	7, 21	321,379,184	441,926,009	363,035,662	191,886,618	230,416,067	197,798,672
Unbilled payable		96,528,170	275,800,381	151,861,535	64,825,727	163,983,012	34,106,924
Unearned construction revenue	10	33,488,325	62,918,336	288,067,302	33,488,325	-	-
Accounts payable - retention under construction contracts		15,869,777	131,973,238	36,034,269	7,604,883	26,764,433	70,044
Advances received from customers under construction contracts	10	193,915,746	466,309,447	647,826,812	189,094,968	428,764,264	448,449,471
Short-term loans from related party	7	-	-	-	-	44,000,000	-
Current portion of long-term loans	22	19,500,000	-	-	19,500,000	-	-
Provision for liabilities under construction projects	23	18,403,136	13,177,310	15,341,922	16,159,428	10,790,432	15,341,922
Current portion of liabilities under finance lease agreements	24	243,374	332,233	586,137	-	88,858	342,762
Income tax payable		2,216,409	-	2,814,593	-	-	-
Other current liabilities	25	14,459,032	31,806,416	30,262,907	10,351,887	26,313,233	15,168,973
Total current liabilities		749,376,542	1,469,747,529	1,541,889,512	532,911,836	931,120,299	711,278,768
Non-current liabilities							
Long-term loans - net of current portion	22	30,500,000	-	-	30,500,000	-	-
Liabilities under finance lease agreements - net of current portion	24	101,406	344,781	677,014	-	-	88,858
Provision for long-term employee benefits	26	23,163,293	23,195,296	17,976,158	19,160,139	19,444,399	15,760,426
Provision for litigation		20,000,000	20,000,000	20,000,000	20,000,000	20,000,000	20,000,000
Total non-current liabilities		73,764,699	43,540,077	38,653,172	69,660,139	39,444,399	35,849,284
Total liabilities		823,141,241	1,513,287,606	1,580,542,684	602,571,975	970,564,698	747,128,052

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

TRC Construction Public Company Limited and its subsidiaries
Statement of financial position (continued)
As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		31 December 2013	31 December 2012	1 January 2012	31 December 2013	31 December 2012	1 January 2012
			(restated)			(restated)	
Shareholders' equity							
Share capital	27						
Registered							
851,029,737 ordinary shares of Baht 0.50 each							
(31 December 2012: 471,502,434 ordinary shares of Baht 1 each)							
(1 January 2012: 337,699,934 ordinary shares of Baht 1 each)		425,514,868	471,502,434	337,699,934	425,514,868	471,502,434	337,699,934
Issued and paid-up							
816,586,773 ordinary shares of Baht 0.50 each							
(31 December 2012: 336,585,589 ordinary shares of Baht 1 each)							
(1 January 2012: 333,558,339 ordinary shares of Baht 1 each)		408,293,386	336,585,589	333,558,339	408,293,386	336,585,589	333,558,339
Share premium	27	257,908,880	197,036,756	193,979,233	257,908,880	197,036,756	193,979,233
Capital reserve for share-based payment	28	8,239,851	-	-	8,239,851	-	-
Subscription received in advance from exercise of warrants		-	-	1,909,500	-	-	1,909,500
Retained earnings							
Appropriated - statutory reserve	29						
The Company		38,258,410	34,158,410	25,158,410	38,258,410	34,158,410	25,158,410
Subsidiary		2,213,602	2,213,602	2,213,602	-	-	-
Unappropriated		433,552,725	399,519,694	220,322,607	292,957,301	303,959,418	174,254,293
Other components of shareholders' equity		9,379,714	5,645,991	7,426,023	-	-	-
Equity attributable to owners of the Company		1,157,846,568	975,160,042	784,567,714	1,005,657,828	871,740,173	728,859,775
Non-controlling interests of the subsidiaries		(3,988,031)	14,406,041	31,341,057	-	-	-
Total shareholders' equity		1,153,858,537	989,566,083	815,908,771	1,005,657,828	871,740,173	728,859,775
Total liabilities and shareholders' equity		1,976,999,778	2,502,853,689	2,396,451,455	1,608,229,803	1,842,304,871	1,475,987,827

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

TRC Construction Public Company Limited and its subsidiaries
Income statement
For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (restated)	2013	2012 (restated)
Revenues					
Construction services income	10	2,481,418,380	4,314,743,163	1,840,954,468	2,393,823,867
Sales		45,066,253	-	45,066,253	-
Interest income	7	2,541,178	6,988,112	6,080,395	4,180,099
Dividend income		-	406,459	-	406,459
Other income	7	28,996,771	22,012,842	27,313,278	12,305,829
Total revenues		2,558,022,582	4,344,150,576	1,919,414,394	2,410,716,254
Expenses					
Cost of construction services	7	2,106,362,514	3,849,492,925	1,513,758,405	2,053,262,071
Cost of sales		42,044,374	-	42,044,374	-
Administrative expenses		230,690,329	198,296,175	162,062,045	122,994,696
Doubtful debt		16,311,361	-	75,751,136	-
Total expenses		2,395,408,578	4,047,789,100	1,793,615,960	2,176,256,767
Profit before share of loss from investments in joint venture, finance cost and income tax expenses		162,614,004	296,361,476	125,798,434	234,459,487
Share of loss from investments in joint venture	15	(21,623)	(3,956)	-	-
Profit before finance cost and income tax expenses		162,592,381	296,357,520	125,798,434	234,459,487
Finance cost	7	(3,143,320)	(4,913,945)	(691,025)	(1,394,452)
Profit before income tax expenses		159,449,061	291,443,575	125,107,409	233,065,035
Income tax expenses	31	(51,418,516)	(79,119,245)	(43,780,139)	(54,113,771)
Profit for the year		108,030,545	212,324,330	81,327,270	178,951,264
Profit attributable to:					
Equity holders of the Company		126,362,418	228,443,226	81,327,270	178,951,264
Non-controlling interests of the subsidiaries		(18,331,873)	(16,118,896)		
		108,030,545	212,324,330		
Earnings per share	32				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.15	0.28	0.10	0.22
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.15	0.28	0.10	0.22

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

TRC Construction Public Company Limited and its subsidiaries
Statement of comprehensive income
For the year ended 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2013	2012 (restated)	2013	2012 (restated)
Profit for the year		<u>108,030,545</u>	<u>212,324,330</u>	<u>81,327,270</u>	<u>178,951,264</u>
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		3,571,224	(2,596,152)	-	-
Actuarial gains on employee benefit	26	2,162,414	-	2,162,414	-
Income tax effect	4, 31	<u>(432,483)</u>	<u>-</u>	<u>(432,483)</u>	<u>-</u>
Other comprehensive income for the year		<u>5,301,155</u>	<u>(2,596,152)</u>	<u>1,729,931</u>	<u>-</u>
Total comprehensive income for the year		113,331,700	209,728,178	83,057,201	178,951,264
Total comprehensive income attributable to:					
Equity holders of the Company		131,826,072	226,663,194	83,057,201	178,951,264
Non-controlling interests of the subsidiaries		(18,494,372)	(16,935,016)		
		<u>113,331,700</u>	<u>209,728,178</u>		

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

(Unit: Baht)

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

TRC Construction Public Company Limited and its subsidiaries
Statement of changes in shareholders' equity
For the year ended 31 December 2013

(Unit: Baht)

	Note	Separate financial statements						Total shareholders' equity
		Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Retained earnings		
						Appropriated - Statutory reserve	Unappropriated	
Balance as at 31 December 2011 - as previously reported		333,558,339	193,979,233	-	1,909,500	25,158,410	167,789,046	722,394,528
Cumulative effect of change in accounting policy for deferred tax	4	-	-	-	-	-	6,465,247	6,465,247
Balance as at 31 December 2011 - as restated		333,558,339	193,979,233	-	1,909,500	25,158,410	174,254,293	728,859,775
Increase in capital from exercise of warrants		3,027,250	3,057,523	-	(1,909,500)	-	-	4,175,273
Total comprehensive income for the year (Restated)		-	-	-	-	-	178,951,264	178,951,264
Appropriated to statutory reserve	29	-	-	-	-	9,000,000	(9,000,000)	-
Dividend paid	33	-	-	-	-	-	(40,246,139)	(40,246,139)
Balance as at 31 December 2012 - as restated		336,585,589	197,036,756	-	-	34,158,410	303,959,418	871,740,173
Balance as at 31 December 2012 - as previously reported		336,585,589	197,036,756	-	-	34,158,410	297,912,452	865,693,207
Cumulative effect of change in accounting policy for deferred tax	4	-	-	-	-	-	6,046,966	6,046,966
Balance as at 31 December 2012 - as restated		336,585,589	197,036,756	-	-	34,158,410	303,959,418	871,740,173
Increase in capital from share dividend	27	56,073,266	-	-	-	-	(56,073,266)	-
Increase in capital from right offering	27	15,634,531	60,872,124	-	-	-	-	76,506,655
Share-based payment transactions	28	-	-	8,239,851	-	-	-	8,239,851
Total comprehensive income for the year		-	-	-	-	-	83,057,201	83,057,201
Appropriated to statutory reserve	29	-	-	-	-	4,100,000	(4,100,000)	-
Dividend paid	33	-	-	-	-	-	(33,886,052)	(33,886,052)
Balance as at 31 December 2013		408,293,386	257,908,880	8,239,851	-	38,258,410	292,957,301	1,005,657,828

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

TRC Construction Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities				
Profit before tax	159,449,061	291,443,575	125,107,409	233,065,035
Adjustments to reconcile profit before tax				
to cash provided by (paid from) operating activities				
Depreciation and amortisation	42,935,027	48,972,265	20,169,036	17,949,029
Allowance for doubtful debt	16,311,361	563,524	75,751,136	-
Loss from impairment of other long-term investments	-	215,065	-	-
Loss on write-off withholding tax deducted at source	2,401,662	-	2,401,662	-
Unrealised (gain) loss on exchange rate	(2,053,194)	3,951,623	(2,461,091)	4,449,158
(Gain) loss on disposal of equipment	329,295	(354,731)	(111,446)	(52,807)
Loss on write-off of equipment and intangible assets	118,844	782,444	90,334	781,756
Share of loss from investments in joint venture	21,623	3,956	-	-
Dividend income from associate	-	(406,459)	-	(406,459)
Expense for share - based payment transactions	8,239,851	-	7,522,775	-
Provision for liabilities under construction projects	8,520,999	6,472,840	8,664,169	4,085,963
Provision for long-term employee benefits	4,287,178	5,219,138	1,667,986	3,683,973
Interest income	(2,541,178)	(6,988,112)	(6,080,395)	(4,180,099)
Interest expenses	<u>1,634,485</u>	<u>2,223,085</u>	<u>78,904</u>	<u>618,534</u>
Profit from operating activities before changes in operating assets and liabilities	239,655,014	352,098,213	232,800,479	259,994,083
Decrease (increase) in operating assets				
Trade and other receivables	232,760,933	(155,107,207)	255,549,835	(211,985,127)
Unbilled receivable	35,636,516	(334,654,183)	74,415,593	(305,890,388)
Accounts receivable - retention	170,039,619	(170,694,205)	(30,165,231)	(56,816,424)
Advance paid to subcontractors	96,835,791	112,391,539	32,265,777	(11,460,451)
Construction in progress	5,539,648	(5,558,350)	5,472,688	(5,527,809)
Construction supplies	10,216,999	(77,562,168)	(3,747,510)	(63,597,659)
Other current assets	3,286,593	(9,590,524)	1,745,454	(7,275,506)
Other non-current assets	(2,760,756)	(79,660)	(2,915,071)	44,330
Increase (decrease) in operating liabilities				
Trade and other payables	(120,087,912)	76,111,329	(38,251,569)	29,253,777
Unbilled payable	(179,272,211)	123,938,846	(99,157,285)	129,876,088

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TRC Construction Public Company Limited and its subsidiaries
Cash flow statement
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Unearned construction revenue	(31,375,512)	(225,148,966)	31,542,824	-
Accounts payable - retention	(116,103,461)	95,938,968	(19,159,550)	26,694,389
Advances received from customers	(270,020,756)	(177,697,439)	(237,296,351)	(15,865,280)
Cash paid for liabilities under construction projects	(3,295,173)	(8,637,453)	(3,295,173)	(8,637,453)
Other current liabilities	(17,347,384)	1,543,507	(15,961,346)	11,144,260
Provision for long-term employee benefits	<u>(1,878,022)</u>	<u>-</u>	<u>210,168</u>	<u>-</u>
Cash flows from (used in) operating activities	51,829,926	(402,707,753)	184,053,732	(230,049,170)
Cash received from withholding tax refund	59,363,912	2,326,672	24,874,410	-
Cash paid for corporate income tax	<u>(65,610,804)</u>	<u>(97,665,062)</u>	<u>(59,646,262)</u>	<u>(57,207,124)</u>
Net cash flows from (used in) operating activities	45,583,034	(498,046,143)	149,281,880	(287,256,294)

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

TRC Construction Public Company Limited and its subsidiaries
Cash flow statement (continued)
For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from investing activities				
(Increase) decrease in current investments	(358)	4,707,991	358	290
Decrease in restricted deposits at financial institutions	38,447,521	66,274,758	2,125,267	54,874,917
Increase in short-term loans to related parties	-	-	(63,336,241)	(35,268,715)
Cash paid for purchase of long-term investment	-	(50,000,000)	-	-
Decrease in investment from liquidation of associate	-	4,399,989	-	4,399,989
Dividend received from associate	-	406,459	-	406,459
Interest income	2,535,507	7,469,587	1,419,568	3,909,415
Cash received from disposal of equipment	769,293	609,280	569,713	198,486
Cash paid for purchase of land and equipment	(117,077,455)	(159,812,908)	(115,500,633)	(110,139,191)
Cash paid for purchase of intangible assets	(1,372,740)	(715,460)	(1,311,120)	(363,960)
Net cash flows used in investing activities	(76,698,232)	(126,660,304)	(176,033,804)	(81,982,890)
Cash flows from financing activities				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(12,130,770)	39,445,786	-	-
Cash received from long-term loans	50,000,000	-	50,000,000	-
Cash received from short-term loans from related party	-	-	20,000,000	44,000,000
Repayment of short-term loans from related party	-	-	(64,000,000)	-
Cash received from increase in capital due to exercise of warrants	-	4,175,273	-	4,175,273
Cash received from increase in capital from right offering	76,506,655	-	76,506,655	-
Dividend paid	(33,886,052)	(40,246,139)	(33,886,052)	(40,246,139)
Interest expenses	(5,867,163)	(2,451,377)	(4,303,035)	(846,827)
Decrease in liabilities under finance lease agreements	(332,233)	(586,137)	(88,858)	(342,762)
Increase in non-controlling interest	100,300	-	-	-
Net cash flows from financing activities	74,390,737	337,406	44,228,710	6,739,545
Increase (decrease) in exchange differences on translation adjustments	2,922,203	(1,877,617)	-	-
Net increase (decrease) in cash and cash equivalents	46,197,742	(626,246,658)	17,476,786	(362,499,639)
Cash and cash equivalents at beginning of the year	149,364,791	775,611,449	20,688,975	383,188,614
Cash and cash equivalents at end of the year (Note 8)	195,562,533	149,364,791	38,165,761	20,688,975
Supplemental cash flows information				
Non-cash items consist of				
Purchase of equipment, construction in progress and intangible assets that have yet to be paid	984,254	3,196,937	866,662	2,917,930
Interest expenses recorded as cost of project and construction in progress	4,264,199	228,293	4,264,199	228,293
Issuance of stock dividend	56,073,266	-	56,073,266	-

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 year ended 31 December 2013

1. General 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 Thai Financial Reporting 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	
			<u>2013</u> (%)	<u>2012</u> (%)
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				
SKK Joint Venture Company Limited* (held by Sahakam Wisavakom Company Limited)	Construction services	Thailand	89.97	–
TRC International Limited* (held by TRC Investment Limited)	Holding company	Hong Kong	100.00	100.00
TRC Middle East 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	70.00

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

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 two subsidiaries applies different accounting policies from the group companies, such as with respect to deferred tax. However, no adjustment of differences has been performed because the effects of the differences in accounting policies are immaterial to the profit or loss in the consolidated financial statements for the years ended 31 December 2013 and 2012.

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 yearly 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. New accounting standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

(a) Accounting standards that became effective in the current accounting year

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

Financial Reporting Standard:

TFRS 8	-	Operating Segments
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Accounting Standard

Interpretations:

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

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4.

(b) Accounting standards that will become effective in the future

			Effective date
Accounting Standards:			
TAS 1 (revised 2012)	Presentation of Financial Statements		1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows		1 January 2014
TAS 12 (revised 2012)	Income Taxes		1 January 2014
TAS 17 (revised 2012)	Leases		1 January 2014
TAS 18 (revised 2012)	Revenue		1 January 2014
TAS 19 (revised 2012)	Employee Benefits		1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates		1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures		1 January 2014
TAS 28 (revised 2012)	Investments in Associates		1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures		1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting		1 January 2014
TAS 36 (revised 2012)	Impairment of Assets		1 January 2014
TAS 38 (revised 2012)	Intangible Assets		1 January 2014
Financial Reporting Standards:			
TFRS 2 (revised 2012)	Share-based Payment		1 January 2014
TFRS 3 (revised 2012)	Business Combinations		1 January 2014
TFRS 4	Insurance Contracts		1 January 2014
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations		1 January 2014
TFRS 8 (revised 2012)	Operating Segments		1 January 2014

		Effective date
Accounting Standard Interpretations:		
TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets – Web Site Costs	1 January 2014
Financial Reporting Standard Interpretations:		
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in <i>Hyperinflationary Economies</i>	1 January 2014
TFRIC 10	Interim Financial Reporting and	1 January 2014
TFRIC 12	Impairment	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

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

4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standard

During the current year, the Company and its subsidiaries made the changes described in Note 3 to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of income are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2013		As at 31 December 2012		As at 1 January 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statements of financial position						
Increase in deferred tax assets	7,930	7,064	6,371	6,047	18,483	6,465
Increase in unappropriated retained earnings	7,930	7,064	6,371	6,047	18,483	6,465

(Unit: Thousand Baht)

	For the year ended 31 December 2013		For the year ended 31 December 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Statements of comprehensive income				
Profit or loss:				
Increase (decrease) in income tax expenses	(1,991)	(1,449)	12,112	418
Increase (decrease) in profit attributable to equity holders of the Company	1,991	1,449	(12,112)	(418)
Increase (decrease) in basic earnings per share (Baht)	0.0019	0.0012	(0.0149)	(0.0005)
Decrease in diluted earnings per share (Baht)	-	-	(0.0148)	(0.0005)
Other comprehensive income:				
Actuarial gain	1,730	1,730	-	-

5. Significant accounting policies

5.1 Revenue recognition

Rendering of construction services

Services 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.

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.

Interest income

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

Dividends

Dividends are recognised when the right to receive the dividends is established.

5.2 Cost of construction 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.

5.3 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.

5.4 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.

5.5 Investments

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

b) Investments in subsidiaries and associate are accounted for in the separate financial statements using the cost method less provision for impairment of investments (if any).

c) 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.

5.6 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 and construction in progress.

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.

5.7 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.

5.8 Intangible assets

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.

	<u>Useful lives</u>
Computer software	3 - 10 years

5.9 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.

5.10 Long-term leases

Leases of property, plant or equipment 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.

Lease of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

5.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

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.

5.12 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 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.

5.13 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, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in a separate trust fund and the Company and its subsidiaries' 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 and its subsidiaries treat the 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 other comprehensive income.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

5.14 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.

5.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current 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.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

5.16 Equity-settled share-based payment transactions

The Company recognises share-based payment transactions when services from employees are rendered, based on the fair value of the share options on the grant date. The expenses are recorded over the vesting period, in accordance with the conditions regarding length of service rendered by employees stipulated in the share-based payment plan, together with a corresponding increase in "Capital reserve for share-based payment transactions" in shareholders' equity.

Estimating fair value for share-based payment transactions requires management to exercise judgement, and to apply assumptions, including as to the expected life of the share options, share price volatility and dividend yield.

6. Significant accounting judgments and estimates

The preparation of financial statements in conformity with financial reporting standards 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 risks 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 and its subsidiaries treat 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 and its subsidiary have contingent liabilities as a result of litigation. The Company’s management has used judgement to assess of the results of the litigation, as described in Note 37.

7. 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, its subsidiaries and those related parties.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
Transactions with subsidiary company (eliminated from the consolidated financial statements)					
Cost of services	-	-	154	88	Cost plus margin
Interest income	-	-	4,663	416	At rate of 3.5 - 7.0% p.a. (2012: At rate of 3.5 - 5.0% p.a.)
Other income	-	-	132	650	cost plus margin
Interest expense	-	-	79	557	As rate of 3.0% p.a.

As at 31 December 2013 and 2012, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2013	2012	2013	2012
Trade and other receivables - related parties (Note 9)				
Subsidiary company	-	-	2,779	7,467
Shareholder of subsidiary	28,110	28,110	-	-
Total	28,110	28,110	2,779	7,467
Trade and other payables - related parties (Note 21)				
Subsidiary company	-	-	4,722	2,889
Total	-	-	4,722	2,889

Short-term loans to related parties

As at 31 December 2013 and 2012, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

	Related by	Separate financial statements				Balance as at 31 December 2013
		Balance as at 31 December 2012	Increase	Decrease	Exchange rate adjustment	
TRC Investment Limited	Subsidiary company	1,133	269	-	27	1,429
TRC International Limited	Subsidiary company	34,999	-	-	-	34,999
TRC Engineering LLC	Subsidiary company	-	63,068	-	-	63,068
Total		36,132	63,337	-	27	99,496
Less: Allowance for doubtful debts		-	(63,068)	-	-	(63,068)
Total, net		36,132	269	-	27	36,428

Short-term loans to related parties carried interests at rates of 3.5% - 7.0% per annum (2012: 3.5% - 5.0% per annum) and due for repayment on demand.

Short-term loans from related party

As at 31 December 2013 and 2012, the balance of loans between the Company and this related company and the movement are as follows:

(Unit: Thousand Baht)

Short-term loan	Related by	Separate financial statements			
		Balance as at 31 December 2012	Increase	Decrease	Balance as at 31 December 2013
Sahakarn Wisavakarn Company Limited	Subsidiary company	44,000	20,000	(64,000)	-

Short-term loans from related party carried interests at rates of 3% per annum and due for repayment on demand.

Directors and management's benefits

During the years ended 31 December 2013 and 2012, 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	
	2013	2012	2013	2012
Short-term employee benefits	23	28	20	22
Post-employment benefits	2	3	2	3
Share-based payment	1	-	1	-
Total	26	31	23	25

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 36.4.

8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	3,423	2,828	310	624
Deposits at financial institutions	142,140	146,537	37,856	20,065
Investment in bill of exchanges	50,000	-	-	-
Cash and cash equivalents	195,563	149,365	38,166	20,689

As at 31 December 2013, deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.40% and 2.50% per annum (2012: between 0.25% and 3.00% per annum).

9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
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	-	-
Less: Allowance for doubtful debts	(564)	(564)	-	-
Total trade accounts receivable –related parties, net	-	-	-	-
Trade accounts receivable – unrelated parties				
Aged on the basis of due dates				
Not yet due	143,902	322,970	64,421	283,119
Past due				
Up to 3 months	75,534	127,268	21,103	61,389
3 – 6 months	-	12,314	-	-
6 – 12 months	-	6,542	-	-
Over 12 months	17,120	-	4,383	-
Trade accounts receivable – unrelated parties	236,556	469,094	89,907	344,508
Less: Allowance for doubtful debt	(16,311)	-	(4,383)	-
Translation adjustment	(809)	-	-	-
Total trade accounts receivable – unrelated parties, net	219,436	469,094	85,524	344,508
Total trade accounts receivable – net	219,436	469,094	85,524	344,508
Other receivables				
Advance to related companies	28,110	28,110	5,919	6,976
Interest receivable from related parties	-	-	5,160	491
Others	5,410	4,089	4,785	2,766
Total other receivables	33,520	32,199	15,864	10,233
Less: Allowance for doubtful debt	-	-	(8,300)	-
Total other receivables – net	33,520	32,199	7,564	10,233
Total trade and other receivables – net	252,956	501,293	93,088	354,741

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 60 million included in the accounts receivable balance as at 31 December 2013 (the Company only: Baht 55 million) (2012: Baht 337 million, the Company only: Baht 322 million).

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Amount of contract revenue recognised as revenue in the year	<u>2,481,418</u>	<u>4,314,743</u>	<u>1,840,954</u>	<u>2,393,824</u>
Aggregate amount of construction costs incurred to date	7,858,779	6,010,347	4,183,011	2,855,625
Adjust with the recognised profits to date	<u>1,195,815</u>	<u>872,731</u>	<u>794,502</u>	<u>524,653</u>
	9,054,594	6,883,078	4,977,513	3,380,278
Sum of progress billings	(8,589,403)	(6,573,197)	(4,497,475)	(3,032,755)
Translation adjustment	<u>94,923</u>	<u>(16,088)</u>	<u>-</u>	<u>548</u>
	<u>560,114</u>	<u>293,793</u>	<u>480,038</u>	<u>348,071</u>
Gross amount due from customers for contract work consists of				
Unbilled receivable	785,135	817,172	700,263	771,079
Construction in progress	<u>2,383</u>	<u>5,848</u>	<u>2,358</u>	<u>5,756</u>
	<u>787,518</u>	<u>823,020</u>	<u>702,621</u>	<u>776,835</u>
Gross amount due to customers for contract work consists of				
Unearned construction revenue	(33,488)	(62,918)	(33,488)	-
Advance received from customers	<u>(193,916)</u>	<u>(466,309)</u>	<u>(189,095)</u>	<u>(428,764)</u>
under construction contracts	<u>(227,404)</u>	<u>(529,227)</u>	<u>(222,583)</u>	<u>(428,764)</u>
	<u>560,114</u>	<u>293,793</u>	<u>480,038</u>	<u>348,071</u>
Accounts receivable – retention under construction contracts	<u>105,822</u>	<u>275,862</u>	<u>101,072</u>	<u>70,907</u>

11. Construction supplies

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net Realizable value		Construction supplies - net	
	2013	2012	2013	2012	2013	2012
Construction supplies	54,316	77,562	(5,748)	-	48,568	77,562
Goods in transit	18,777	-	-	-	18,777	-
Total	73,093	77,562	(5,748)	-	67,345	77,562

(Unit: Thousand Baht)

	Separate financial statements					
	Cost		Reduce cost to net Realisable value		Construction supplies - net	
	2013	2012	2013	2012	2013	2012
Construction supplies	54,316	63,598	(5,748)	-	48,568	63,598
Goods in transit	18,777	-	-	-	18,777	-
Total	73,093	63,598	(5,748)	-	67,345	63,598

12. Withholding tax deducted at source

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Year 2011	-	61,766	-	27,276
Year 2012	27,843	27,843	3,512	3,512
Year 2013	14,417	-	14,416	-
	42,260	89,609	17,928	30,788

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.

13. 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.

14. Investments in subsidiaries

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2013	2012	2013	2012	2013	2012
					(%)	(%)	Baht	Baht
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	200,000,000 Baht	200,000,000 Baht	99.99	99.99	318,116,942	317,399,867
TRC Investment Limited	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32
Total							318,116,974	317,399,899
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							173,045,558	172,328,483

The change in cost of investments in subsidiaries is from the Company issues warrants to purchase ordinary shares to director and/or employees of its subsidiary.

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2013	2012	2013	2012	2013	2012
					(%)	(%)	Baht	Baht
Held by Sahakarn Wisavakorn Company Limited								
SKK Joint Venture Company Limited	Construction services	Thailand	1,000,000 Baht	-	89.97	-	899,700	-
Held by TRC Investment Limited								
TRC International Limited	Investor	Hong Kong	10 HKD	10 HKD	100.00	100.00	33	33
Held by TRC International Limited								
TRC Middle East 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	250,000 Omani Rial	70.00	70.00	13,654,506	13,654,506
Total							22,653,869	21,754,169
Less: Allowance for loss on impairment of investment							(13,654,506)	(13,654,506)
Total investments in subsidiaries which are held by the Company's subsidiaries - net							8,999,363	8,099,663

On 20 March 2013, Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, established SKK Joint Venture Company Limited, holds 89.97% of the new subsidiary's capital and the value of the investment was Baht 899,700.

On 9 August 2013, Meeting No. 4/2013 of the Company's Board of Directors approved the establishment of TRC Renewable Energy Company Limited. The Company holds 100% of the new subsidiary's capital. Initial registered capital of TRC Renewable Energy Company Limited will be Baht 1 million and then will gradually be increased in accordance with the necessities. It expected that the registered capital at the end of project will not exceed Baht 75 million. It is under incorporation process.

15. Investments in joint ventures

During the year, the Company entered into joint ventures contract with company in China under the name of "The Joint Venture of Sinopec-TRC" in order to operate construction project. The Company held portion in this joint venture not less than 30%.

The Company did not record investment in The Joint Venture of Sinopec - TRC in the consolidated financial statements for the year ended 31 December 2013 using the equity method because the effect of there transactions to the consolidated financial statements is immaterial.

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 Wisavakorn Company Limited, the subsidiary):

(Unit: Thousand Baht)

Jointly controlled entity	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	
		2013	2012	2013	2012	2013	2012	2013	2012
		(%)	(%)						
The Joint Venture of SSP	Construction*	40	40	1,092	1,092	69	91	(22)	(4)
Less: Allowance for loss on impairment of investment				(1,092)	(1,092)	-	-		
Total investment in joint ventures - net				-	-	69	91		

* Under liquidation process

Summarised financial information of jointly controlled entity is as follow.

The Joint Venture of SSP

The subsidiary's proportionate shares of the assets, liabilities, revenues 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	
	2013	2012
Current assets	423	442
Non-current assets	1	2
	424	444
Current liabilities	(355)	(353)
Net assets	69	91

(Unit: Thousand Baht)

	For the year ended 31 December	
	2013	2012
Selling and administrative	(22)	(4)
Net loss	(22)	(4)

The above financial information for 2013 and 2012 was prepared by the management of the jointly controlled entity and audited by another auditor.

16. Investments in associate

Investments in associate represent investments in Thai Pressure Vessel and Steel Work Company Limited which has entered into dissolution and liquidation in 2012.

17. Other long-term investments

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2013	2012	2013	2012	2013	2012
					(%)	(%)	Baht	Baht
Asia Africa Energy Limited *	Holding company	Hong Kong	USD 64	USD 64	5.00	5.00	2,010	2,010
Rainbow 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
ASEAN Potash Mining Public Company Limited **	Mining industries	Thailand	Baht 50,000,000	Baht 50,000,000	3.50	3.50	50,000,000	50,000,000
Total							50,245,528	50,245,528
Less: Allowance for loss on impairment of investment							(245,528)	(245,528)
Total other long-term investments - net							50,000,000	50,000,000

* Held by TRC Investment Limited

** Held by TRC International Limited

On 18 January 2012, 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 ASEAN Potash Mining Public Company Limited. The subsidiary made the following investments in common shares of that company.

Investment date	Number of share (shares)	Investment balance	% of total investment in that company's common share
27 January 2012	300,000	Baht 30 million	2.10
13 February 2012	100,000	Baht 10 million	2.80
5 March 2012	100,000	Baht 10 million	3.50

18. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							Total
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost:								
1 January 2012	14,478	48,811	6,328	108,329	56,459	40,472	-	274,877
Additions	100,313	4,157	-	19,365	20,582	24,707	12,553	181,677
Disposals	-	-	-	(1,065)	(179)	(1,944)	-	(3,188)
Written-off	-	-	-	(400)	(582)	-	-	(982)
Translation adjustment	-	(952)	-	-	(836)	(308)	-	(2,096)
31 December 2012	114,791	52,016	6,328	126,229	75,444	62,927	12,553	450,288
Additions	-	-	192	10,023	7,492	9,741	89,594	117,042
Disposals	-	-	-	(332)	(49)	(3,760)	-	(4,141)
Written-off	-	-	-	(104)	(2,585)	-	-	(2,689)
Transfers in (out)	-	2,676	-	-	-	-	(2,676)	-
Translation adjustment	-	2,256	-	-	2,649	990	-	5,895
31 December 2013	114,791	56,948	6,520	135,816	82,951	69,898	99,471	566,395
Accumulated depreciation:								
1 January 2012	-	25,158	6,328	73,308	31,604	20,602	-	157,000
Depreciation for the year	-	12,137	-	11,989	14,617	9,419	-	48,162
Depreciation on disposals	-	-	-	(919)	(180)	(1,835)	-	(2,934)
Depreciation on written-off	-	-	-	(313)	(539)	-	-	(852)
Translation adjustment	-	(789)	-	-	(522)	(94)	-	(1,405)
31 December 2012	-	36,506	6,328	84,065	44,980	28,092	-	199,971
Depreciation for the year	-	3,670	17	13,074	13,469	11,711	-	41,941
Depreciation on disposals	-	-	-	(88)	(27)	(2,927)	-	(3,042)
Depreciation on written-off	-	-	-	(70)	(2,501)	-	-	(2,571)
Translation adjustment	-	2,132	-	-	2,025	558	-	4,715
31 December 2013	-	42,308	6,345	96,981	57,946	37,434	-	241,014
Net book value:								
1 January 2012	14,478	23,653	-	35,021	24,855	19,870	-	117,877
31 December 2012	114,791	15,510	-	42,164	30,464	34,835	12,553	250,317
31 December 2013	114,791	14,640	175	38,835	25,005	32,464	99,471	325,381
Depreciation for the year								
2012 (Baht 36 million included in cost of sales and construction services, and the balance in administrative expenses)								48,162
2013 (Baht 24 million included in cost of sales and construction services, and the balance in administrative expenses)								41,941

	Separate financial statements							Total
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	
Cost:								
1 January 2012	12,888	20,351	6,328	46,054	28,412	25,271	-	139,304
Additions	100,313	-	-	7,152	5,322	7,247	12,553	132,587
Disposals	-	-	-	(315)	(81)	(829)	-	(1,225)
Written-off	-	-	-	(400)	(572)	-	-	(972)
31 December 2012	113,201	20,351	6,328	52,491	33,081	31,689	12,553	269,694
Additions	-	-	192	9,699	6,412	9,741	89,594	115,638
Disposals	-	-	-	(333)	(4)	(2,123)	-	(2,460)
Written-off	-	-	-	(53)	(2,048)	-	-	(2,101)
Transfers in (out)	-	2,676	-	-	-	-	(2,676)	-
31 December 2013	113,201	23,027	6,520	61,804	37,441	39,307	99,471	380,771
Accumulated depreciation:								
1 January 2012	-	5,912	6,328	20,562	18,795	16,926	-	68,523
Depreciation for the year	-	1,990	-	8,227	4,077	2,866	-	17,160
Depreciation on disposals	-	-	-	(169)	(81)	(829)	-	(1,079)
Depreciation on written-off	-	-	-	(313)	(530)	-	-	(843)
31 December 2012	-	7,902	6,328	28,307	22,261	18,963	-	83,761
Depreciation for the year	-	2,280	17	8,479	4,126	4,310	-	19,212
Depreciation on disposals	-	-	-	(88)	(2)	(1,911)	-	(2,001)
Depreciation on written-off	-	-	-	(46)	(1,965)	-	-	(2,011)
31 December 2013	-	10,182	6,345	36,652	24,420	21,362	-	98,961
Net book value:								
1 January 2012	12,888	14,439	-	25,492	9,617	8,345	-	70,781
31 December 2012	113,201	12,449	-	24,184	10,820	12,726	12,553	185,933
31 December 2013	113,201	12,845	175	25,152	13,021	17,945	99,471	281,810
Depreciation for the year								
2012 (Baht 11 million included in cost of sales and construction services, and the balance in administrative expenses)								17,160
2013 (Baht 11 million included in cost of sales and construction services, and the balance in administrative expenses)								19,212

As at 31 December 2013, 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 154 million (The Company only: Baht 50 million) (2012: Baht 87 million, the Company only: Baht 34 million).

As at 31 December 2013, the Company and its subsidiary has motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 1 million (The company only: Nil) (2012: Baht 2 million, the Company only: Baht 1 million).

As at 31 December 2013 and 2012, buildings of a foreign subsidiary with fully depreciated were located on leasehold land of the subsidiary's client.

As at 31 December 2013 and 2012, the Company has mortgaged land amounting to Baht 100 million as collateral against credit facilities received from the bank.

19. Intangible assets

The net book value of intangible assets, which is computer software, as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2013		
Cost	11,521	11,107
Less: Accumulated amortisation	(5,717)	(5,658)
Net book value	5,804	5,449
As at 31 December 2012		
Cost	10,148	9,796
Less: Allowance for diminution in value	(4,723)	(4,702)
Net book value	5,425	5,094

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	5,425	6,006	5,094	6,006
Acquisition of computer software	1,373	880	1,311	529
Write-off during year - net book value at write-off date	-	(652)	-	(652)
Amortisation	(994)	(809)	(956)	(789)
Net book value at end of year	5,804	5,425	5,449	5,094

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

Bank overdrafts and short-term loans from financial institutions as at 31 December 2013 and 2012 consist of:

(Unit: Thousand Baht)

	Consolidated financial statement			
	Interest rate (% per annum)			
	2013	2012	2013	2012
Loans from financial institutions				
- promissory notes	5.5-6.0	5.5-6.0	<u>33,373</u>	<u>45,504</u>

As at 31 December 2013, the Company and the subsidiary have unused bank overdrafts and short-term loans facility amounted to Baht 3,145 million (the Company only: Baht 2,998 million) (2012: Baht 1,060 million, the Company only: Baht 710 million). These loan facilities have been secured by the mortgage of the Company's land and the transfer of right to receive from accounts receivable and the pledge of fixed deposits of the Company and the subsidiary.

21. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade accounts payable - unrelated parties	253,360	367,945	136,922	165,828
Advances from related parties	-	-	4,722	2,763
Fixed assets payable	920	3,197	810	2,918
Accrued expenses	67,099	70,748	49,433	58,781
Others	-	36	-	126
Total trade and other payables	<u>321,379</u>	<u>441,926</u>	<u>191,887</u>	<u>230,416</u>

22. Long-term loan

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2013	2012
Long-term loan from financial institution	50,000	-
Less: Current portion	(19,500)	-
Long-term loan, net	30,500	-

Long-term credit facilities of the Company are guaranteed by the Company's land, as described in Note 18. The loan was obtained to fund the construction of office building of the Company. The loan carried interest at the rate of MLR minus 1.25% per annum. The loan agreement contained covenants as specified in the agreements pertaining to matters such as maintaining certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2013, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 50 million (2012: Baht 100 million).

23. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2012	12,253	490	2,599	15,342
Increase during the year	7,822	751	-	8,573
Decrease from occurrence of actual expense	(5,070)	(969)	(2,599)	(8,638)
Reversal of provisions	(2,100)	-	-	(2,100)
As at 31 December 2012	12,905	272	-	13,177
Increase during the year	12,570	244	-	12,814
Decrease from occurrence of actual expense	(3,098)	(197)	-	(3,295)
Reversal of provisions	(4,218)	(75)	-	(4,293)
As at 31 December 2013	18,159	244	-	18,403

(Unit: Thousand Baht)

	Separate financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2012	12,253	490	2,599	15,342
Increase during the year	5,435	751	-	6,186
Decrease from occurrence of actual expense	(5,070)	(969)	(2,599)	(8,638)
Reversal of provisions	(2,100)	-	-	(2,100)
As at 31 December 2012	10,518	272	-	10,790
Increase during the year	10,570	-	-	10,570
Decrease from occurrence of actual expense	(3,098)	(197)	-	(3,295)
Reversal of provisions	(1,831)	(75)	-	(1,906)
As at 31 December 2013	16,159	-	-	16,159

24. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Liabilities under finance lease agreements	377	740	-	97
Less: Deferred interest	(32)	(63)	-	(8)
Total	345	677	-	89
Less: Current portion	(243)	(332)	-	(89)
Liabilities under finance lease agreements - net of current portion	102	345	-	-

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.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2013					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-2 years	Total	Less than 1 year	1-2 years	Total
Future minimum lease payments	266	111	377	-	-	-
Deferred interest expenses	(23)	(9)	(32)	-	-	-
Present value of future minimum lease payments	243	102	345	-	-	-

(Unit: Thousand Baht)

	As at 31 December 2012					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-2 years	Total	Less than 1 year	1-2 years	Total
Future minimum lease payments	363	377	740	97	-	97
Deferred interest expenses	(31)	(32)	(63)	(8)	-	(8)
Present value of future minimum lease payments	332	345	677	89	-	89

25. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Suspense output VAT	8,547	23,706	5,744	22,693
VAT payable	3,064	-	3,064	-
Others	2,848	8,100	1,544	3,620
Total	14,459	31,806	10,352	26,313

26. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Defined benefit obligation at beginning of year	23,195	17,976	19,444	15,760
Current service cost	5,427	5,946	3,225	3,093
Interest cost	662	635	605	591
Benefits paid during the year	(4,087)	(3,258)	(1,952)	(1,952)
Actuarial gain	(2,162)	-	(2,162)	-
Translation adjustment	128	(56)	-	-
Defined benefit obligation at end of year	23,163	21,243	19,160	17,492
Unpaid benefits	-	1,952	-	1,952
Provisions for long-term employee benefits at end of year	23,163	23,195	19,160	19,444

Long-term employee benefit expenses included in the profit or loss was as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	5,427	5,946	3,225	3,093
Interest cost	662	635	605	591
Total expense recognized in profit or loss	6,089	6,581	3,830	3,684
Line items under which such expenses are included in profit or loss				
Cost of sales	3,569	4,166	1,538	1,463
Selling and administrative expenses	2,520	2,415	2,292	2,221

Total actuarial gains and losses recognized in the other comprehensive income of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 2 million (The Company only: Baht 2 million) (2012: Nil).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.50 – 3.95	3.50 – 3.75	3.95	3.75
Future salary increase rate	5.00	5.00 – 5.50	5.00	5.50
Staff turnover rate (depending on age)	0.00 – 20.00	0.00 – 20.00	0.00 – 14.00	0.00 – 15.00

Amounts of defined benefit obligation for the current and previous three periods were as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Consolidated financial statements
Year 2013	23,163	19,160	(1,583)	(1,583)
Year 2012	23,195	19,444	-	-
Year 2011	17,976	15,760	-	-
Year 2010	14,241	13,537	-	-

27. Share capital

Movements in the number of ordinary shares, the paid-up share capital and premium on ordinary shares are as follows:

Description	Number of shares (Thousand shares)	Amount (Thousand Baht)
Registered share capital		
As at 31 December 2011	337,700	337,700
Increase during the year	133,802	133,802
As at 31 December 2012	471,502	471,502
Increase in number of ordinary shares due to change in par value	471,502	-
Increase during the year	177,860	88,930
Decrease during the year	(269,834)	(134,917)
As at 31 December 2013	851,030	425,515

Description	Number of shares (Thousand shares)	Amount (Thousand Baht)	Premium on ordinary shares (Thousand Baht)
Issued and paid-up share capital			
As at 31 December 2011	333,558	333,558	193,979
Increase due to exercise of warrants TRC-WA1 No. 6-9	3,028	3,028	3,058
As at 31 December 2012	336,586	336,586	197,037
Increase in number of ordinary shares due to change in par value	336,585	-	-
Increase in capital from stock dividend	112,146	56,073	-
Increase in capital from right offering	31,269	15,634	60,872
As at 31 December 2013	816,586	408,293	257,909

On 27 April 2012, the annual General Meeting of the Company's shareholders for the year 2012 passed a resolution to increase the Company's registered share capital from Baht 337.7 million to Baht 471.5 million, by issuing new 133.8 million common shares with par value of Baht 1 per share under a general mandate. The Company registered the increase in its registered share capital with the Ministry of Commerce on 14 May 2012.

On 24 April 2013, the Annual General Meeting of the Company's shareholders passed the resolutions in relation to the Company's share capital as follows:

27.1 Approved a change in the par value of the ordinary shares from Baht 1 to Baht 0.5 each, increasing the number of registered shares from 471.5 million shares to 943.0 million shares and the number of paid-up shares from 336.6 million shares to 673.2 million shares. The Company registered the changes in the par value and number of shares with the Ministry of Commerce on 25 April 2013.

27.2 Approved a decrease in the registered share capital of the Company from Baht 471.5 million to Baht 336.6 million by cancelling the 269.8 million unpaid registered ordinary shares with a par value of Baht 0.50 each remaining under the general mandate, after setting aside shares for the exercise of the ESOP-W1 warrants. The Company registered the reduction in its share capital with the Ministry of Commerce on 26 April 2013.

27.3 Paid dividend by the Company's ordinary shares up to 112.2 million shares with a par value of Baht 0.50 per share to be distributed at a rate of 1 dividend share for every 6 existing shares, with a total value of up to Baht 56.1 million or equivalent to a dividend of Baht 0.083336 per share. Any indivisible shares remaining after the allocation are to be paid a cash dividend of Baht 0.083336 per share.

27.4 Approved an increase in the registered capital from Baht 336.6 million to Baht 425.5 million through the issuance of an additional 177.8 million ordinary shares with a par value of Baht 0.50 each, to be allocated as follows:

- 112.2 million shares to be reserved for the distribution of the stock dividend, as described in Note 27.3.

- 32 million shares to be reserved for the exercise of No. 2 warrants (ESOP-W2) to purchase ordinary shares to directors and /or employees of the Company and /or its subsidiary.

- up to 33.6 million shares with a par value of Baht 0.50 each to be reserved for the right offering to be made to the Company's shareholders at a rate of 1 new share for every 20 existing shares and a price of Baht 2.50 per share.

On 23 May 2013, the Company reports to the Stock Exchange of Thailand (SET) the number of 112.1 million ordinary shares (after change in par value) actually allocated to the stock dividend and registered with the Ministry of Commerce the increases in its registered capital to Baht 425.5 million, or 851.0 million shares, and its issued and paid-up share capital to Baht 392.65 million, or 785.3 million shares.

On 26 June 2013, the Company reports to the Stock Exchange of Thailand (SET) the number of 31.3 million ordinary shares (after change in par value) for the right offering. The Company received the additional shares of Baht 78.2 million with a share premium of Baht 62.5 million and share issued costs of Baht 1.7 million were offset against this share premium.

On 27 June 2013, the Company registered with the Ministry of Commerce the increases in its issued and paid-up share capital to Baht 408.3 million, or 816.6 million shares at par value of Baht 0.50 each.

28. Warrants / Capital reserve for share – based payment transactions

On 1 July 2013, the Company issues and allocates of 31,600,000 No. 2 warrants under the Employee Stock Option Plan (ESOP-W2) to the directors and/or employees of the Company and/or its subsidiary. Details are as follows:

Type	-	Named and non-transferable
Offering price per unit	-	Baht 0.00
Maturity of warrants	-	3 years from the date of issuance of warrants
Exercise price	-	Baht 4.70 per share
Conversion ratio	-	1 ordinary share per 1 warrant. The exercise ratio may be changed following the conditions for adjustment of right.

Conditions and period of exercise	-	<p>1) Exercises of the warrants can be made on last day of every quarter, the first exercise date is 30 June 2014 and the final exercise date is 30 June 2016.</p> <p>2) Each time the warrants are exercised, the warrant holders can exercise not more than 12.5% of their allocated warrants.</p> <p>3) The unexercised warrants can be accumulated to exercise during the next exercise period, until maturity of the warrants.</p>
Other conditions	-	<p>If the warrant holders resign or are otherwise no longer directors and/or employees of the Company and/or its subsidiary, the warrant holders have to return the outstanding warrants to the Company, and the Board of Directors of the Company can re-allot the warrants to other directors and/or employees.</p>

The estimated fair value of each share option granted is Baht 0.88. This was calculated using the Black-Scholes-Merton Model. The model inputs were the share price at price determination date of Baht 3.12, exercise price of Baht 4.70, expected volatility of 65.44%, expected dividend yield of 2.72%, life of share options of 3 years, and a risk-free interest rate of 3.01%.

During the year ended 31 December 2013, the Company and its subsidiary recorded expenses of the ESOP amounting to Baht 8 million (The Company only: Baht 8 million) as personnel expenses, together with a corresponding increase in capital reserve for share-based payment transactions in shareholders' equity.

29. Statutory reserve

The company

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% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

Subsidiaries

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the Company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.

30. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salary and wages and other employee benefits	417,018	447,714	286,843	234,410
Depreciation	41,941	48,162	19,212	17,160
Amortisation expenses	994	809	956	789
Construction materials and consumables used and subcontractors costs	1,733,086	2,966,452	1,329,268	1,586,151
Rental expenses from operating lease agreements	87,888	117,927	61,490	62,500
Allowance for doubtful accounts	16,311	–	75,751	–

31. Corporate income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Current income tax:				
Current income tax charge	53,410	67,007	45,229	53,696
Deferred tax:				
Relating to origination and reversal of temporary differences	(1,991)	12,112	(1,449)	418
Income tax expense reported in the statement of income	51,419	79,119	43,780	54,114

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2013 and 2012 are as follows:

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Deferred tax relating to actuarial gain on long-term employee benefits	432	-	432	-
	432	-	432	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2013 and 2012 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Accounting profit before tax	159,449	291,444	125,107	233,065
Applicable tax rate	12% - 20%	12% - 23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	36,820	70,242	25,021	53,605
Effects of changes in the applicable tax rates	-	10,616	-	376
Effects of:				
Expense for share-based payment transactions	1,648	-	1,505	-
Allowance for doubtful debt	877	-	15,150	-
Expense for provision for warrants	917	2,392	966	2,392
Provision for obsolete stock	1,150	-	1,150	-
Utilisation of previously tax losses	-	(10,290)	-	-
Unused tax losses which may net utilise	10,143	7,893	-	-
Others	(136)	(1,734)	(12)	(2,259)
Total	14,599	(1,739)	18,759	133
Income tax expenses reported in the statement of income	51,419	79,119	43,780	54,114

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position					
	Consolidated financial statements			Separate financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
		(Restated)			(Restated)	
Deferred tax assets						
Provision for liabilities under construction projects	3,681	2,158	3,313	3,232	2,158	3,313
Provision for long-term employee benefits	4,249	4,213	3,335	3,832	3,889	3,152
Unused tax loss	-	-	11,835	-	-	-
Total	7,930	6,371	18,483	7,064	6,047	6,465

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30% to 23% in 2012, and then to 20% from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 – 2014 were enacted through a royal decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

Corporate income tax of overseas subsidiary company is calculated at the rate 12% on taxable profit in excess of 30,000 Omani Rial.

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, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the change in par value, the distribution of the stock dividend and the offer for sale of the newly issued ordinary shares to existing shareholders in accordance with the resolutions of the Annual General Meeting of the Company's shareholders held on 24 April 2013, as discussed in Note 27. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares, as if the shares comprising such stock dividends had been issued at the beginning of the earliest period reported.

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 period 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 year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013	2012	2013	2012	2013	2012
	Thousand Baht	Thousand Baht (Restated)	Thousand shares	Thousand shares (Restated)	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to equity holders of the parent	126,362	228,443	816,586	814,956	0.15	0.28
Effect of dilute potential ordinary shares						
Warrants (TRC-WA1)*		-		2,025		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares		228,443		816,981		0.28

	Separate financial statements					
	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2013	2012	2013	2012	2013	2012
	Thousand Baht	Thousand Baht (Restated)	Thousand shares	Thousand shares (Restated)	Baht	Baht (Restated)
Basic earnings per share						
Profit attributable to equity holders of the parent	81,327	178,951	816,586	814,956	0.10	0.22
Effect of dilute potential ordinary shares						
Warrants (TRC-WA1)*		-		2,025		-
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares		178,951		816,981		0.22

* Warrants (TRC-WA1) were expired on 30 June 2012

No calculation of diluted earnings per share for the year ended 31 December 2013 was required for warrant (ESOP-W2) since the aggregated amounts of the exercise price and the fair value of the warrant were higher the average market price of the Company's ordinary shares.

33. Dividend / stock dividends

Dividends / stock dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from operations of 2012	Annual General Meeting of the shareholders on 24 April 2013	33,886	0.050358
Stock dividend from operations of 2012	Annual General Meeting of the shareholders on 24 April 2013	56,073	0.083336
Total dividend and stock dividend paid in 2013		89,959	0.133694
Dividend from operations of 2011	Annual General Meeting of the shareholders on 27 April 2012	40,246	0.12
Total dividend paid in 2012		40,246	0.12

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% 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 2013, the Company and the subsidiary contributed Baht 4 million to the fund (Separate financial statements: Baht 4 million) (2012: Baht 3 million, Separate financial statements: Baht 3 million).

35. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organized into business units based on its products and services and have four reportable segments as follows:

- Pipeline system construction segment
- Engineering system installation and factory construction for energy and petrochemical business segment
- Civil work construction segment
- Sales and other services

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue, profit and total assets information regarding the Company and its subsidiaries' operating segments for the year ended 31 December 2013 and 2012, respectively.

(Unit: Thousand Baht)

Year ended 31 December 2013	Pipeline system	Engineering system	Civil work	Sales and other services	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	1,999,861	246,961	226,597	53,066	2,526,485	-	2,526,485
Administrator expense	(191,303)	(19,428)	(16,749)	(3,210)	(230,690)	-	(230,690)
Allowance for doubtful debt	(11,928)	(4,383)	-	(71,368)	(87,679)	71,368	(16,311)
Segment profit	84,815	7,065	31,098	(63,556)	59,422	71,654	131,076
Other income							28,997
Interest revenue							2,541
Interest expense							(3,143)
Interest in the loss of joint ventures accounted for by the equity method							(22)
Income tax expense							(51,419)
Profit for the year							<u>108,030</u>
Segment total assets	1,668,173	215,873	201,246	165,876	2,251,168	(274,168)	1,977,000
Additions to non-current assets other than deferred tax assets	117,751	352	312	-	118,415	-	118,415
Investment in joint ventures accounted for by the equity method							69

(Unit: Thousand Baht)

Year ended 31 December 2012	Pipeline system	Engineering system	Civil work	Sales and other services	Total reportable segments	Adjustments and eliminations	Consolidated
Revenue from external customers	2,069,236	2,178,573	62,838	4,096	4,314,743	-	4,314,743
Inter-segment revenue	-	-	-	6,034	6,034	(6,034)	-
Administrator expense	(136,547)	(58,026)	(935)	(2,788)	(198,296)	-	(198,296)
Segment profit	118,459	139,423	971	7,343	266,196	758	266,954
Other income							22,419
Interest revenue							6,988
Interest expense							(4,914)
Interest in the loss of joint ventures accounted for by the equity method							(4)
Income tax expense							(79,119)
Profit for the year							<u>212,324</u>
Segment total assets	1,504,609	1,150,659	25,986	119,654	2,800,908	(298,054)	2,502,854
Additions to non-current assets other than deferred tax assets	124,650	57,907	-	-	182,557	-	182,557
Investment in joint ventures accounted for by the equity method							91

Geographic information

Revenue from external customers is based on locations of the customers.

(Unit: Thousand Baht)

	2013	2012
Revenue from external customers		
Thailand	2,269,897	3,933,862
Sultanate of Oman	256,587	380,881
Total	<u>2,526,484</u>	<u>4,314,743</u>
Non-current assets		
(other than deferred tax assets)		
Thailand	221,591	28,727
Sultanate of Oman	<u>309,274</u>	<u>16,108</u>
Total	<u>530,865</u>	<u>44,835</u>

Major customers

For the year 2013, the Company and its subsidiaries have revenue from two major customers in amount of Baht 1,312 million and Baht 265 million, arising from pipeline system segment (2012: Baht 1,220 million, Baht 1,082 million and Baht 528 million from three major customers, arising from engineering system and pipeline system segments).

36. Commitments and contingent liabilities

36.1 Purchase construction materials and subcontracted work commitments

As at 31 December 2013, the Company and the subsidiary have outstanding commitments of Baht 406 million, USD 1 million and Euro 2 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 336 million, USD 1 million and Euro 2 million) (2012: Baht 643 million, USD 8 million and Euro 2 million, the Company only: Baht 468 million, USD 8 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.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows.

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2013	2012	2013	2012
Payable:				
In up to 1 year	12	7	10	5
In over 1 and up to 5 years	7	4	6	2

36.3 Bank guarantees

The bank guarantees 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 were as follows.

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Guarantee of construction contract and bidding	Baht 866 million USD 6 million	Baht 869 million USD 2 million	Baht 705 million USD 6 million	Baht 528 million USD 2 million
Guarantee of advance payment bond and retention	Baht 456 million USD 1 million	Baht 534 million USD 3 million	Baht 309 million USD 1 million	Baht 478 million USD 2 million
Guarantee of others	Baht 8 million	Baht 11 million	Baht 6 million	Baht 7 million
Total	Baht 1,330 million USD 7 million	Baht 1,414 million USD 5 million	Baht 1,020 million USD 7 million	Baht 1,013 million USD 4 million

36.4 Guarantees

As at 31 December 2013, the Company has commitment from guarantee of credit facilities of the subsidiaries totaling USD 1 million (2012: Baht 1,779 million and USD 13 million).

37. Litigations

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 2012, 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 2013 and 2012, 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 2008, 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 its latest amended lawsuit with the Central Administrative Court, petitioning the Court to order 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, together with interest at a rate of 7.5% per annum calculated from the date of the lawsuit until settlement is completed. In response, the Party lodged a statement of opposition to the lawsuit brought by the subsidiary and petitioned the Court to dismiss the suit and order the subsidiary to return the advance.

On 31 July 2012, the Central Administrative Court rendered its judgment, whereby the subsidiary is to receive Baht 3.3 million and return an amount of Baht 4.4 million to the Party. The subsidiary appealed the court's decision to the Supreme Administrative Court on 29 August 2012.

Because the case is not yet finalised, the subsidiary has not yet recorded the transactions in the financial statements.

37.4 On 19 October 2012, a private company (the Party) submitted the file claim to the Civil Court, Ministry of Justice against the Company on the charge of breaching the service order and made claims for the Baht 11.3 Million penalty with interest at a rate of 7.5% per annum from the date of lawsuit until settlement is completed.

On 10 May 2013, the Company entered into a compromise agreement with the Party, whereby it agreed to pay compensation totaling Baht 1.36 million in 3 payments, to be made from June to August 2013. The Company made the full payment during the year.

37.5 On 24 April 2008, a private company and its associates (the Party) lodged the Administrative Court of Instance against the Company and its associates for its infringed, claiming damages amounting to Baht 6 million, with interest at a rate of 7.5% per annum from the date of the lawsuit until settlement is completed.

On 29 May 2012, the Administrative Court of Instance rendered its judgment to dismiss the suit. But on 20 June 2013, the Party submitted an appeal of the decision with the Supreme Administrative Court. On 9 August 2013, the Company submitted its testimony against the appeal and petitioned the Court to dismiss the suit.

The case is still being considered by the Supreme Administrative Court. However, the Company's management believes that there will be no significant losses to the Company 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, current investments, trade and other receivables, accounts receivable/payable - retention, short-term loans to/from, restricted deposits at financial institutions, bank overdraft, trade and other payables, liabilities under finance lease agreements and long-term loan. 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, bank overdrafts, short-term loans to/from, trade accounts payable, liabilities under finance lease agreements and long-term borrowings. 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 2013 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				
	As at 31 December 2013				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial Assets					
Cash and cash equivalents	-	196	-	196	0.125 - 0.65
Trade and other receivables	-	-	253	253	-
Accounts receivable - retention under construction contracts	-	-	106	106	-
Restricted deposits at financial institutions	33	50	-	83	0.40 - 2.50
	33	246	359	638	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	33	-	-	33	5.50 - 6.00
Trade and other payables	-	-	321	321	-
Accounts payable - retention under construction contracts	-	-	16	16	-
Liabilities under finance lease agreements	1	-	-	1	2.35
Long-term loan	-	50	-	50	MLR - 1.25
	34	50	337	421	

(Unit: Million Baht)

Consolidated financial statements					
As at 31 December 2012					
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial Assets					
Cash and cash equivalents	-	149	-	149	0.25 - 3.00
Trade and other receivables	-	-	501	501	-
Accounts receivable - retention under construction contracts	-	-	276	276	-
Restricted deposits at financial institutions	121	-	-	121	0.75 - 3.00
	121	149	777	1,047	
Financial liabilities					
Bank overdrafts and short-term loans from financial institutions	46	-	-	46	5.50 - 6.00
Trade and other payables	-	-	442	442	-
Accounts payable - retention under construction contracts	-	-	132	132	-
Liabilities under finance lease agreements	1	-	-	1	2.35 - 3.00
	47	-	574	621	

(Unit: Million Baht)

Separate financial statements					
As at 31 December 2013					
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial Assets					
Cash and cash equivalents	-	38	-	38	0.40 - 0.65
Trade and other receivables	-	-	93	93	-
Accounts receivable - retention under construction contracts	-	-	101	101	-
Short - term loans to related parties	36	-	-	36	3.50 - 5.00
Restricted deposits at financial institutions	19	28	-	47	0.40 - 2.50
	55	66	194	315	

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2013				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial liabilities					
Trade and other payables	-	-	192	192	-
Accounts receivable - retention under construction contracts	-	-	8	8	-
Long-term loan	-	50	-	50	MLR - 1.25
	-	50	200	250	

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2012				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
Financial Assets					
Cash and cash equivalents	-	21	-	21	0.25 - 3.00
Trade and other receivables	-	-	355	355	-
Accounts receivable - retention under construction contracts	-	-	71	71	-
Short - term loans to related parties	36	-	-	36	3.50 - 5.00
Restricted deposits at financial institutions	49	-	-	49	0.75 - 3.00
	85	21	426	532	
Financial liabilities					
Trade and other payables	-	-	230	230	-
from financial institutions	-	-	230	230	

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 are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2,744	6,928	795	1,961	32.81360	30.63160
Euro	44	-	146	742	45.02165	40.55265
SGD	-	-	-	2	25.88260	25.03395

Foreign currency	Separate financial statements					
	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2013	2012	2013	2012	2013	2012
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2,759	6,942	795	1,961	32.81360	30.63160
Euro	44	-	146	742	45.02165	40.55625
Omani Rial	65	58	-	-	85.23015	79.56260
SGD	-	-	4	2	25.88260	25.03395

38.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term loan to and short-term and long-term loans which bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement 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 capital structure to support its business and maximise shareholder value. As at 31 December 2013, the Group's debt-to-equity ratio was 0.71:1 (2012: 1.54:1) and the Company's was 0.60:1 (2012: 1.21:1).

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 27 February 2014.



TRC Construction Public Company Limited

1 TP&T Tower, 14th Floor Soi Vibhavadi Rangsit 19, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
www.trc-con.com E-mail address: trc@trc-con.com

Tel : 66 (0) 2936-1660
Fax : 66 (0) 2936-1670-1