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

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

TRC

ANNUAL REPORT 2014

รายงานประจำปี 2557

ภายใต้ระบบบริหาร คุณภาพ ISO 9001:2008 "จงทำให้ถูกต้องและดีที่สุด ตั้งแต่แรก"

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Message from Chairman

of the Board of Directors

TRC Construction Public Company Limited relocated its head office to a 6-story building located on a plot of land in the Company's possession on Sukhaphibal 5 Road to support the increasing number of employees commensurate with the business growth. In addition, in 2014, the Board of Directors revised and determined a new vision, "To become an excellent contractor in design and construction of a total solution in energy and infrastructure industries with sustainable growth". The Board also determined the growth target of construction service income at no less than 20% per year and no less than Baht 10,000 million by 2019 as well as no less than four business investment projects by 2019. The Board also aims to maintain service standards and timely project deliveries to customers.

In 2014, the Company together with its subsidiaries had a net profit of Baht 214.92 million, an 88.56 Baht million

increase from that of the previous year or a 70.09% increase. The construction service income was Baht 3,095.34 million, a Baht 613.92 million increase from that of the previous year or a 24.74% increase. As of 2014 year-end, the Company and its subsidiaries had a total of twelve undelivered constructions totaling a project cost of Baht 3,611 million. If the 1st Transmission Pipeline Life Extension Project 28" Recoating Section project worth Baht 3,725 million that the Company received in early 2015 is included into the figures, the total cost of undelivered projects is increased to Baht 7,336 million.

Ever since 2001, the Company's performance has been yearly assessed by the Purchasing and Material Management Division of PTT Public Company Limited as a "Grade A" vendor for the ISO quality standards for every assessed item.

In 2014, the Board of Directors also set the target to receive the National Total Quality Control Award by 2019. The TRC Group emphasizes on continuously developing the organization and personnel's capabilities as well as instilling quality and safety awareness in employees and related parties in tandem with society and environmental care. It is our policy to encourage management and employees to participate in CSR activities. The Company established the Corporate Communication Department to take charge of CSR activities and the development of communication between entities as well as between management and employees. The Department organizes CSR projects related to education and social, community, and environment development as well as continues the long-term CSR projects for homeland launched since 2013.

On behalf of the Board of Directors of TRC Construction Public Company Limited, I would like to express my sincere gratitude to all shareholders, customers, vendors, financial institutions, public and private sectors, business partners, including the Company's management and employees for your continuous good support for the company. The Company believes that our clear vision, mission, goals, as well as the synergy between our management and employees shall drive the Company's business operations forward continuously and firmly under good corporate governance practices and awareness of the importance of the community, society, and the environment for the sustainable growth of the Company's business.

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

2014 Report of the Audit Committee

The Audit Committee consists of 3 independent directors who are qualified according to the regulations of the Stock Exchange of Thailand. The Audit Committee performed its duties pursuant to the Audit Committee Charter completely as assigned by the Board of Directors with an aim to ensure that the Company's business conduct complied with good corporate governance principles.

In 2014, the Audit Committee held a total of 5 meetings in which the members of the Committee have joined as follows:

1. Assoc. Prof. Aekkachai Nittayagasetwat*, Ph.D., FRM., Chairman of the Committee — 5/5 times
2. Pol. Gen. Jarumporn Suramanee, Audit Committee — 5/5 times
3. Mr. Arun Chirachavala**, Audit Committee — 2/2 times

* On July 15, 2014, Assoc. Prof. Kamjorn Tatiyakavee, MD., the independent director who had been appointed to the Chairman position of the Audit Committee since 2005, resigned and in his replacement, the Board of Directors appointed Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM., the independent director, as the Chairman of the Audit Committee by virtue of his expertise in accounting and finance.

** On August 13, 2014, the Board of Directors appointed Mr. Arun Chirachavala, the independent director, to the Audit Committee.

** On August 13, 2014, the Board of Directors appointed Mr. Arun Chirachavala, the independent director, to the Audit Committee.

Review of the quarterly financial statements and the 2014 financial statements: The Audit Committee reviewed the auditor's report, the financial position analysis, and the Company's operating results by inquiring and acknowledging clarifications from the manament and certified public accountants regarding the accuracy, completeness, and adequacy of the information disclosed in the financial statements of the Company and its subsidiaries. The Audit Committee deemed that the key contents of the financial statements were accurate and in accordance with the generally accepted accounting principles without any connected transactions and/or any transactions that may cause significant conflicts of interest.

Review of compliance with laws and regulations: The Audit Committee reviewed the Company's compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand, and the laws relating to the Company's business, and did not find any significant noncompliance issues.

Review of the internal control system: The Audit Committee reviewed the Company's internal audit report and audit findings report and did not find any significant noncompliance issues.

Supervision of the internal audit: The Audit Committee reviewed the audit plan and scope of audit, commented on the performance, and provided recommendations to the internal auditors on their operations to ensure that audits were conducted more properly and carefully. The Audit Committee also proposed the Minutes of the Audit Committee Meetings including significant internal audit results in the Board of Directors Meetings for their acknowledgement and further improvement.

Selection, nomination, and remuneration of the auditor: The Audit Committee considered the auditor's performance for the prior year regarding reliance, service capability, and consultancy on accounting standards, auditing, and the punctual certification of financial statements. The Audit Committee expressed its opinions to the Board of Directors to request approval from the 2014 Annual General Meeting of Shareholders for the appointment of EY Office Limited as the 2014 independent auditor of TRC Construction Public Company Limited and Sahakarn Wisavakorn Co., Ltd. with remuneration of Baht 900,000 and Baht 820,000, respectively. Other than the Company and Sahakarn Wisavakorn Co., Ltd., EY Office Limited is not the auditor of the Company's other subsidiaries.

In summary, the Audit Committee performed its duties under the scope and responsibilities as assigned by the Board of Directors with prudence, caution, independence, and the ability to express its opinions straightforwardly. In the Audit Committee's opinion, the financial statements of the Company and its subsidiaries for the year 2014 contained significant and reliable information. The Company together with its subsidiaries have strictly performed their business operations under effective internal control system and in compliance with the law on securities and exchange, the regulations of the Stock Exchange of Thailand, and the laws relating to the Company's business.

(Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM.)
Chairman of the Audit Committee
23 February 2015

Directors' Responsibility Statement in Relation to the Financial Statements for 2014

The Board of Directors of TRC Construction Public Company Limited is responsible for TRC and its subsidiaries' financial statements, which were prepared under the financial reporting standards. The appropriate accounting policy was consideration and consistently adhered to and the financial statements were developed with cautious discretion and reasonable estimation methods. Moreover, the disclosure of information as shown in the notes to the financial statements for the benefit of shareholders and general investors was adequate and transparent.

For 2014, TRC and its subsidiaries complied with the new financial reporting standards currently applicable, details of which are as per Note 3 to the financial statements. The aforementioned standards had no significant impacts on the financial statements. As for the accounting standards that shall be effective in the future, the management of the Company and its subsidiaries believe that the standards will not impact the financial statements of the Company and its subsidiaries.

The Board of Directors oversees and develops corporate governance including providing and maintaining a risk management and internal control system so as to ensure that the recording of accounting data is accurate, complete, in time, and sufficient to maintain assets and also prevent any frauds or significantly unusual operations. The Board has appointed the Audit Committee consisting of independent directors to monitor the Company's financial statements as well as assess the internal control system and internal audit to ensure effectiveness and productivity. The comments of the Audit Committee for the undertakings in 2014 are shown in the Audit Committee's report in this annual report.

The Audit Committee deems that the internal control system and internal audit of the Company and its subsidiaries can ensure that the financial statements of the Company and its subsidiaries as of 31 December 2014 essentially disclose the accurate financial position, performance, cash flow, as well as information in the notes to the financial statements.

(Mrs. Paichit Rattananon)
Chairman of the Board of Directors
17 March 2015

Report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of six members: four indepenent directors (Pol. Gen. Jarumporn Suramanee, Mr. Arun Chirachavala, Assoc. Prof. Pises Sethsathira, and Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM.) and two executive directors (Mr. Smai Leesakul and Mrs. Podchanee Phaosavasdi) with independent directors making up the major proportion (four in six persons or equivalent to 67%), which is in accordance with good cooperate governance principles

The Remuneration and Nomination Committee held two meetings in 2014, which can be summarized as follows:

First meeting in January

1. Consideration of the overview of the 2014 salary increment and 2013 bonus frame work prior to proposal to the Board of Directors Meeting for approval.
2. Joint assessment with the independent directors being the Remuneration and Nomination Committee of the Chief Executive Officer's performance in 2013 and termination of his monthly remuneration for 2014 and 2013 bonus for proposal to the Board of Directors Meeting for approval.
3. Proposal to the Board of Directors Meeting and the 2014 Annual General Meeting of Shareholders for the reappointment of three directors retiring by rotation: Pol. Gen. Jarumporn Suramanee, Mr. Smai Leesakul, and Mr. Pasit Leesakul, to hold their directorship for another term.
4. Consideration of the directors' remuneration for 2014 for further proposal to the Board of Directors Meeting and the 2014 Annual General Meeting of Shareholdersre spectively.

Second meeting in December

1. Consideration of overview of 2014 salary increment and 2013 bonus framework prior to proposal to the Board of Directors Meeting for approval.
2. Joint assessment with the independent directors being the Remuneration and Nomination Committee of the Chief Executive Officer's performance in 2014 and determination of his monthly remuneration for 2015 and 2014 bonus for proposal to the Board of Directors Meeting for approval.
3. Proposal to the Board of Directors Meeting for the reappointment of three directors retiring by rotation: Assoc. Prof. Pises Sethsathira, Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM, and Mrs. Podchanee Phaosavasdi, to hold their directorship for another term for further proposal to the 2015 Annual General Meeting of Shareholders.

4. Consideration of the directors' remuneration for 2015 for further proposal to the Board of Directors Meeting and the 2015 Annual General Meeting of Shareholders respectively.

(Pol. Gen. Jarumporn Suramanee)
Chairman of the Remuneration & Nomination Committee
17 March 2015

Report of the Risk Management Committee

TRC Construction Public Company Limited has placed importance on adopting risk management system to ensure the Company achieves its goals and objectives under uncertain business environments.

The Board of Directors appointed the Risk Management Committee on 13 November 2013. The Risk Management Committee held three meetings in 2014 where all committee members attended all meetings to determine risk management policies and guidelines, and establish the Company's overall risk management measures covering major kinds of risks as follows:

- Financial risks
- Strategic risks
- Operational risks and customer satisfaction
- Workforce risks
- Legal and regulatory risks

In addition, the Risk Management Committee also put emphasis on the Company's operations that have potentially high risk and impact, including safety risks. The Committee evaluated risks associated with major operations of the Company such as project and marketing risk assessments, among others.

The Risk Management Committee performed duties in assessing and managing risks with prudence and adequacy so that the Company can achieve business goals as intended and with efficiency under the acceptable risk level

(Mr. Arun Chirachavala)
Chairman of the Risk Management Committee
23 February 2015

The Board of Directors and Managements

Mrs. Paichit Rattananon

Age 59 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 2014 25.314 % (208,236,316 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, Exective Vice president and Vice President, Commercial Dvision

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. Aekkachai Nittayagasetwat, PH.D., FRM.

Age 51 years old

Independent Director, Chairman of 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)

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 2014 0.048 % (393,333 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

Pol. Gen. Jarumporn Suramanee

Age 61 years old

Independent Director, Audit Committee, Chairman of 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 2014 0.077 % (636,666 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2014 - present Consultant Advisor (Forensics)
  Royal Thai Police
- 2013 - present Audit Committee and Risk Committee
  TRC Construction Public Company Limited
- 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
- 2013 - 2014 Advisor Equivalent to Deputy Commissioner-General
  Royal Thai Police
- 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

Mr. Arun Chirachavala

Age 61 years old

Independent Director, Audit Committee, Remuneration and Nomination Committee, 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:

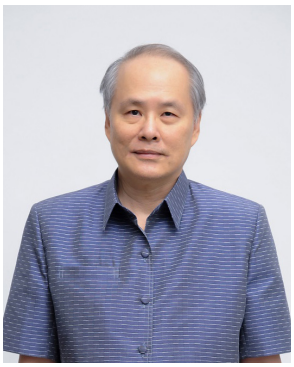
- Director Certification Program (DCP) 88/2007
- Director Accreditation Program (DAP) 34/2005

Shareholding in TRC as at 31 December 2014 None

Family Relationship among Executives None

Working Experience in the last 5 years

- 2014 - present Audit Committee and Remuneration and Nomition Committee
  TRC Construction Public Company Limited
- 2013 - present Chairman of Risk Committee
  TRC Construction Public Company Limited
- 2012 - present Chairman of Corporate Governance Committee
  TRC Construction Public Company Limited
- 2008 - present Independent Director, Chairman of 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
- 2007 - present Director and Executive Chairman
  Krungdhep Sophon Public Company Limited
- 2006 - present Director
  Palang Sophon Company Limited
- 2008 - 2014 Chairman
  Krungdhep Document Company Limited



Assoc. Prof. Pises Sethsathira

Age 58 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 2014 0.018 % (150,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2009 - present Remuneration and Nomination Committee
  TRC Construction Public Company Limited
- 2005 - present Independent Director
  TRC Construction Public Company Limited
- 2010 - 2014 Executive Vice President, Banking Finance 1 and Capital Market Division
  Siam Commercial Bank 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

Mr. Smai Leesakul

Age 59 years old

- Authorized Director and Chief Executive Officer of TRC and SKW
- Remuneration and Nomination Committee and Risk Committee and Chairman of Management 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
- Commerce Academy, University of the Thai Chamber of Commerce: Top Executive Program in Commerce and Trade (TEPCoT 5)
- 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 2014 0.670 % (5,512,840 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

- 2013 - present Risk Committee and Management Committee TRC Construction Public Company Limited
- 2011 - present Director, TRC Engineering LLC (Sultanate of Oman)
- 2010 - 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
- 2014 Chairman, Thailand Post Distribution Company Limited
- 2012 - 2014 Vice Chairman, ThailandPost Company Limited
- 2002 - 2013 General Secretary, The Federation of Design and Construction Services of Thailand (FEDCON)
- 2006 - 2010 Director, Ratcha Ploen Company Limited

Mrs. Podchanee Phaosavasdi

Age 53 years old

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

- The Stock Exchange of Thailand: CG Forum 3/2014
- Thai Institute of Director Association:
  - Risk Management Committee Program (RMP) 4/2014
  - Director Certification Program (DCP) 151/2011
  - Role of the Compensation Committee (RCC) 9/2009
  - Director Accreditation Program (DAP) 64/2007
- Chulalongkorn University, The Faculty of Economics: Risk Management Certificate Program 3/2014

Shareholding in TRC as at 31 December 2014 0.018 % (150,000 shares)

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
  - Independent Director
  Aqua Corporation Company Limited
- 2012 - present Corporate Governance Committee
  TRC Construction Public Company Limited
- 2011 - present Director
  TRC Engineering LLC and TRC Middle East LLC (Sultanate of Oman)
- 2007 - present Director, Management Committee and Vice President Corporate Affairs
  TRC Construction Public Company Limited
- 2006 - present Director
  Sahakarn Wisavakorn Company Limited

Mr. Pasit Leesakul

Age 31 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 2014 0.018 % (150,000 shares)

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

Working Experience in the last 5 years

- 2014 - present Director
  Thai Investor Relations Club
- 2013 - present Director and Executive Vice President
  TRC Construction Public 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

Mr. Sakda Tantivathanakul

Age 57 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 2014

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 56 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 2014 0.011 % (90,000 shares)

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

Mr. Chayut Wattakaphak

Age 49 years old

Vice President, Corporate Affairs of TRC

Education

Master of Business Administration, National Institute of Development Administration

Training

- Thai Listed Companies Association: Risk Management Committee Program (RMP) 2/2013
- Chula Unisearch, Chulalongkorn University: Leadership Program 1/2013

Shareholding in TRC as at 31 December 2014

None

Family Relationship among Executives

None

Working Experience in the last 5 years

- 2014 - present Vice President, Corporate Affairs
  TRC Construction Public Company Limited
- 2012 - 2014 Senior Specialist, Internal Audit
  Thai Public Broadcasting Service (ThaiPBS)
- 2010 - 2012 Head of Internal Audit Department
  National Science Technology and Innovation Policy Office
- 2009 - 2010 Accounting and Finance Department Manager
  Cera C-Cure Co., Ltd.

Ms. Ounruen Sujarittham

Age 47 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: Director Accreditation Program 112/2014
- 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 2014 0.015 % (125,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2013 - present - Finance & Investor Relations Manager
  TRC Construction Public Company Limited
  - Director and Audit Committee
  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 46 years old

Accounting and Finance Manager of TRC

Education

Master of Business Administration-Management, Eastern Asia University

Shareholding in TRC as at 31 December 2014 0.007 % (55,000 shares)

Family Relationship among Executives None

Working Experience in the last 5 years

- 2014 - present Accounting Manager
  TRC Construction Public Company Limited

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Financial Highlights

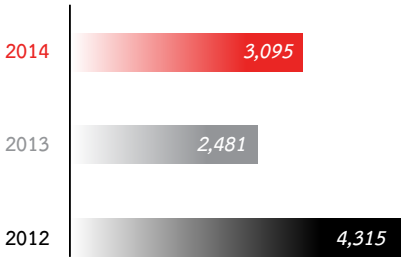
	2014	2013	2012
Statements of Financial Position and Income Statements (Million Baht)			
Total assets	2,630.61	1,977.00	2,502.85
Total liabilities	1,252.90	823.14	1,513.29
Shareholders' equity	1,383.80	1,153.86	989.57
Services income and sales	3,095.34	2,481.42	4,314.74
Total revenues	3,127.73	2,515.98	4,344.15
Gross profit	557.05	375.06	465.25
Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses	285.97	162.61	296.36
Finance cost	0.000	(0.022)	(0.004)
Share of loss from investment in joint venture and associate	(3.36)	(3.14)	(4.91)
Income tax expenses	(69.37)	(51.42)	(79.12)
Net income after tax	213.25	108.03	212.32
Minority interests of the subsidiaries	(1.68)	18.33	16.12
Net profit attributable to equity holders of the Company	214.92	126.36	228.44
Financial Ratio			
Gross profit margin	18.00%	15.11%	10.78%
Net profit margin	6.87%	4.94%	5.26%
Return on equity	16.98%	11.79%	25.57%
Return on assets	9.33%	5.64%	9.36%
Debt to equity (Time(s))	0.91	0.71	1.53
rmation about Common Shares			
Par value per share (Baht)	0.50	0.50	1.00
Dividend per share (Baht)	0.14*	0.05	0.13
Dividend payout ratio	45.72%	52.85%	50.27%
Earnings per share (Baht)	0.26	0.15	0.28
Book value per share (Baht)	1.67	1.41	2.94
Number of issued and paid-up ordinary shares (Shares)	822,613,706	816,586,773	336,585,589
Closing market price at the end of December (Baht per Share)	4.14	2.92	7.35
Market capitalization (Million Baht)	3,405.62	2,384.43	2,473.90

* note: The Board of Directors held on 17 March 2015 agreed to propose the 2015 AGM to approve the par split of the ordinary shares of the Company's from Baht 0.50 to Baht 0.125.

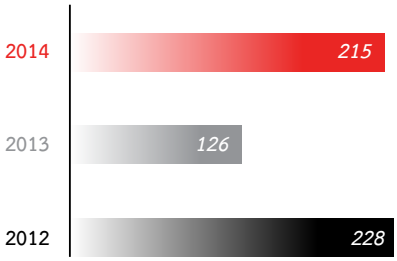
The dividend payment for the 2014 operating performance of Baht 0.14 per share will be proposed to the 2015 Annual General Meeting of Shareholders for approval on 29 April 2015.

Financial Highlights

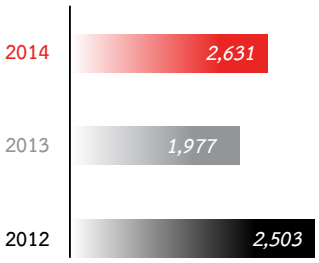
Services Income & Sales (Million Baht)



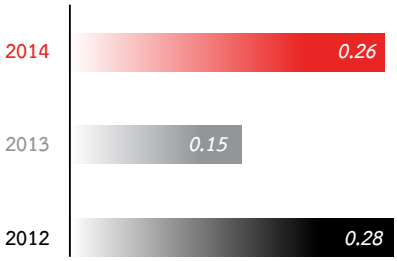
Net Profit (Million Baht)



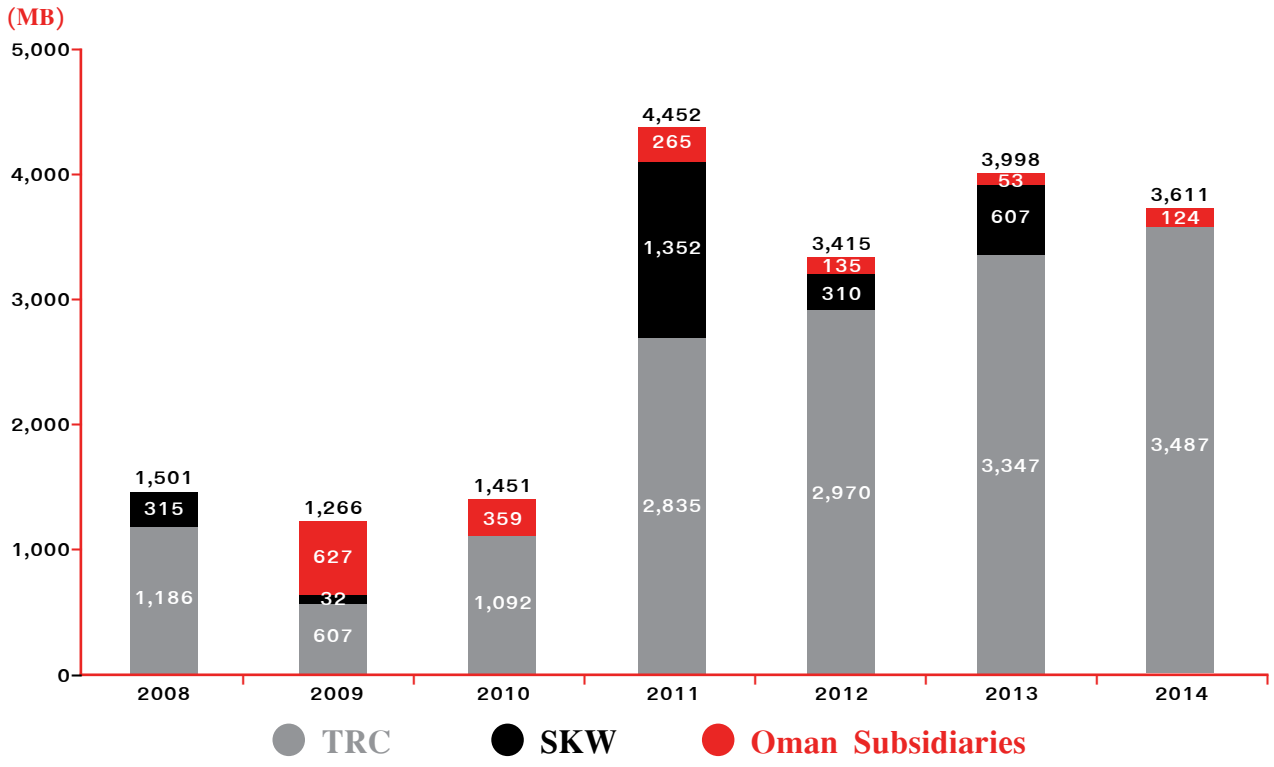
Total Assets (Million Baht)



Earnings per Share (Baht/Share)



Backlog on HandAs at 31 December 2014 (3,611 Million Baht)



2

Business Policy and Overview

1. Vision and Mission as approved by the 6/2014 Board of Directors Meeting on 11 November 2014

- **Vision**

To become an excellent contractor in design and construction of a total solution in energy and infrastructure industries with sustainable growth.

- **Mission**

1. To operate the construction business as an EPC contractor (Engineering, Procurement and Construction) for natural gas and crude oil pipeline projects, petrochemical plants and basic infrastructure.
2. To run the business under the corporate governance principle focusing on safety, environment, society and community for stable and sustainable growth.
3. To deliver works with quality with recognition of safety within defined timeframe for customers' highest satisfaction.
4. To develop an investment in energy and petrochemical businesses.

- **Target**

1. To meet the target of yearly operating result of 20% increase with a total revenue of Baht 10,000 million within 2019 (consolidated financial statements).
2. To continually develop the investment project at least 4 projects within 2019.
3. To acquire the national Total Quality Control Award within 2019.

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 Company was awarded for the following significant projects:

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.

- On 22 December 20015, the Company was listed on MAI with the purchase of new shares to the general public 30 million shares at the offering price Baht 1.70 per share with registered capital of Baht 150,000,000.

2006

- The Company was awarded for the following significant projects:

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 shareholding 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.

- The Company was awarded for the following significant projects:

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 significant projects as follows:

1. Malibu Khao Tao of M Thalay Co., Ltd., the incorporated Company between Maneeya Group Co., Ltd. and Mr.Pravit Maleenont for Baht 2,000 million in which Sahakarn Wisavakorn undertook the structural and architectural works for Baht 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.
- The Company and subsidiaries were awarded for the following 3 significant projects:

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

- The Company and subsidiaries were awarded for the following 4 significant projects:

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.

4. 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 3 significant projects:

1. The Company was awarded for the designing, procurement and construction of the 28''Ø 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.

• TRC International Limited acquired ASEAN Potash Mining Public Company Limited's ordinary shares total of Baht 50 million consisting of 500,000 ordinary shares at Baht 100/share.

2013

• The Company and subsidiaries were awarded for the following 6 significant projects:

1. TRC was awarded for the Navanakorn Rangsit Interconnecting Gas Pipeline Project with work value of Baht 834.01 million and USD 7.55 million from PTT PLC.

2. TRC was awarded for the 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 from PTT PLC.

3. 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

4. TICON Logistic Park Company Limited's Road, Bridge and Drainage System Phase I Project with work value of Baht 163.61 million

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

6. 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.

2014

• The Company and its subsidiaries acquired the following 2 significant construction projects:

1. New Bio-Diesel Plant Project with a production capacity of 450 tons per day from Bangchak Bio Fuel Company Limited. The project value was Baht 1,200 million.
2. Waste Gas Incinerator Installation Project at Chana Gas Separation Plant, Songkhla, from Trans Thai–Malaysia (Thailand) Limited. The project value was Baht 519 million and USD 11,330,000 or approximately Baht 890 million in total.

• The Company and Sahakarn Wisavakorn Company Limited moved to their new head office at a 6-storey building at 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng Subdistrict, Bang Khen District, Bangkok on 23 June 2014.

• The Company purchased more shares in TRC Middle East LLC, resulting in an increase in TRC International Limited's shareholding in TRC Middle East LLC from 60% to 70% since 16 June 2014 (The Company held 100% of shares in TRC International Limited through TRC Investment Limited, the Company's subsidiary in the Republic of Mauritius.).

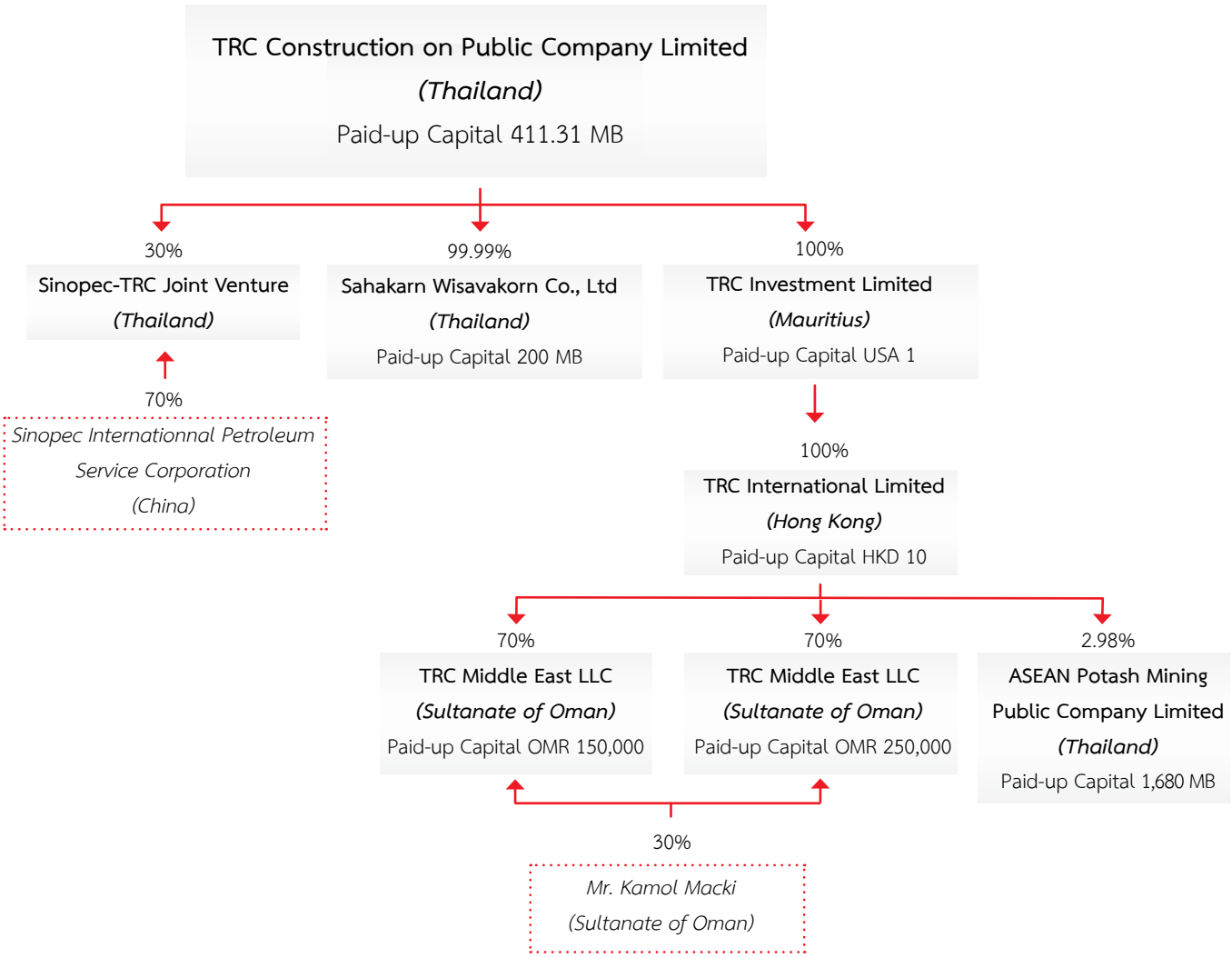
• In October 2014, SKK Joint Venture Company Limited was closed down and liquidated in October 2014 as no operations had been undertaken since its establishment in order to save administration expenses.

• The Company's directors, executives, and employees gradually exercised ESOP-W2 warrants in three times. There were a total of 5,954,933 new shares from the exercises of ESOP-W2 warrants No.1-2. As a result, as at 31 December 2014, the Company had the registered capital of Baht 425,514,869 and the paid-up capital of Baht 411,306,853.

3

Group Structure

TRC Group Structure as at 31 December 2014



4.

Nature of Business

Revenue Structure

Revenue	Operated by	Percentage of Share Holding	2014		2013		2012	
			Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
1.Services income and Sales								
1.1 Revenue from Pipeline System Construction	TRC		1,923.84	61.51	1,743.27	69.29	1,688.35	38.87
	TRC Middle East	70%	165.02	5.28	240.24	9.55	177.39	4.08
	TRC Engineering	70%	-	-	16.35	0.65	203.49	4.68
	TRC-Sinopec Joint Venture	30%	462.38	14.78	-	-	-	-
Total			2,551.24	81.57	1,999.86	79.49	2,069.23	47.63
1.2 Revenue from Engineering System Installation and Factory Construction for Energy and Petrochemical Business	TRC	99.99%	6.93	0.22	97.68	3.88	701.37	16.15
	SKW		-	-	149.28	5.93	1,477.20	34.00
Total			6.93	0.22	246.96	9.81	2,178.57	50.15
1.3 Revenue from Civil Work Construction	SKW	99.99%	507.12	16.21	226.60	9.01	62.84	1.45
1.4 Revenue from Other Services	TRC	70.00%	0.77	0.02	-	-	4.10	0.09
	TRC Engineering		29.29	0.94	8.00	0.32	-	-
Total			30.06	0.96	8.00	0.32	4.10	0.09
Total services income			3,095.35	98.96	2,481.42	98.63	4,314.74	99.32
2. Interest income			3.92	0.13	2.54	0.10	6.99	0.16
3. Other income			28.47	0.91	32.02	1.27	22.42	0.52
Total revenues			3,127.74	100.00	2,515.98	100.00	4,344.15	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-Kaengkhoi Natural Gas Pipeline Project was the first project that the Company undertook for the cross-country natural gas pipeline project through the CPP-TRC Joint Venture, the cooperation between China Petroleum Pipeline Bureau and the Company). 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 2014, 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	3,486.94
Sahakarn Wisavakorn Co., Ltd.	4	123.59
Total	**12**	**3,610.53**

- TRC Construction Public Company Limited

Project Name	Type[1]	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
1. 450 TPD Biodiesel Plant	E,P,C	Bangchak Biofuel Company Limited	1,199.58	1,199.58	Dec 14- May 16
2. Provincial GasTransmission Pipeline to Nakhon Ratchasima (The Project value 4,433.65 MB and USD 103.45 Million)	E,P,C	PTT Public Company Limited	1,587.23	1,160.84	Nov 13 - Apr 16
3. The New Incinerator Project	E,P,C	Trans Thai – Malaysia (Thailand) Limited	894.17	894.17	Nov 14 – Apr 15
4. Navanakorn-Rangsit Interconnecting Gas Pipeline Project (The Project value 834.01 MB and USD 7.55 Million)	E,P,C	PTT Public Company Limited	1,083.84	137.70	Jul 13 - Apr 15
5. Natural Gas Pressure Reduction Station Pipeline Project	E,P,C	PTT Public Company Limited	153.83	65.26	Apr 14 – Mar 15
6. Design, Construction, Installation and Test Works for the Pipeline Distribution System from CUP-1 to PPCL #2	E,P,C	Global Power Synergy Company Limited	152.38	22.99	Mar 14 - Mar 15
7. Construction Phase for Remaining GAS	E,P,C	PTT Public Company Limited	53.00	5.30	Jan 14 - Mar 15
8. Design for UACJ & Delong	E	Amata Natural Gas Distribution Company Limited	1.10	1.10	Nov 14 -Dec 14
Total 8 Projects			5,125.13	3,486.94	

- Sahakarn Wisavakorn Company Limited

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	96.25	Dec 14 - Apr 15
2. Water Resource Conservation and Rehabilitation for Nong Sanoon, Nakhonsawan Province	C	Department of Water Resources	20.19	16.21	Dec 14 – Jul 15
3. Landscaping and Infrastructure in the area of Region VIII Pipeline Operations Center	E,P,C	PTT Public Company Limited	14.90	8.56	Sep 14 - Feb 15
4. Water Treatment Plant for Wangnoi Power Plant, dhaya Province	E,P,C	Electricity Authority of Thailand	20.36	4.40	Sep 11 - Dec 14
Total 4 Projects			330.45	123.59	

Notes:

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

(2) The value of uncompleted works from PTT Public Company Limited using Fx at Baht 33.1132 per USD

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.

Company's Policies and Competitiveness in 2014 and Future Trend

1. Company's policies

One of the Company's marketing policies is to maintain domestic customers in which the Company's market share ranked the first in natural gas pipeline construction business. The Company has been entrusted by big domestic customers, e.g. PTT Public Company Limited and its subsidiaries. In addition, the Company has focused on expanding natural gas pipeline construction service to the power plants using natural gas as a fuel for power generation including Independent Power Producers (IPPs) and Small Power Producers (SPPs). Domestic work continues to be the Company's main source of revenues. Nonetheless, the Company continually seeks business opportunities to expand for overseas projects in parallel. In 2014, the Company cooperated with the strategic partners to enter into tenders in the Sultanate of Oman. Furthermore, the Company expanded construction business into alternative energy industry such as ethanol and biodiesel production in response to the alternative energy strategy of the public sector. Additionally, the Company continues to follow up the tender offer in basic infrastructure construction under the government's infrastructure development policy to facilitate free trade in the ASEAN Economic Community (AEC), such as double track railway, road construction, etc.

2. Competitiveness

The Company's main business in pipeline civil work has limited number of domestic competitors since going through a tender process for a large and long-distance pipeline construction project requires high experience, special expertise, and references of history accomplishments. In some projects, the Company needs collaboration with overseas partners to be eligible in tendering and operating projects according to the bidder's qualifications specified by the project owners. The Company has competitive advantages over competing players including long experience and know-how, and work profiles under collaboration with overseas business partners. There are a few competitors from abroad such as China and India. The competitors from abroad also need to collaborate with domestic entrepreneurs for liaising with government agencies and handling mass communication.

As regards factory construction for energy and petrochemical industry, the Company has developed its potential in competitiveness rapidly. The Company has focused on engineering know-how, therefore, the Company Group has been awarded with several turn-key projects, i.e. large-scale construction of energy and petrochemical plants, for the past 4-5 years. Biodiesel plant phase 1 in 2008 is one example, where the Company was later awarded phase

2 project in 2014 as the project owner satisfied with the work delivered in phase 1. Other examples include ethanol production project and new incinerator project in 2011 from Trans Thai-Malaysia (Thailand) Limited.

Construction of civil works and basic infrastructure such as roads and bridges has a large number of domestic competitors according to the nature of business. Sahakarn Wisavakorn Co., Ltd. is the subsidiary company that takes charge of this work area. However, for large-scale basic infrastructure projects, the cooperation with international alliances is needed. For instance, Sahakarn Wisavakorn Co., Ltd., collaborated with China Railway No.3 Engineering Group Company Limited, from China to enter into bidding of the projects from the State Railway of Thailand. The Company is strongly confident that its profiles from previous projects together with the famous and high-experienced business partner will enable the tender awards during 2014-2015.

Nature of Customers and Target Customers

In regard to natural gas pipeline construction, engineering system installation and plant construction for energy and petrochemical companies, the target customers are mainly state-owned enterprises, government agencies, private companies in energy and petrochemical industry, and the companies whose manufacturing bases are located in industrial estates using gas as a fuel in production. The companies in PTT Group are the key accounts of the Company disclosed in Section "5. Risk Factors".

The target customers of Sahakarn Wisavakorn Co., Ltd. are public sectors providing basic infrastructure services to the public such as Department of Highways, Department of Rural Roads, Royal Irrigation Department, State Railway of Thailand, Bangkok Metropolitan Administration, among others, as well as private companies in real estate, energy and petrochemical industry.

Industry Status

• Construction Industry in Natural Gas Pipeline Sector

• Industry Overview

For the investment and operation of natural gas transmission pipeline network including natural gas supply and distribution, PTT Public Company Limited is currently the sole buyer, distributor and owner, as well as the only operator and developer of the natural gas transmission system in Thailand. PTT's gas pipeline system connects with various gas pipelines in the Gulf of Thailand, the pipeline grid from Yadana and Yetagun gas fields, Myanmar at the Thai-Myanmar border with power plants, gas separation plants and industrial users.

In regard to the natural gas distribution pipeline network, apart from PTT who is the investor and operator in natural gas pipeline system, there is only PTT Natural Gas Distribution Co., Ltd. (PTT NGD), a joint venture company established among PTT, Suez-Tractebel S.A. from Belgium, and Ladawan Capital Co., Ltd. PTT NGD operates the business in developing and

constructing natural gas distribution pipeline systems to supply natural gas to customers located in industrial areas around Bangkok and nearby provinces.

As of 31 December 2013, PTT's transmission pipeline stretched over a distance of 3,678 kilometers consisting of 1,438 kilometers onshore and 2,240 kilometers offshore pipelines (excluding 493 kilometers of the distribution pipeline branching out from the transmission pipeline to connect with industrial users).

The Energy Policy and Planning Office (EPPO), Ministry of Energy, conducted an assessment on overall energy consumption of Thailand in 2014 and found that natural gas accounted for the largest portion, representing 45% of overall energy consumption. In 2014, natural gas consumption was approximately 4,626 million cubic feet per day, increased 0.5% from 4,602 million cubic feet per day in 2013. As regards the proportion of natural gas consumption in various sectors, it was found that 59% of natural gas was mostly used as a fuel for power generation. The remaining consumption was derived from the industrial sector, consisting of 20% in petrochemical industry and similar (propane, ethane, and LPG), 14% in industrial plants, and 7% as a fuel in transportation sector (NGV).

An increase of natural gas demand is driven by economic growth of domestic sector. The most increased natural gas consumption of 13% was derived from the transportation sector, as a result of the public policies in promoting NGV as an alternative fuel for vehicles to replace oil and expanding NGV stations to serve its increasing demand. At the end of September 2014, there were 497 NGV stations covering 54 provinces throughout Thailand with 457,110 NGV vehicles, reflecting an increase of 3.4% compared to the same period in the previous year. Natural gas consumption with respect to power generation in 2014 was 2,723 million cubic feet, or decreased by 0.3%. The decrease was primarily driven by the Myanmar natural gas fields shutdown, combined with JDA A18 natural gas fields turnaround during June-July causing the Jana power plant's shut down for the same period. In addition, Natural gas used as a petrochemical feedstock (propane, ethane, and LPG) was decreased by 0.1%.

- **Industry Outlook**

Nowadays, natural gas is used largely as a fuel in power generation, industrial and transportation sectors. Natural gas consumption tends to expand in the future as an eco-friendly fuel source with competitive price over oil. According to the Office of the National Economic and Social Development Board (NESDB), the Thai economy is projected to grow by 3.5-4.5% in 2015 with supporting factors such as the improvement of the export sector following the global economic recovery, a continued recovery of travel and investment sectors since the end of 2014. Other key supporting factors to the growth forecast include falling oil prices in the world market, public expenditure and the infrastructure investment plan of Baht 2.4 trillion according to the government's policy, combined with the readiness preparation for entering the AEC in 2015.

The readiness preparation for entering the ASEAN Economic Community in 2015, coupled with the ASEAN's Free Trade Agreements, will lead to the free flow of goods and

services, along with capital and labor. Trade liberalization is a positive impact on Thailand's economy as a whole. However, it will result in more intense competition among the ASEAN member countries consisting of Thailand, Myanmar, Singapore, Laos PDR, Cambodia, Vietnam, Malaysia, Indonesia, Brunei Darussalam, and the Philippines, to be the production and service base in the region. In particular, energy security is the critical factor in combining the countries into ASEAN community, including physical-to-physical connectivity through transportation systems and energy sources of electricity and natural gas, which is the foundation principle of the single market. Hence, the new Power Development Plan (PDP) was established.

From the meeting of the National Energy Policy Council (NEPC) on 15 December 2014, the Council adopted the resolution on the principles and guidelines of the Power Development Plan 2015-2016, namely PDP 2015, which is the first integrated plan established in conjunction with the Energy Efficiency Development Plan and the Alternative Energy Development Plan adhering to 3 main principles.

1. Security: Ensure adequate power supply to meet electricity demand and promote consumption on a variety of fuels to reduce the risk of overdependence on one single fuel type.

2. Economy: Determine the proper electricity tariffs and promote efficient use of electricity.

3. Ecology: Reduce the impact on the environment and communities.

PDP 2015 was established in alignment with the direction of economic development, with estimated GDP at 3.94% per year, and the large investment of public sectors to accommodate population growth and human behavior change. The plan was developed in accordance with the NEPC's previous issued guideline. PDP 2015 also combined the Thailand's 20-year Energy Efficiency Development Plan projected result of a reduction in power consumption by 89,672 million gigawatt hours (GWh) in 2036. Furthermore, the resolution was adopted, with respect to power purchasing price for electricity generated from renewable energy sources, to shift the Adder measure to Feed-in Tariff (FiT) for the Very Small Power Producers (VSPPs) in 2015 (excluding solar energy), and include special FiT measure (FiT Premium) as an investment incentive. FiT measure will accommodate competitive bidding to enable zoning establishment in order to reduce competition with respect to raw materials and solve problems related to transmission lines.

Considering PTT's 5-year Plan (2015-2019) under the budget of Baht 326,551 million, it is found that the investment will mostly spent for natural gas business which is PTT' s core business of totally Baht 164,918 million or representing 50% 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 93,761 million or equivalent to 29% 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 48,787 million or equivalent to 15% as well as an investment in head office business and others, totally Baht 5,583 million or equivalent to 2%.

PTT's 5-Year Investment Plan (2015-2019)

(Unit: Million Baht)

Business	2015	2016	2017	2018	2019	Total	%
Natural Gas	34,885	19,398	33,876	40,008	36,751	164,918	50
Oil and International Trading	9,629	5,767	9,217	12,891	11,283	48,787	15
Head Office and others	5,472	3,970	1,882	959	1,219	13,502	4
Infrastructure	5,519	22	19	16	7	5,585	2
Investment Plan and 100% share- holding in subsidiaries investment	29,975	8,928	19,654	17,057	18,147	93,761	29
Total	**85,480**	**38,085**	**64,648**	**70,931**	**67,407**	**326,551**	**100**

Source: PTT's news reported to the Stock Exchange of Thailand on 26 December 2014

Construction industry in natural gas pipeline system tends to expand continuously in line with the Third Party Access (TPA) Code governing connection to and use of the natural gas facilities and LNG stations by a third party of any licensee who operates such facilities in order to support the competition in natural gas industry in the near future. Furthermore, readiness preparation for entering the AEC in 2015 lead to the collaboration in energy and physical connections in energy sector, particularly the Trans-ASEAN Gas Pipeline (TAGP) project connecting natural gas pipelines among the countries in ASEAN. TAGP is the essential solution for the current and future energy supply as Thailand continues to seek out new natural gas fields to fulfill domestic energy demand. TAGP is another alternative for adding natural gas sources into the country's gas pool. The trade liberalization leading to the free flow of goods, services, investment, and skilled labor, provides a great opportunity for Thailand to expand investment in natural gas pipeline construction to other member nations. PTT has also prepared to invest in the fifth natural gas transmission pipeline according to the Natural Gas Infrastructure Master Plan. As regards the PTT's short-term 5-year plan (2015-2019), the investment is largely derived from natural gas industry which is the core business. PTT also expand capacity of imported LNG to serve the increased demand of natural gas. In addition, PTT has a project to enhance the existing main transmission pipeline that is near end of life to be re-operated in a safe condition.

- **Construction Industry in Industrial and Energy Sectors**
  - **Industry Overview**

Overall construction industry in 2014 valued Baht 994,500-1,018,500 million, representing the growth of around 2.5-5.0%. Such growth reflected a declining rate compared with 2013 due to several risk factors, including political instability affecting economic direction,

trade and investment, coupled with the country's policy in investment and infrastructure development which subsequently impacted the growth of construction industry. However, the construction sector continued to gain momentum from regional economic activities, especially the continual benefits from vigorous trade and investment along the border and nearby areas. This results in an increased investment on commercial construction, and public infrastructure development such as railway and road systems improvement projects. Moreover, the infrastructure investment and development have been accelerated in the neighboring countries to be prompt for AEC in 2015.

During the first half of 2014, government construction projects were affected by several risk factors, including political turmoil and economic slowdown resulting in delays in public construction activities. After the National Council of Peace and Order (NCPO) and the new government were in charge of the country, infrastructure development projects have been put at top priorities to support Thai economy's continuous growth and readiness preparation for AEC. The government drove the investment in transportation infrastructure to connect more routes among the central, provincial areas, and neighboring countries. The developed infrastructure will help reduce logistic costs and strengthen competitiveness with respect to trade and investment of the country. The government has consent an urgent transportation infrastructure development plan which will commence in 2015. Thai government introduced the 5 economic stimulus measures to jumpstart underperforming economy for the period 2014-2015, worth Baht 364,465 million of investment. The aim is to accelerate spending on capital budget of public sectors and state enterprises to restore government buildings throughout the country. The construction industry also gains advantage from the infrastructure and facilities development in the CLM countries (Cambodia, Lao PDR, and Myanmar). In addition, Thai construction materials are widely accepted by these countries and transportation is more convenient nowadays, thus customers from neighboring countries tend to cross the border to buy the materials in Thailand.

Overall construction in renewable energy industry in 2014, such as ethanol and biodiesel production, has increased according to the increasing demand in alternative energy in substitution of major energy sources. It can be clearly seen that ethanol consumption was increased from 2.60 million liters per day in 2013 to 3.04 million liters per day in 2014 as a result of termination of the distribution of gasoline 91 on 1 Jan 2013, by the Ministry of Energy, while biodiesel industry has been expanded. Currently, biodiesel demand is 2.97 million liters per day driven by the mandatory usage of B5 biodiesel nationwide introduced in Sep 2011.

- **Industry Outlook**

The Kasikorn Research Center forecasts that public construction investment in 2015 will continue to grow up from 2014 by 7.0-10.0%, worth Baht 464,000-477,000 million. The growth forecast takes into account the government's approval for the urgent phase under the strategic framework of Thailand basic infrastructure development plan 2015-2022 with

estimated capital investment of Baht 2.4 trillion. The expansion of capital investment projects in public and private sectors will increase demand for various building constructions such as road networks, industrial plants, and commercial buildings which benefit and grow economy in rural areas along with the central region. The goal is to connect several different modes of transport seamlessly (Multimodal Transport). The major connection plan comprises the connections between central and provincial areas, between Thailand and each of the neighboring countries, as well as Thailand and foreign countries. For instance, roads and railways improvement to enable the transportation of goods to Thai border, and increase number of merchandise distribution centers. In addition, the government established development projects for 12 Special Economic Zones (SEZs), some of which include urgent plans of basic infrastructure and facilities development.

In 2015, the overall construction in public and private sectors will be contributed by the investment projects continued from earlier years, a number of small investment projects in provincial areas throughout the country, and large-scale infrastructure projects such as the MRT Dark Green line Morchit-Saphanmai-Kukot route, double track railway Chachoengsao-Klong Sip Kao-Kaeng Khoi section, Intercity motorway Pattaya-Mab Taput route, phase 3 of Don Mueang airport face-lift including expansion and improvement of runways and passenger terminals, and six projects on Special Economic Zone development on the border of the country. However, at the beginning phase of new projects, the investment values may be limited upon the government's decisions and operations.

There will be two phases of establishing dual-track, 1-meter-gauge rail lines as follows:

- The first phase involves the urgent projects of six routes that will span a total of 903 kilometers and are slated for implementation this year. They include three routes where Environmental Impact Assessments (EIAs) have already been completed and where associated expropriation draft royal decree has been approved. The first three routes include 106km Chachoengsao-Klong Sip Kao-Kaeng Khoi, 185km Thanon Chira Junction-Khon Kaen, and 167km Prachuap Khiri Khan-Chumporn. EIAs are taking place for three other routes, namely 48km Lopburi-Pak Nam Pho, 132 km Mab Kabao-Thanon Chira Junction, and 165 km Nakorn Pathom-Hua Hin.
- The second phase involves the rail-development projects where studies and detail designs for eight more routes will be undertaken this year. The routes include Hua Hin-Prachuap Khiri Khan, Pak Nam Pho-Denchai, Thanon Chira Junction-Ubon Ratchathani, Khon Kaen-Nong Khai, Chumporn-Surat Thani, Surat Thani-Songkhla, Hat Yai-Padang Besar, and Denchai-Chiangmai.

Meanwhile, development of the 1.435-meter-gauge rail lines will involve government-to-government collaboration. The Thai government will cooperate with the governments of other countries that have expressed interest, such as China and Japan. Feasibility study and detail discussion are taking place on investment models, as well as financing for and administration of each project. For the joint rail lines between the Thai and

Chinese governments, the construction are divided into 4 sections, i.e. 133km Bangkok-Kaeng Khoi, 246.5km Kaeng Khoi-Mab Taput, 138.5km Kaeng Khoi-Nakorn Ratchasima, and 355km Nakorn Ratchasima-Nong Khai. The first and second sections are expected to start construction in October 2015, while the third and fourth sections are projected to start in December 2015. Rail service is anticipated to begin in 2018.

There are three joint routes under study according to the agreement of the collaboration between the Thai and Japanese governments. The first two routes are the East-West Economic Corridor which will connect the east and the west of Thailand, linking Kanchanaburi–Bangkok, Bangkok-Chachoengsao-Arunyaprates, and Bangkok-Chachoengsao-Laem Chabang. The second route will connect Mae Sod district in Tak province to Mukdaharn province. The remaining route, the Bangkok-Chiang Mai route, will reach the northern region.

Construction in the renewable energy production industry such as ethanol and biodiesel production is likely to increase continuously in line with the 15-year Renewable Energy Development Plan (REDP) (2008-2022). The targets are to decrease crude oil import from overseas as well as to add value and stability to agricultural products. Ethanol production and consumption are targeted at approximately 6.20 million liters per day in 2012-2016 and 9.00 million liters per day in 2017-2023 while biodiesel production and consumption are targeted at 3.64 million liters per day in 2012-2016 and 4.50 million liters per day in 2017-2023.

Although the overall construction industry is likely to continuously expand, there are some other factors that may affect the industry's market direction. For example, the risk from the fragility of the world economy, political factors that may affect public construction projects, and the clarity of government policies related to investment. Construction costs have a clear upward trend both in terms of construction materials costs and minimum wage increase according to the government's policy. Environmental and community concerns remain the key issues that may become limitations on infrastructure investment projects which will support the industrial sector in the future.

As regards the growth opportunity for the construction industry, the free trade area under the ASEAN Economic Community or AEC reflects the determination to unite and promote ASEAN as a single market and production base. The enabling of the free flow of goods, businesses, services, investments, skilled labor, and capital will be a significant factor that supports the growth of the construction contractor business, particularly in CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam), which are in the developing stage with a strong economic growth trend when compared to the overall global and Asian economic expansion. This results in a high volume of investment in large-scale infrastructure projects and energy investments including projects related to real estate, industrial factories, and various infrastructure systems such as road networks, power plants, seaports, and airports. Thus, it is a vital opportunity to expand the Thai construction contractor business in CLMV countries since their locations are connected to Thailand's borders, making the price of tender offers by Thai

construction contractors lower than those of competitors outside the ASEAN region, especially the costs of transferring labor, machinery, and various equipment. Moreover, the potential of Thai construction contractors is equivalent to the world-class level in terms of technical expertise in construction and system engineering. In addition, Thailand has strong supporting industries, especially the building materials industry such as steel and cement. All the aforementioned factors support the expansion of the Thai construction contractor market to the ASEAN level.

Construction in the energy production industry is likely to increase continuously in order to support economic expansion and entry into the AEC. Free trade results in increasing energy demands, especially renewable energy. This can be seen from the industrial and transportation sectors' adoption of renewable and alternative energy resources as fuel for industrial factories and automobiles due to their cheaper price in comparison to gasoline in order to reduce production costs, increase competitiveness in the industrial and investment sectors, as well as support the 15-year Renewable Energy Development Plan (REDP) (2008-2022) which aims to reduce energy imports, particularly natural gas and crude oil.

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 51:49, respectively.

5

Risk Factors

1. Risk from Business

- **Risk from dependence on a limited number of customers**

The Company's main revenue is derived from natural gas pipeline system construction for energy and petrochemical companies where the major customers are the subsidiary companies of PTT Group. The Company has endeavored to expand its customer base into other energy industries, for example, renewable energy power plants, engineering system installation, and petrochemical factory construction, as well as to extensively reach a diversified group of customers in order to enhance the Company's business opportunity.

- **Risk from relying on partners**

In some large-scale projects, the project owners may specify extensively high qualifications for bidders such as size of assets, work experience, specialized or technological know-hows, etc., such that the Company is not able to enter bid contracts from time to time. Hence, the Company must find business alliances to form a joint venture to prevent this opportunity loss.

Even though a joint venture equips the Company with higher potential for large-scale tenders, the risk associated to mutual liabilities is unavoidable. However, with the experience of carrying out a number of large-scale projects, such risk has been reduced and the Company is more capable of bidding on its own.

- **Workforce Risks**

Managing workforce planning in construction business is relatively difficult due to uncertain timing of obtaining the new project. The Company may need to bear incremental costs of excess manpower for any delay in or lost of tender award. Meanwhile, shortage of skilled workers is currently present in the labor market. To reduce workforce risks, the Company increases a proportion of subcontractors in certain periods as appropriate, as well as constantly promotes training to develop and strengthen skills and work attitudes of all workforce.

- **Legal and Regulatory Risks**

Nature of the Company's business is providing large-scale construction service to the energy and petrochemical industries. Hence, the Company must perform operations in accordance with increasingly stringent laws and regulations concerning environmental impact and safety. For each construction project, it is required to establish the Environmental Impact Assessment (EIA) report and Health Impact Assessment (HIA) report, as well as to conduct public hearings which may delay the preparation of such reports and subsequently impede the tender award.

2. Operational Risks and Customer Satisfaction

- **Risk from delay in construction projects**

The Company has a risk of being accountable for any incremental costs from the delay caused by project owners such as wages and utilities expenses, etc. However, the Company limits this risk by managing manpower and expenses efficiently and appropriately for an individual project. The Company attempts to request for any fair compensation from the owners within the framework agreement and business ethics.

Any delay arisen due to the Company's operations or its subcontractors may bring the Company a risk of being claimed by project owners. The Company mitigates this type of risk through proper planning and readiness preparation of construction tools and equipment, skilled workers, experienced engineers, along with close monitoring of subcontractors' works. The Company also specifies the conditions in the contracts with subcontractors for compensation claim for any breach of contract.

- **Risk from delay in material delivery**

Construction materials are essential for construction works where the Company has its suppliers from both domestic and overseas sources. Acquisition of qualified materials according to the project owners' specifications may require long lead time in purchase and delivery process. Delay in material delivery will directly affect the project accomplishment. To mitigate such risk, the Company gathers the materials that require long lead time into one group for special management to ensure the purchase is made timely in advance to avoid any delays.

- **Risk from operational safety**

The Company is fully aware of and accountable for incidents and hazards that may occur in day-to-day operations, particularly relating to oil and gas. The Company enforces the policy and procedures in occupational health, safety, and environment by establishing safety plans and appointing the Safety Committee in the headquarters and project sites to reduce safety incidents and unsafe operating conditions.

3. Financial Risks

- **Risk from foreign exchange rate**

The Company has imported certain items of materials and equipment from overseas, hence exchange rate volatility is inevitable. The Company mitigated such risk by estimating exchange rates for purchasing goods at higher values than the current rates to prevent exchange rate volatility. For a large-scale project requiring higher-priced imported materials and equipment, the Company may advise the project owner to determine some parts of the project at the same currency to lessen the risk. In addition, the Company imposed a policy on purchasing forward currency contracts to control costs and reduce exchange rate risk.

- **Risk from delayed payment or outstanding payment**

In case the project owners or the parties to the contract have faced financial difficulties, the payment may be delayed, partially paid, or wholly unpaid, which may affect the Company's liquidity. In mitigating such risk, the Company enters into bidding arrangements only for the clients with strong financial position and requested credit line support in terms of working capital for construction from financial institutes. Since most of the Company's customers are huge companies with solid financial stability, the associated risk is acceptable.

- **Risk from insufficient cash flow**

To go through a large-scale project tender, the Company needs extensive working capital including bank guarantee for various kinds of loans. This may lead to a risk of insufficient working capital and may possibly impact the project construction. The Company, therefore, set measures to prudentially manage liquidity by determining suppliers' payment terms to be in alignment with the installment periods for payment from project owners. Additionally, purchase of materials and equipment has been planned to be consistent with the time they are required in order to efficiently manage fund and reduce storage costs.

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

Risk from a major shareholder who owns more than 25% of the shares

As of 31 December 2014, KPK 1999 Co., Ltd. held 207,141,916 shares, representing 25.18% of the Company's issued shares (KPK 1999 Co., Ltd. is held 55% of shares by Mrs. Paichit Rattananon, Chairman of the Board of Directors). In case the number of shareholders attending the shareholders meeting is less than a half of all issued shares, the group of KPK 1999 Co., Ltd. may be able to dominate the resolution of the meetings for the agenda that requires the majority of votes except the matters related to laws or the Company's Articles of Association where three-fourth (3/4) of all votes of the shareholders entitled to vote and present at the meeting is required. Therefore, other shareholders may not be able to aggregate their votes to counterbalance and inspect the matters proposed by the major shareholder.

6

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	:	No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	:	0107548000293
Website	:	www.trc-con.com
Telephone	:	+66 2022 7777
Facsimile	:	+66 2022 7788
Registered Capital	:	Baht 425,514,868.50
Paid-up Capital	:	Baht 822,613,706
Number of Issued Ordinary Shares	:	822,613,706 shares
Par Value	:	Baht 0.50

References

Share Registrar	:	**Thailand Securities Depository Company Limited**
Address	:	The Stock Exchange of Thailand Building , 4th, 7th Floor, 62 Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone	:	+66 2229 2800
Facsimile	:	+66 2359 1259

Auditor	:	**EY Office Limited**
Address	:	Lake Ratchada Complex, 33rd 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	:	No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	:	0105497000257
Website	:	www.sahakarn.com
Telephone	:	+66 2022 7777
Facsimile	:	+66 2022 7788
Registered Capital	:	Baht 200,000,000
Paid-up Capital	:	Baht 200,000,000
Number of Issued Ordinary Shares	:	1 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	:	10th Floor, Raffle Tower, 19 Cybercity, Ebene, Mauritius
Registration Number	:	079207 C1/GBL
Telephone	:	+66 2022 7777
Facsimile	:	+66 2022 7788
Registered Capital	:	USD 1
Paid-up Capital	:	USD 1
Number of Issued Ordinary Shares	:	1 shares
Par Value	:	USD 1

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, 23rd Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
Registration Number	:	1202588
Telephone	:	+66 2022 7777
Facsimile	:	+66 2022 7788
Registered Capital	:	HKD 10,000
Paid-up Capital	:	HKD 10
Number of Issued Ordinary Shares	:	1 shares
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

Name	:	**TRC Middle East 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	:	1070009
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

- **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	:	No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	:	0993000315361
Telephone	:	+66 2022 7761

7

Shareholding Structure and Management

1. Major Shareholders

The top 10 largest shareholders as of December 30, 2014 were as below:

Name	No. of Shares	Shareholding
1. KPK 1999 Co., Ltd.*	207,141,916	25.18 %
2. Samlee Corporation	99,099,999	12.05 %
3. Thai NVDR Company Limited	51,443,936	6.25 %
4. Citybank Nominees Singapore Pte Ltd Ubs Ag London Branch-Nrbs Ipb Client Seg	27,844,560	3.38 %
5. Mr. Wichit Chinawongworakul	16,963,200	2.06 %
6. Mr. Theerapong Jansiri	13,000,000	1.58 %
7. The Hongkong And Shanghai Banking Corporation Limited, Singapore Branch	9,113,936	1.11 %
8. Mr. Kittipat Suthisumpat	9,050,000	1.10 %
9. Mr. Narongkiet Jiragiet	8,196,800	1.00 %
10. Mr. Sukanet Junthrujanon	7,375,000	0.90 %
Total of Shares Held by Top 10 Largest Shareholders	**449,229,347**	**54.61 %**
Total Issued and Paid-up Shares	**822,613,706**	**100.00 %**
Total Free Float Shares	**373,384,359**	**45.39 %**

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

8

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

1. The Board of Directors of the Company and its Subsidiaries as of 31 December 2014

- **Board of Directors of TRC Construction Public Company Limited** consists of 8 members as follows:

Name-List of Board of Directors		Directors	Subcommittees				Authorized Directors**
			Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	
1. Mrs. Paichit Rattananon *	Chairman	☑					◎
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director	✓	☑	✓			
3. Pol. Gen. Jarumporn Suramanee	Independent Director	✓	✓	☑	✓	✓	
4. Mr. Arun Chirachavala	Independent Director	✓	✓	✓	☑	☑	
5. Assoc. Prof. Pises Sethsathira	Independent Director	✓		✓			
6. Mr. Smai Leesakul	Executive Director	✓		✓		✓	◎
7. Mrs. Podchanee Phaosavasdi	Executive Director	✓		✓	✓	✓	◎
8. Mr. Pasit Leesakul	Executive Director	✓					◎
Total		8	3	6	3	4	4

☑ Chairman ✓ Committee ◎ Authorized Directors

* Chairman is a representative from KPK 1999 Co., Ltd., the Major Shareholders

** Two of four directors sign together with the Company's seal.

- **Board of Directors of Sahakarn Wisavakorn Company Limited** consists of 5 members as follows:

Name-List of Board of Directors		Directors	Authorized Directors*
1. Mr. Smai Leesakul	Chairman	☑	◎
2. Mrs. Paichit Rattananon	Director	✓	◎
3. Mrs. Podchanee Phaosavasdi	Director	✓	◎
4. Mr. Chaveng Reesrikitti	Director	✓	
5. Mr. Pasit Leesakul	Director	✓	◎
Total		5	4

☑ Chairman ✓ Committee ◎ Authorized Directors

* Two of four directors sign together with the Company's seal.

- Summary of directors attendance in 2014 Board of Directors Meeting

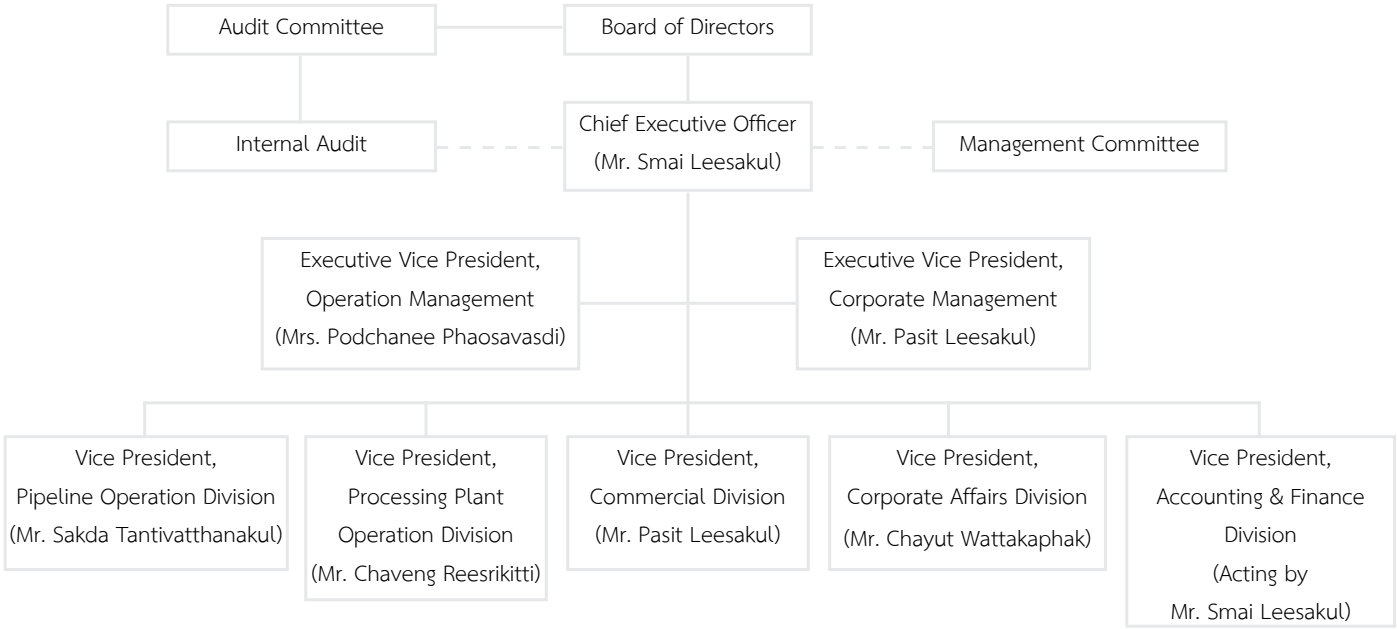
Name-List of Board of Directors	Attendances in 2014 (time)					
	Directors	Management Committee	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee
1. Mrs. Paichit Rattananon	6/6	None	None	None	None	None
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	6/6	None	5/5	2/2	None	None
3. Pol. Gen. Jarumporn Suramanee	6/6	None	5/5	2/2	2/2	3/3
4. Mr. Arun Chirachavala	5/6	None	2/2	1/1	2/2	3/3
5. Assoc. Prof. Pises Sethsathira	1/6	None	None	1/2	None	None
6. Mr. Smai Leesakul	6/6	16/16	None	2/2	None	3/3
7. Mrs. Podchanee Phaosavasdi	6/6	15/16	None	2/2	2/2	3/3
8. Mr. Pasit Leesakul	6/6	12/16	None	None	None	None

- Summary of Director Appointment

Name	Appointed Year	Latest Appointment	Type of Directorship	Nomination/ Appointment in 2014	Next Appointment
1. Mrs. Paichit Rattananon	2005	2013	Chairman of the Boards	-	2016
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	2005	2011	Independent Director	-	2015
3. Pol. Gen. Jarumporn Suramanee	2007	2014	Independent Director	✓	2017
4. Mr. Arun Chirachavala	2011	2013	Independent Director	-	2016
5. Assoc. Prof. Pises Sethsathira	2005	2012	Independent Director	-	2015
6. Mr. Smai Leesakul	2007	2014	Executive Director	✓	2017
7. Mrs. Podchanee Phaosavasdi	2007	2012	Executive Director	-	2015
8. Mr. Pasit Leesakul	2013	2014	Executive Director	✓	2017

2. Executive

The Company's Organization Chart as of 31 December 2014



As of 31 December 2014, the Company management consists of 8 members as follows:

1.	Mr. Smai Leesakul	Chief Executive Officer
2.	Mrs. Podchanee Phaosavasdi	Executive Vice President, Operation Management
3.	Mr. Pasit Leesakul	Executive Vice President, Corporate Management 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.	Mr. Chayut Wattakaphak	Vice President, Corporate Affairs Division
7.	Ms. Ounruen Sujarittham	Finance and Investor Relations Manager and Company Secretary
8.	Ms. Rewadee Ardharn	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.

The Chief Executive Officer does not have the authority to undertake any of the Company's or its subsidiary's issues that might create conflict of interest for the Chief Executive Officer or other stakeholders (according to the Company's regulations stipulated by the Office of the Securities and Exchange Commission or the Stock Exchange of Thailand).

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 "The Board of Directors and Managements"

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 2014

In 2014, 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 (In during 2014, there is one of independent director: Assoc. Prof. Kamjorn Tatiyakavee, MD., Chairman of Audit Committee has resigned, as at the end 2014 left 4 independent directors) and Baht 10,000 per month each for 3 Executive Directors

2. Special remuneration or bonus : The 2014 Annual General Meeting of Shareholders resolved the director remuneration for 2013 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, Corporate Governance Committee, Risk Management Committee (for independent director only)

For subsidiaries, in 2014, 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 2014 salary and 2013 bonus)	Audit Committee's Meeting Fee	Remuneration and Nomination Committee's Meeting Fee	Corporate Governance Committee's Meeting Fee	Risk Management Committee		
1. Mrs. Paichit Rattananon	950,000	None	None	None	None	120,000	1,070,000
2. Assoc. Prof. Kamjorn Tatiyakavee, MD.*	342,500	20,000	20,000	None	None	None	382,500
3. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	483,065	50,000	20,000	None	30,000	None	553,065
4. Pol. Gen. Jarumporn Suramanee	510,000	50,000	20,000	20,000	30,000	None	630,000
5. Mr. Arun Chirachavala	470,000	20,000	10,000	20,000	None	None	550,000
6. Assoc. Prof. Pises Sethsathira**	90,000	None	10,000	None	None	None	100,000
7. Mr. Smai Leesakul	120,000	None	None	None	None	120,000	240,000
8. Mrs. Podchanee Phaosavasdi	120,000	None	None	None	None	120,000	240,000
9. Mr. Pasit Leesakul	120,000	None	None	None	None	120,000	240,000
10. Mr. Chaveng Reesrikitti	Not a Director of TRC					120,000	120,000
Grand total of 2014 Directors' Remuneration	3,205,565	140,000	80,000	40,000	60,000	600,000	4,125,565

* Assoc. Prof. Kamjorn Tatiyakavee, MD., Independent Director and Chairman of Audit Committee has resigned on 15 July 2014

** Assoc. Prof. Pises Sethsathira, Independent Director has desired not receive salary from March to October including bonus of year 2014 due to his sickness.

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

	2013		2014	
	Total of Persons	Total of Remuneration (MB)	Total of persons	Total of Remuneration (MB)
Executive	5	16.91	5	20.76

Notes:

(1) The remuneration consists of salary, bonus, life & group accident insurance, health insurance (commencing year group 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 2013 and 2013 bonus paid in January 2014.

- **Other Remunerations**

1) Other remuneration of directors

The Chairman of the Boards gains the social security funds and counterpart for provident funds (in 2014 totally Baht 43,500) with office, oil reimbursement and golf membership with value of Baht 30,000 per year.

2) Other remuneration of executives

- Provident Fund

In 2014, the counterpart for provident funds of 5 executives was paid by the Company at the rate of 5% of their salary, totally Baht 0.85 million.

3) 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' 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.

From 2013 to June 2014, due to the resignations of directors and employees, the Company reallocated the ESOP warrants of resigned employees to existing employees that met the criteria. As a result, the total of ESOP warrants before the first exercise stood at 31,598,200 units.

On 24 April 2014, the Annual General Meeting of the Company's shareholders for the year 2014 passed a resolution to change the exercise price of warrants from Baht 4.70 per share to Baht 3.03 per share.

Movements in the number of warrants, ESOP during the year are as follows:

At the beginning of the year	31,598,200	Units
Exercised no. 1 - 3	(9,565,897)	Units
Cancelled	(440,395)	Units
At the end of the year	21,591,908	Units

As at 31 December 2014, the Company cancelled accumulated 440,395 warrants due to the resignation of employees who were warrantholders. According to the conditions of ESOP-W2 allocation, the employees who resigned shall not entitled to exercise the remaining warrants. However, such warrants can be re-allocated by the Management Committee.

5. Employees

As of 31 December 2014, the Company and Sahakarn Wisavakorn Co., Ltd. had the total number of 1,345 staffs consisting of 358 permanent ones and 987 temporary ones as follows:

Division/Department	Number of employees	
	2013	2014
Permanent staffs		
Management (from Vice President upwards)	5	7
Operation and Engineering Div.	203	230
Corporate Affairs Div.	80	75
Accounting & Finance Dept.	14	17
Marketing and Project Development and Investment Div.	11	27
Internal Audit Dept.	3	2
Total	**316**	**358**
Temporary staffs	591	987
Grand total	**907**	**1,345**

- **The Employee's Remuneration:** In 2014, the Company and Sahakarn Wisavakorn paid the employee's remuneration of Baht 418.54 million consisting of salary, overtime, bonus, social security funds and counterpart for provident funds, etc.

(Unit: Million Baht)

Remuneration	2013	2014
Permanent staffs	161.67	197.26
Temporary staffs	137.36	221.28
Total	**299.03**	**418.54**

The Company and Sahakarn Wisavakorn Co., Ltd. had provident fund that were managed by TISCO Securities Co., Ltd. for their employees since 2005. The provident funds were reserved at the rate of 3-7% of salaries respectively.

- **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.

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 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.

2.2 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.

2.3 The provident funds for their employees has been established since 2005 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.

2.4 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 2014, the Company's job grading structure was revised from 10 levels to 14 levels to enable employees to have more opportunities in career progression, which would further motivate employees and encourage self-development. The salary structure was also revised in accordance with the new job grading structure. The Company's salary structure was benchmarked with other companies in the same or relevant industries by a consultant experienced in salary restructuring for both private and government sectors to ensure a fair and competitive salary structure.

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

It is the Company's policy to encourage employees to attend training courses in order to develop their expertise in both general management and technical topics. The past internal and external trainings can be categorized according to the following employee levels;

For the supervisory level and above, the Smart Manager Program was conducted. The training consisted of soft skill and hard skill trainings with the objective of developing leadership capabilities in order to prepare efficient future leaders that will drive the organization to its goal.

For the employee level, team building trainings were organized for head office employees and site employees so they could socialize with each other. The objective of the trainings were to build relations, create harmony, and integrating effective communication, team work, as well as systematic thinking. High level management also participated in the activities together with employees to clearly demonstrate that management places importance on employees in all levels.

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.

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 2014. 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

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 Employee" 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 2014 corporate governance practice organized by the Institute of Directors with the average score level of 86% ("Excellent" level) lower than 94% of the previous year but higher than the average of overall scores of 72% and average scores of all areas concerned. In 2014, the survey approach and criteria were adapted to meet ASEAN CG Scorecard standards.

2. Subcommittees

In 2014, 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. The Board of Directors of the Company and its Subsidiaries as of 31 December 2014

- **Board of Directors of TRC Construction Public Company Limited** consists of 8 members as follows:

1. Mrs. Paichit Rattananon	Chairman, a representative from KPK 1999 Co., Ltd., the Major Shareholders
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director
3. Pol. Gen. Jarumporn Suramanee	Independent Director
4. Mr. Arun Chirachavala	Independent Director
5. Assoc. Prof. Pises Sethsathira	Independent Director
6. Mr. Smai Leesakul	Executive Director

7. Mrs. Podchanee Phaosavasdi Executive Director
8. 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 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.

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.

2. Audit Committee

As of 31 December 2014, the Audit Committee consists of 3 independent directors as follows:

1. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Chairman of the Audit Committee
2. Pol. Gen. Jarumporn Suramanee	Audit Committee
3. Mr. Arun Chirachavala	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.

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 the Company's internal control system and internal audit system to ensure appropriateness and effectiveness and consider the independence of the internal audit function as well as approve the appointment, transfer, recognition, and termination of the Head of Internal Audit and the change of internal auditor in the case of using an outsourcing service.
4. 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;
5. 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;
6. 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;

7. 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.;

8. 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

8.1 Comment on appropriateness and completeness and reliability of the Company's Financial statements

8.2 Comment on sufficiency of the Company's internal control system

8.3 Comment on compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand as well as relevant laws

8.4 Comment on appropriateness of the auditors

8.5 Comment on connected transactions

8.6 A number of Audit Committee Meetings and attendances of each member

8.7 Comment or overview observation from which the Audit Committee has been gained after performing in compliance with the charter

8.8 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;

9. To report all regular activities as scheduled in order that the Board of Directors can acknowledge the Committee's activities as follows:

9.1 The Audit Committee's Minutes of Meetings clearly specifying the committee's comment in various issues

9.2 The report of the Committee's comment on financial statements, internal audit and internal audit process

9.3 Any report which deem appropriate for acknowledgement of the Board of Directors;

10. 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:

10.1 Conflict of interest transactions

10.2 Any suspicion or presumption of corruption, paradox or default which are significant for internal audit system

10.3 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;

11. 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;

12. To have authorization to invite directors, management, department heads or employees for discussion or clarification on the Committee's inquiry;

13. To review the scope of works and responsibility as well as appraise the Committee's performance on yearly basis;

14. To perform any other duties as assigned by the Board of Directors and agreed upon by the Audit Committee.

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

3. Remuneration and Nomination Committee

As of 31 December 2014, the Remuneration and Nomination Committee consists of 4 independent directors and 2 executive directors total 6 members as follows:

1. Pol. Gen. Jarumporn Suramanee*	Independent Director, Chairman of the Remuneration and Nomination Committee
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.*	Independent Director, Member of the Remuneration and Nomination Committee
3. Mr. Arun Chirachavala *	Independent Director, Member of the Remuneration and Nomination Committee

4. Assoc. Prof. Pises Sethsathira*	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

Ms. Ounruen Sujarittham Secretary to the Remuneration and Nomination Committee

* Independent Director

** Management Director

Remuneration and Nomination Committee has 3-year term.

In 2014, the Board of Director has appointed Mr. Arun Chirachavala, Independent Director to be the Remuneration and Nomination Committee instead of Assoc. Prof. Kamjorn Tatiyakavee, MD., Chairman of the Remuneration and Nomination Committee who has resigned on 15 July 2014 and appointment Pol. Gen. Jarumporn Suramanee, Independent Director to be Chairman of the Remuneration and Nomination Committee.

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.

4. Corporate Governance Committee

As of 31 December 2014, the Corporate Governance Committee consists of 2 independent directors and 1 executive director total 3 members as follows:

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

Ms. Ounruen Sujarittham Secretary to the Corporate Governance Committee

* Independent Director

** Management Director

Corporate Governance Committee has 3-year term.

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. Management Committee

As of 31 December 2014, the Management Committee consists of 9 members as follows:

Lists of the Management Committee		Position in Management
1. Mr. Smai Leesakul	Chairman of the Management Committee	Chief Executive Officer
2. Mrs. Podchanee Phaosavasdi	Management Committee	Executive Vice President
3. Mr. Pasit Leesakul	Management Committee	Executive Vice President
4. Mr. Sakda Tantivathanagul	Management Committee	Vice President, Pipeline Operation Division
5. Mr. Chaveng Resrikitti	Management Committee	Vice President, Processing Plant Operation
6. Mr. Amnuay Laimai	Management Committee	Advisor of Project
7. Mr. Nitithat Tip-anuntasakul	Management Committee	Advisor of Material Management and Logistics Department
8. Mr. Loh Eng Kee	Management Committee	Advisor of Project
9. Mr. Chayut Wattakapak	Management Committee	Vice President, Corporate Affairs Division
10. Ms. Jongkolnee Tansuvan	Management Committee	Advisor of Account and Finance

Financial Approval Authorization of Management Committee and Chief Executive Officer

According to the 2014 Authorization and Operation Manual, the Management Committee and the Chief Executive Officer Financial Approval Authorization are as follows:

Items	Management Committee	Chief Executive Officer
- Budget for project investment expenses	> 10 Million Baht	≤ 10 Million Baht
- NPL write-off	> 5-10 Million Baht	≤ 5 Million Baht
- Advance cash, reception expense, public relations, and donation	-	> 50,000 Baht/Time
- Short-term loans between subsidiaries	> 50-100 Million Baht	≤ 50 Million Baht
- Fixed asset acquisition (excluding land)	> 4 Million Baht	≤ 4 Million Baht

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.

6. Risk Management Committee

As of 31 December 2014, the Risk Management Committee consists of 2 independent directors and 2 executive directors total 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
Mr. Chayut Wattakaphak	Secretary to the Risk Management Committee

* Independent Director

** Management Director

Corporate Governance Committee has 2-year term.

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 holds 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. 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 shareholding 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	2014 Audit Fee
TRC Construction Public Company Limited	EY Office Limited	Baht 900,000
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

- Non-Audit Fee

Travelling expenses of the auditors for 2014 audit tasks

- TRC Construction Public Company Limited Baht 25,504
- Sahakarn Wisavakorn Co., Ltd. Baht 2,420

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 2014, there was only one meeting held for Annual General Meeting of Shareholders on 24 April 2014 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 30 September 2013, the Company opened for the shareholders, through the Setportal 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 2014 Annual General

Meeting of Shareholders and nominate the qualified person to be a director. The information can be proposed during 30 September 2013 – 15 February 2014 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 2014 both in Thai and English languages through the Company's website which was 30 days prior to the 2014 General Meeting of Shareholders date and also informed shareholders of the disclosure through the Stock Exchange of Thailand's Setportal system for investors and shareholders' acknowledgement.

The Company sent the meeting notice of the 2014 Annual General Meeting of Shareholders enclosed with supporting information of each agenda to the shareholders not less than 7 days prior to the meeting date 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 2014 Annual General Meeting of Shareholders was attended by 7 of totally 9 directors. The absent directors was Assoc. Prof. Kamjorn Tatiyakavee, MD.*, an independent director (overseas perform one's duty) and 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 Corporate Governance Committee, the Chairman of the Risk 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.

* Assoc. Prof. Kamjorn Tatiyakavee, MD. had resigned from director of the company on 15 July 2014.

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 28 April 2014 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 “13. Criteria or procedure for connected transactions”. 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 2014, 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”. 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 “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 “Management Structure”, “Employees Development Policy”.

- **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 regularity 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 "11. Social Responsibility".

- **Quality Management System, Health, Safety and Environment**

The Company disclosed a policy on its quality, health, and environment management system in the Company's website. The policy strictly adheres to the regulations and laws related to compliance with the quality management system and environmental management in a strict and responsible manner. In addition, the Company encourages all employees to work with awareness of safety and environmental concerns, which are considered everyone's responsibilities.

The Company materially complied with the quality, health, safety, and environment management system as follows:

1) The Company and Sahakarn Wisavakorn Co., Ltd. have been accredited for ISO 9001:2008 for its world-class management standards. The Company passed the examination and its ISO 9001:2008 certification was renewed in December 2014.

The Board of Director's policy stipulates that the Company and Sahakarn Wisavakorn Co., Ltd. strictly maintain compliance with the ISO 9001:2008 standard. In each year, the Internal Quality Management Committee of the Company and Sahakarn Wisavakorn Co., Ltd. together with ISO accreditation company that is an external and independent agency undertake the inspection and assessment of departments' performance twice per year to oversee and ensure that the Company has performed in accordance with the requirements of ISO 9001:2008.

In 2014, additional trainings were arranged for the Internal Quality Management Committee from 28-29 May 2014 at Miracle Grand Convention Hotel so that the Company had sufficient working committee to thoroughly oversee the internal quality of the office and operation units. Also, management, vice presidents, project managers, department managers, including section heads held meetings to revise the operating regulations of each function and continuously improve the Company's internal quality management system.

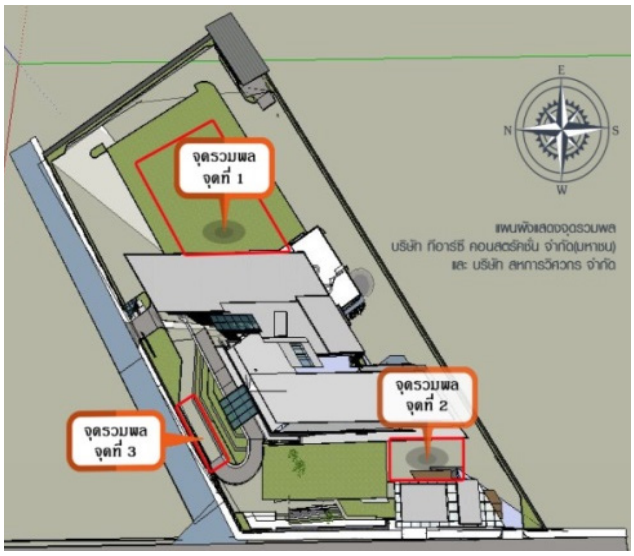
2) The Company established a Central Health, Safety, and Environment Department attached to the Management Office to conduct planning, policy formulation, and coordination with all health, safety, and environment matters in the projects and activities of the Company and Sahakarn Wisavakorn Co., Ltd. to the Department also continuously educates and trains employees to acknowledge policies and operating guidelines in accordance with the quality management policy, law, and regulations.

In 2014, TRC Construction Public Co., Ltd. had a total of 2,527,221 work hours for all projects and Sahakarn Wisavakorn Co., Ltd. had a total 1,609,780 work hours for all projects, totaling 4,137,001 work hours, a 169.8 per cent increase in comparison to 2013 with a total of 1,533,307 working hours. Throughout 2014, there was one severe accident that caused suspension of normal work compared to 2013 which had two severe accidents that caused suspension of normal work. The Lost Time Injury Frequency statistics for 2014 was 0.24 cases per one million work hours compared to 0.65 cases per one million work hours in 2013.

3) The Company encourages employees to utilize resources effectively and realize the importance of the environment including arranging activities to reflect environmental concern such as the use of both sides of paper, additional lighting throughout the office area for good eye health, as well as clean and tidy office campaigns, which will instill environmental awareness in employees.

4) Health, safety, workplace environment, and environment training presentations cover the topics of the ISO 9001:2008 standard as well as the health, safety, and environment management system. The presentations are included in the new employee orientation program to help all new employees to understand and be aware of both policies at the beginning of their employment with the Company or project. Moreover, the Safety, Health and Environment Department has been assigned to arrange training programs about safety,

health, and environmental care for employees prior to commencement of work at the project site.



5) As for safety at the Company's new head office, the Company installed safety and accident prevention equipment including automatic fire alarms e.g. fire sprinkler system, dry chemical fire extinguishers, fire alarm system, fire exits, and three assembly points were determined as per the layout above. The Company's new head office building was launched on June 2014 and the CEO signed the building's emergency response plan on 1 September 2014. An emergency plan training and evacuation drill took place on 28 November 2014.

- **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 2022 7777 ext. 3201 or facsimile number +66 2022 7788 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".

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

Since 2011, the above policy has been enforced to directors and executives regularly at the end of each year no matter there is no any change to their interest.

- **Connected Transactions**

  In 2014, 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.

In 2014, Directors' and Managements' have any changes in relation to shares transaction as following;

Name	Position	Shares as at 31 Dec 2013	Acquire during the year[1]	Dispose during the year	Shares as at 31 Dec 2014 (Paid up capital 822,613,706 Baht)	
					Share	%
1. Mrs. Paichit Rattananon	Chairman	744,400 (In the name of Mrs. Paichit)	350,000	-	1,094,400	0.133
		204,491,916 (In the name of KPK (1999) Co., Ltd.)	2,650,000	-	207,141,916	25.181
Total					208,236,316	25.314
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director and Chairman of Audit committee	243,333	150,000	-	393,333	0.048
3. Pol. Gen. Jarumporn Suramanee	Independent Director and Audit committee	486,666	150,000	-	636,666	0.077
4. Mr. Arun Chirachavala	Independent Director and Audit committee	-	-	-	-	-
5. Assoc. Prof. Pises Sethsathira	Independent Director	-	150,000	-	150,000	0.018
6. Mr. Smai Leesakul	Director and Chief Executive Officer	4,962,840	550,000	-	5,512,840	0.670
7. Mrs. Podchanee Phaosavasdi	Director and Executive Vice President	-	150,000	-	150,000	0.018
8. Mr. Pasit Leesakul	Director and Executive Vice President	-	150,000	-	150,000	0.018
9. Mr. Sakda Tantiwattanakul	Vice President, Pipeline Operation Division	-	150,000	(150,000)	-	-
10. Mr. Chaveng Reesrikitti	Vice President, Processing Plant Operation	-	150,000	(60,000)	90,000	0.011
11. Mr. Chayut Wattakapak	Vice President, Corporate Affairs Division	-	-	-	-	-
12. Ms. Ounruen Sujarittham	Finance and Investor Relations Manager	-	125,000	-	125,000	0.015
13. Ms. Rewadee Ardharn	Account Manager	-	125,000	(70,000)	55,000	0.007
Total as at 31 December 2014		Including shares held by LTD. KPK 1999			215,499,155	26.197
		Excluding shares held by LTD. KPK 1999			8,357,239	1.016

Note: (1) The acquisition of the aforementioned shares includes the exercising of the ESOP-W2 offered to directors, executives, and employees of the Company and its subsidiaries

(2) KPK 1999 Co., Ltd. is the company of which 55% shares are held by Mrs. Paichit Rattananon, Chairman

- **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, Executive Vice President and Vice President of Commercial 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 2022 7777 ext. 3201, Email Address: ounruen@trc-con.com or via website: www.trc-con.com, item "Contact us" or via Investor Relations Division consists of;

1. Ms. Ounruen Sujarittham, Finance and Investor Relations Manager and Company Secretary, Tel. +66 2022 7777 ext. 3201 Email Address: ounruen@trc-con.com
2. Ms. Pachara Srivichupong, Finance Supervisor and Investor Relations, Tel. +66 2022 7777 ext. 3213 Email Address: pachara.s@trc-con.com
3. Ms. Nuntanit Rachakit, Investor Relations, Tel. +66 2022 7777 ext. 3212 Email Address: nuntanit@trc-con.com

In 2014, 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 2013 and the 1st – 3rd quarter of 2014.
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 Prachachart newspaper.
   - An interview via E-finance online.
   - An interview on "TRC Business Strategy" of "Economic Time" Program via TNN24 Channel
   - Presented the operating performance of the Company to analysts and marketing at trading room of Finansia Syrus Securities Public Company Limited
   - Meeting with analysts in "Thailand Focus 2014" Road Show organized by the Stock Exchange of Thailand, Phatara Securities Public Co., Ltd. and Bank of America Merrill Lynch.

3. Mr. Pasit Leesakul, Vice President of Commercial Division, joined as a guest speaker gave an interviews via TV programs as follows:
   - Giving an interview to "Business Line & Life" Program via 97.0 FM Radio.
   - Giving an interview to "Sunday Talk" Program via 98.5 FM Radio.
   - Being co-guest speaker for 2014 Young CFO organized by Kasetsart University.
   - Giving an interview to "Smart Focus" Program via Smart SME Channel.
   - Presented the operating performance of the Company to analysts and marketing at trading room of Finansia Syrus Securities Public Company Limited
   - Meeting with analysts in "Thailand Focus 2014" Road Show organized by the Stock Exchange of Thailand, Phatara Securities Public Co., Ltd. and Bank of America Merrill Lynch.

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 2014, 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 2014 Annual General Shareholders Meeting.
5. Arranging an opportunity for analysts of securities companies to meet with the Company's executives as follows:

Name of securities companies

- CIMB Securities (Thailand) Company Limited
- Country Group Securities Public Company Limited
- Finansia Syrus Securities Public Company Limited
- KGI Securities (Thailand) Public Company Limited
- Merchant Partners Securities Public Company Limited
- OSK Securities (Thailand) Company Limited
- SCB Securities Company Limited
- Trinity Securities Company Limited
- Macquarie Securities (Thailand) Limited
- Phillip Securities (Thailand) Public Company Limited
- Asia Plus Securities Limited
- Kasikorn Securities Public Company Limited
- Bualuang Securities Public Company Limited
- KTB Securities (Thailand) Company Limited
- Thanachart 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 2014, 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 2014, the Board of Directors reviewed, amended and approved Vision, Mission and Target 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 4 of 8 representing 50% 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 Director and Chief Executive Officer 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. The Chairman has the role of overseeing policy advocacy and strategic performing manner of the company's management including giving recommendation and support the operating of the Company' s management. However, this entitle shall not participate in the daily operation. She or he shall preside as chairman of the Board of Directors Meeting and shareholders meeting, encourage all directors to participate in the meeting as well as monitoring the Board of Directors Meeting and shareholders meeting effectively and successfully.

Chief Executive Officer is highest management.

- **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 6 directors; 4 independent directors, Chief Executive Officer and executive director to perform their duties according to the charter approved by the Board of Directors. In 2014, there was two 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 2014, 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, 2014 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 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 2014, there were three meetings 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",
- **Balance of Power for Non-executive Directors**

As of 31 December 2014, the Company's Board of Directors consists of eight directors including:

-	Chairman, representative from major shareholder	1	person
-	Independent directors	4	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 2014, the seminar of "Financial Instruments for Directors" held by the Stock Exchange of Thailand was informed and participated by the Company's directors.

In addition, the Board of Directors encourages all directors to continually participate in the various training courses which will beneficial for their duties such as Director Certification Programs held by Thai Institute of Directors, SET's seminars, etc.

In 2014, director and executive participation in the training courses and seminars are as follows:

- Mr. Smai Leesakul participated in the seminar of "Sharing Forum on Financial Instruments for Directors (FID)" organized by the Stock Exchange of Thailand and also in "CEO Forum" organized by The Securities and Exchange Commission.
- Mrs. Podchanee Phaosavasdi participated in Risk Management Committee Program (RMP) No. 4/2014 organized by Thai Institute of Directors and also in CSR to Corporate Sustainability No. 5 organized by the Stock Ex change of Thailand.
- Mr. Pasit Leesakul participated in "CEO Forum" organized by The Securi ties and Exchange Commission.

Moreover, Training Outline & Objective courses were offered to executives in order to develop their ability to adapt to change, enhance their leadership qualities in line with the company's vision, as well as improve their managerial knowledge.

- **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 2014 there was only such a meeting in December 2014.

- **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

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 2014, The Company's vision, mission and target disclosed through the Company's website under the item of "2. Corporate Profile" 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 2014, 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.

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 "10. Corporate Governance"

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 2014, 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 2014, TRC and its subsidiaries launched the social and environmental activities as follows:

1) "The 2014 Happiness Sharing Activity was launched for military and police on duty in the southern of Thailand." This is the second-year activity that TRC and Sahakarn have continuously held to provide an opportunity for employees to express their support to the on-duty military and police working in southern of Thailand. On the occasion of New Year, the companies had all employees write the greeting cards to be delivered with camo soldier T-shirts, green T-shirts, socks and underwear as provided by the companies. For this year,

- Delivered to the Information Centre, Internal Security Operations Command Region 4 Police Station, Siridhorn military district in Pattani Province in order to be further transferred to the Ranger Forces No. 4109 and 4116, Ranger Forces Department 41 at Budo Mountain Range for moral creating and to be as one part of the peaceful encouragement measures for those devoting themselves in the southern of Thailand.

- Delivered with camo soldier T-shirts, green T-shirts, Police high ankle boot, socks and underwear. For this year, Pol. Gen. Jarumporn Suramanee, Independent Director as the companies representative, delivered to the Police Forensic Science Center 10, Southern Border Provinces Forensic Science Center in Yala Province for their moral support.

2) Blood Donation to Rajavithi Hospital on the occasion of the 60th Anniversary of the Establishment of Sahakarn Wisavakorn Co., Ltd. For this year, the donation program gained 55 bags of blood. Our gratitude for the space support is extended to Thai Petroleum & Trading Co., Ltd. This activity has been held annually in February since 2008

3) Office staff participated the program “Office Visits Site” from Bangkok to the construction site of Region VIII Pipeline Operations Center (Client: PTT Public Company Limited) at Tha Muang District, Kanchanaburi, constructed by Sahakarn. After site visit, the group went to Border Patrol Police School Wat Suthasinee at Tambon Bong-Ti, Sai Yok District, Kanchanaburi to donate the educational materials and socks. Then made the study tour at the Region VIII Gas Operations Division of PTT Public Company Limited and the Community-Based Integrated Rural Development Center - Sai Yok at Tambon Lumsum, Sai Yok District, Kanchanaburi.

4) Donated for the 42th Volunteer for Rural Development Camp organized by the Faculty of Engineering of Chulalongkorn University to construct the "42th VESC" Bridge, 5m x 40m steel-reinforced concrete bridge at Ban Pho Tab, Moo 10, Tab Yai Subdistrict, Rattanaburi District, Surin Province. This activity is to encourage students to bring their knowledge to improve the living of people in rural areas and make the good relationship between students and local people

5) 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 2014, the provision of budget were for the activities for public to improve employees' homelands communities as follows:

- Donated the sports equipment, computer and scholarships to student of Ban Rai Pattana school at Chaiyabhumi province.

- The 2014 homeland hall at Baan Nong Mai Ngam 2, Buriram Province. According to the company policy of TRC to strive for a sustainable business growth and to share its benefits to Thai society, “The homeland project” is initiated in 2013 and continued the second year to construct the muti-purpose hall at Baan Nong Mai Ngam 2 Temple in Buriram province of which is the homeland of Miss Pranom Promma, our TRC’s staff. On the day of the project delivery, the company staff, and donated LED Television 32”, book and educational materials to Baan Nong Mai Ngam 2 Child Development Center and Wat Nong Mai Ngam 2 School to support the education development for the students and villagers in the community

6) The Company placed importance on developing communities in the locality of the Company’s office as follows:

- Donated desks to Pornpraruang Prasit School, a school near the Company’s head office.

- Renovated public foot paths along Alley 32, Sukhaphibal 5 Road, which is in front of the Company’s office.

12

Internal Audit Control and Risk Management

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

In the 2/2015 Board of Directors Meeting on 23 February 2015, all of three Audit Committee had participated and the Management Letter of 2014 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 2014 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
1. Payroll System: Should include other benefits paid to employees as employee income **2. Construction Cost System:** Constantly monitor and audit the accuracy and completeness of the recording of project-related costs. **3. Other matters:** 3.1 Supporting documents for transfer pricing between subsidiaries should be arranged for reference. 3.2 In case of the Company's assets are used as collateral for the credit limit of an associated company, a fee should be charged.	**1. Payroll System:** The Company should process and remit withholding tax for all employees with assessable income. **2. Construction Cost System:** Constantly monitor and audit the accuracy and completeness of the recording of project-related costs. **3. Other matters:** Supporting documents for transfer pricing between subsidiaries should be arranged for reference.

The Board of Director has delegated to the management division for act the suggestions above.

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 company limited 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.

In 2015, the audit committee appointed El Business Advisory Company Limited to be the internal auditor and Ms. Sarinthip Laomahamek, the secretary of the audit committee.

13

Connected Transactions

In 2014, 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 2014, the Company had transactions with related parties as per the following details of the notes to 2014 financial statements

- Item 6 Related Party Transactions
- Item 34.4 Guarantees: As at 31 December 2014, the Company has commitment from guarantee of credit facilities of the subsidiaries totaling 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

1. Operating Results Summary

Energy demand tends to rise every year as a result of Thailand's economic growth. Natural gas consumption has significantly increased as fuels are used in power generation for industrial and transportation sectors. Natural gas is cheaper than oil and is the high quality fuels source. With complete combustion and minimal pollution emission capabilities, natural gas produces less greenhouse gases than other fossil fuels and thus is environmentally friendly. Natural gas also has competitive advantage over oil due to its lower price. The natural gas pipeline construction business therefore tends to be growing and continually expanding.

The core business of the Company and its subsidiaries is project-based construction work and engineering system installation. Typical projects include natural gas pipeline construction, engineering system installation, energy and petrochemical plants construction, architectural and civil works. Majority of the target customers are state-owned enterprises, government agencies, and private companies conducting businesses relating to energy and petrochemical industry and power plants. The Company's customers also include the enterprises whose manufacturing facilities are in the industrial estates using natural gas as a production fuel. The Company's main business is pipeline civil work with a small number of domestic competitors since a large and long-distance pipeline construction project requires high experience, special expertise, and references of accomplishments for entering a bidding process. The Company has a competitive advantage over its rivals from years of experience and expertise as well as abilities in liaising with government agencies and handling mass communication. The Company also has work profiles under collaboration with overseas business partners, according to the bidder's qualifications specified by the project owners. Moreover, with the infrastructure investment and development policy in connecting Thailand with other countries in the region to accommodate the free trade under the ASEAN Economic Community (AEC), the Company's subsidiary, Sahakarn Wisavakorn Co., Ltd., in collaboration with China Railway No.3 Engineering Group, Co., Ltd., the business alliance from China, has an opportunity to enter a bidding process for the double track railway project where the bidding and construction are expected to start within 2015.

In 2014, the total revenues of the Company and its subsidiaries were Baht 3,127.73 million, comprising construction service revenues of 81.51%, interest income of 0.13%, and other income of 0.91%. Net profit attributable to equity holders of the parent was Baht 214.92 million, an increase of Baht 88.56 million from 2013 or 70.09%. Net profit margin was 6.87%, compared to 5.02% of the previous year. At year-end, the Company had a backlog from 12 projects with the project value of Baht 3,611 million which had not yet been realized as income. With the inclusion of the "1st Transmission Pipeline Life Extension Project 28", Recoating Section awarded early 2015 for a further Baht 3,725 million, the Company's backlog, therefore, had an accumulated value of Baht 7,366 million.

In 2015, the Company and its subsidiaries planned to bid large-scale projects worth around Baht 20,000-30,000 million primarily consisting of projects by PTT Public Company

Limited group, construction projects in energy and petrochemical businesses, and public utility construction projects. The Company believes that within 2015 it will obtain new large-scale projects which would generate total revenues of around Baht 4-5 billion, consistent with its 5-year target of achieving 20% growth in construction service income per year and generating a minimum of Baht 10,000 million in construction service income in 2019.

2. Operating Results and Profitability

- **Revenues**

- Construction Service Revenues

In 2014, the Company and its subsidiaries had construction service revenues of Baht 3,095.34 million, comprising revenues from pipeline system construction of 81.57%, engineering system installation and construction work in energy and petrochemical businesses of 6.93%, civil works of 0.22%, and other services of 0.96%. Construction service revenues increased by Baht 613.92 million, or 24.74%, year-on-year. The increase in revenues resulted from the Company Group's backlog of large-scale projects from the previous year and new projects won through bidding, hence the increase in the number of projects on hand. Also, the Company was able to hand over the deliverables according to the deadlines specified in the contracts, resulting in the increase in revenues versus the previous year.

- Other Income

The Company's other revenues in 2014 were Baht 32.39 million, representing a decrease of 6.27% from the year earlier. Other income mainly consisted of income from reversal of reserve for retention bond for projects of which guarantee periods had ended, income earned from management of compensation reimbursement from subcontractors, and sundry other items.

- **Costs of Construction Services**

The key costs of construction services of the Company and its subsidiaries were materials and labor. In 2014, the total costs of construction services were Baht 2,538.29 million, reflecting 81.15% of total revenues, compared to 83.72% in the previous year. The following costs significantly reduced from 2013:

- Materials and equipment: Materials and equipment for the large-scale projects close to completion were purchased in the prior year. Additionally, the large-scale projects awarded around the end of 2013 were in the early phase so the associated costs were not yet very high.
- Air freight: Materials and equipment were expeditiously imported from overseas in order to deliver the projects on time.
- Loan interests of imported materials and equipment: With its strong liquidity in terms of working capital in 2014, the Company did not use trust receipt service with any financial institution.

With effective construction cost management, the gross profit margin in 2014 was 18%, up from 13.48% in 2013.

- **Administrative Expenses**

In 2014, administrative expenses were Baht 303.46 million, representing 9.70% of total revenues compared to 9.17% in the previous year. The increasing expenses were mostly related to employees, i.e. salary increases and bonuses, accounting expenses for the issuance and allotment of warrants to purchase the Company's ordinary shares No.2 ("ESOP-W2") to directors and employees of the Company and/or its subsidiaries, and consulting fees for the study of overseas projects for bidding purposes.

- **Doubtful Debts**

In 2013, the Company set up an allowance for doubtful accounts for loans and advances of TRC Engineering LLC (TRCE), the subsidiary company in the Sultanate of Oman, at a total of Baht 71.37 million. In 2014, the Company recorded doubtful debts of Baht 4.12 million for interest receivable from loans provided to TRCE since it was expected that TRCE would not be able to repay such loans considering the repayment period exceeding 1 year and repayment history. However, such item did not have any impact on the consolidated financial statements.

- **Income Tax Expenses**

2014 tax expenses were Baht 69.37 million, reflecting an increase of Baht 17.95 million. Tax expenses accounted for 2.22% of total revenues, in line with increasing income and taxable net profit. In 2013, tax expenses were 2.04% of total revenues. Details of tax expenses were shown in Note 29 to the financial statements.

- **Operating Results and Profitability**

	Gross Profit (Million Baht)		Net Profit (Million Baht)	
	2014	2013	2013	2012
TRC Construction Public Co., Ltd.	534.95	327.20	255.67	81.33
(TRC)	22.35%	17.77%	10.57%	4.33%
Sahakarn Wisavakorn Co., Ltd.	(15.59)	54.83	(45.68)	21.78
(SKW)	(3.07%)	14.28%	(8.93%)	5.65%
TRC Middle East LLC	13.91	42.22	(1.53)	18.30
(TRCM)	8.43%	17.57%	(0.87%)	7.55%
TRC Engineering LLC	23.56	(49.48)	0.86	(85.51)
(TRCM)	80.42%	(302.59%)	2.87%	(522.97%)
The Company and its subsidiaries	**557.05**	**375.06**	**214.92**	**126.36**
	18.00%	**15.11%**	**6.87%**	**5.02%**

* Remark: Percentage represents gross profit margin and net profit margin

- Gross profit margin

In 2014, the gross profit margin increased from 15.11% to 18.00%, year-on-year. The gross profit margin of each company was as follows:

- TRC's gross profit margin was 22.35%, which was higher than the Company's normal level of 15% and up from 17.77% of the previous year since most of the

projects were pipeline construction services in which the company has extensive expertise and was able to manage costs effectively.

- SKW had a gross loss of Baht 15.59 million since actual costs of materials and equipment for certain projects were higher than those estimated.
- TRCM's gross profit margin was 13.91%, decreasing from 42.22% of the previous year, due to no new projects.
- TRCE's gross profit margin was 23.56%. The projects occurring in 2014 were related to engineering design and consulting and therefore costs were related to hiring only.

- **Net Profit and Segment Profit**

In 2014, the Company and its subsidiaries posted a net profit of Baht 214.92 million, increasing by Baht 88.56 million from Baht 126.36 million in 2013. Sales income and profit by segment were shown in Note 33 to the financial statements. Income by segment in descending order was as follows: pipeline construction (82.4%), civil work (16.4%), sales and other services (1.0%), and engineering system services (0.2%). The Company's net profit was primarily based on pipeline construction services.

- **Return on shareholders' equity**

The Company paid dividends from its operating results from 2010 to 2014 as follows:

Operating results	Par Value (Baht/share)	Dividend Payment (Baht/Share)		Amount (Million Baht)		Cash/Stock Dividend Payment to Net Profit after Legal Reserve
		Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend	
	1.00	0.15	-	49.88	-	50.66%
2010	1.00	0.12	-	40.25	-	79.51%
2011	0.50	0.050358	0.083336	33.89	56.07	50.27%
2012			(6 existing shares per 1 new share)			
2013	0.50	0.05	-	40.82	-	52.85%
2014	0.125	0.003472	0.031250	11.54	103.82	45.63%

Note:

1. The Company's Board of Directors' meeting held on 17 March 2015 passed a resolution to propose that the 2015 Annual General Meeting of Shareholders approve the change of the par value of ordinary shares from Baht 0.50 per share to Baht 0.125 per share.
2. The cash/stock dividend payment for 2014 operating results was based on the par value of Baht 0.125 per share and will be proposed to the 2015 Annual General Meeting of Shareholders for approval. The ordinary shares derived from the fourth exercise of the ESOP-W2 on 30 March 2015 were entitled to cash/share dividend payment. After combining the shares entitled to dividend at the par value of Baht 0.125 per share, the total number of shares would be equal to 3,322.15 million shares.

3. Financial Position Analysis

• Assets

As at 31 December 2014, the total assets were Baht 2,630.61 million, increasing by Baht 653.61 million or 33.06% from those as at 31 December 2013. Details were as follows:

(Unit: Million Baht)

	31 December 2014	31 December 2013	Increase (Decrease)	%
Current assets	2,063.91	1,498.34	565.57	37.75
Restricted deposits at financial institutions	34.54	82.67	(48.13)	(58.22)
Investments	52.44	50.07	2.37	4.73
Property, plant and equipment	455.00	325.38	129.62	39.84
Other non-current assets	24.72	20.54	4.18	20.35
Total assets	2,630.61	1,977.00		

• Current Assets

Current assets were Baht 2,630.61 million, increasing by Baht 565.57 million or 37.75%, in line with the increase in revenues and operating results. Current assets items which changed significantly were as follows:

- Cash and cash equivalents were Baht 606.66 million, an increase of Baht 411.10 million or 210.22%. This item mainly consisted of deposits at financial institutions and investments in bills of exchange of approximately Baht 604.42 million, 90% of which were installment payments according to construction progress from customers.

- Trade and other receivables were Baht 876.69 million, an increase of Baht 623.73 million, representing 246.57%, in line with the increase in revenues and the ability to collect payments for projects which were delivered by due dates. Net trade accounts receivable was Baht 833.96 million with aging details as follows: 82.42% were balances not yet due, 17.57% were balances up to 3 months past due, and 2.05% were balances over 12 months past due. In 2013, the Company and its subsidiaries set up an allowance for doubtful debts for all customers with balances over 12 months past due. Other net accounts receivable was Baht 42.73 million, an increase of Baht 8.80 million, mostly consisting of the receivables from sales of unused assets of a subsidiary in the Sultanate of Oman. In 2014, the Company set aside an allowance for doubtful debts for accrued interest receivable for the loan to TRC Engineering LLC of Baht 4.12 million.

• Restricted Deposits at Financial Institutions

Restricted deposits at financial institutions were Baht 82.67 million, decreasing by Baht 48.13 million or 58.22% from the previous year. This was because during 2014, the Company and its subsidiaries received the return of the expired retention bank guarantee from their customers. Therefore, the deposits earlier pledged as security were withdrawn for use as working capital.

- **Property, Plant and Equipment**

Net property, plant and equipment were Baht 455.00 million, reflecting an increase of Baht 129.62 million, or 39.84% year-on-year, primarily due to the additional construction of the new head office, fixtures and fittings as well as office equipment to accommodate the growing number of employees in line with the business growth. The Company moved to the new head office in June 2014.

- **Liabilities**

As at 31 December 2014, the Company and its subsidiaries recorded total liabilities of Baht 1,252.91 million, an increase of Baht 429.77 million or 52.21% from the previous year. Details are as follows:

(Unit: Million Baht)

	31 December 2014	31 December 2013	Increase (Decrease)	%
Current liabilities	1,203.36	749.38	453.98	60.58
Long-term loans and liabilities under finance lease agreements	4.50	30.60	(26.10)	(85.29)
Other non-current liabilities	45.05	43.16	1.89	4.38
Total liabilities	1,252.91	823.14		

- **Current Liabilities**

Current liabilities were recorded at Baht 1,252.91 million, increasing by Baht 453.98 million or 60.58% in line with the increasing costs. Current liabilities items which changed significantly were as follows:

- The whole amount of bank overdrafts and short-term loans from financial institutions of the two subsidiary companies in the Sultanate of Oman of Baht 33.37 million in 2013 went down to zero in 2014 (at year-end 2014, there were no overdrafts and short-term loans) since both subsidiaries had no outstanding debts from utilization of credit lines with financial institutions.

- Trade and other account payables increased from Baht 321.38 million in 2013 to Baht 458.39 million in 2014, or by 42.63%. The increase was due to higher purchase of materials and equipment and subcontracting of services in line with the gradual delivery of large-scale projects to customers, purchase of fixed assets, and higher accrued bonuses for employees compared to the previous year based on the improvement in operating results.

- Unbilled payable increased from Baht 96.53 million in 2013 to Baht 337.90 million in 2014, or by 250.06%, since the Company recognized the costs based on the deliverables handed over by subcontractors while the subcontractors did not yet send the bills.

- Unearned construction revenues increased from Baht 33.49 million in 2013 to Baht 149.40 million in 2014, representing a 346.11% increase. This was because in 2014, the Company was able to collect payments from customers according to construction service

conditions at the amount higher than the amount of revenues recognized on the basis of percentage of completion.

- Advances received from customers under construction contracts decreased from Baht 193.92 million to Baht 105.39 million, representing a 45.65% decrease as for most of the new projects obtained during the year, there were no advance payments while the advance payments from the existing projects earlier recognized were gradually deducted according to the construction progress.

- Other current liabilities increased from Baht 14.46 million in 2013 to Baht 55.76 million in 2014, or by 285.64%. This item mainly consisted of deferred - output tax which was not yet due for filing with the Revenue Department because the Company issued invoices but no payments had been received from the debtors. Near the end of the year, the Company was able to collect many invoices from its customers.

- **Long-term Loans and Compliance with Loan Covenants**

During 2013, the Company drew down a long-term loan of Baht 50 million from a credit line of Baht 100 million for the construction of its new office building, with a 5-year repayment period and the first payment being made in 2014. At the end of 2014, the outstanding long-term loan was Baht 30.50 million (the portion of the long-term loan to be paid within one year was Baht 26 million) and the Company was certain that it would be able to repay the loan by the due date. The Company was able to maintain the debt to equity ratio within 2 times and the debt service coverage ratio not less than 3 times according to the contract (at the end of 2014, the Company's debt to equity ratio and debt service coverage ratio were 0.88 time and 14.66 times, respectively.).

- **Paid-up Capital**

At the end of 2014, the Company had the registered capital of Baht 425,514,868, the same as that of the previous year, and the paid-up capital of Baht 411,306,853, an increase of Baht 3,013,466.50 year-on-year following the exercise of the warrants (ESOP-W2) to purchase 6,026,933 ordinary shares based on the consideration of appropriateness of capital structure as follows:

Year	Consolidated Financial Statements Debt to Equity Ratio (Times)
2014	0.91
2013	0.71
2012	1.53

The debt to equity ratio of 0.91 time in 2014 indicated that the shareholders' equity was higher than the total liabilities and that there was the potential that more investments would be made through creating debts.

4. Liquidity and Fund Adequacy

The sources of funds of the Company and its subsidiaries included operating funds, shareholders' capital, and loans from commercial banks. Loans for managing projects tended to be either short-term or mid-term and in the form of project finance. Normally, it is required to pledge fixed deposits as collateral. However, with the continuously improved operating results and the strong financial position, the Company and Sahakarn Wisavakorn Co., Ltd. were able to negotiate with various financial institutions for an exemption from compliance with the requirement regarding pledged bank deposits. Also, in 2014, the Company obtained funds of Baht 28.98 million from the exercises of ESOP-W2 warrants No. 1-3 for use as working capital. Details of the exercises of ESOP-W2 warrants were as follows:

Shares from the exercises of warrants No. 1-3	9,565,897 shares
Exercise price	3.03 Baht/share
Funds from capital increase through the exercises of ESOP-W2 No.1-3	28,984,667.91 Baht
Issued and paid-up capital:	
Issued and paid-up capital before the exercise of ESOP-W2 warrants	408,293,386.50 Baht
Additional capital from the exercises of ESOP-W2 warrants No. 1-3	4,782,948.50 Baht
Issued and paid-up capital as at 7 January 2015 (until present)	413,076,335.00 Baht

Year	Consolidated financial statements		
	Current Ratio (Times)	Cash Ratio (Times)	Increased (Decrease) in cash from operations according to cash flow statements (Million Baht)
2014	1.72	0.61	593.05
2013	2.00	0.04	45.58
2012	1.41	n/a	(498.05)

Capital expenditure in 2014 was primarily from the new office building construction to accommodate expanding workforce following the business growth and investment in machineries and vehicles for business expansion.

The current ratio showed that the Company and its subsidiaries had strong liquidity with the current assets higher than the current liabilities. The current ratio was 1.72 times in 2014 compared to 2.00 times in 2013. The cash ratio in 2014 and 2013 was 0.61 time and 0.04 time, respectively. The increase in the ratio was caused by the increase in cash flows from operating activities of Baht 45.58 million from Baht 547.46 million in 2013 to Baht 593.05 million in 2014, mainly driven by the following factors:

1. The Company's operating profit before income tax after reconciliation of non-monetary items increased by Baht 124.57 million.
2. The Company's payment of accounts payable decreased by Baht 253.01 million year-on-year .
3. The Company's payment of other liabilities decreased by Baht 58.65 million year-on-year.
4. The Company's accounts payable - retention increased by Baht 127.97 million year-on-year.
5. The Company's payment of income tax increased by Baht 48.23 million year-on-year.

Cash Conversion Cycle

Year	Consolidated financial statements			
	Days' sales in inventory	Days' sales in accounts receivable (Average collection period)	Days' sales in accounts payable (Average payment period)	Cash Conversion Cycle
2014	7	63	43	27
2013	13	51	53	11
2012	4	34	33	5

The Company's cash conversion cycle expanded by 16 days from 11 days in 2013 to 27 days in 2014 due to the following reasons:

1. The days' sales in inventory decreased from 13 days in 2013 to 7 days in 2014. This was because in 2013 there was a high level of construction supplies prepared for large-scale projects which had been gradually disbursed during the year and as at year-end 2014, the Company did not maintain the same level of inventory as that in the previous year due to the early stage of the project.

2. Average collection period in 2014 was 63 days, increasing from 51 days in 2013. This was because in most cases the Company was able to collect debts according to agreed-upon payment terms.

3. Average payment period in 2014 was 43 days, decreasing from 53 days in 2013 since the Company paid debts according to the agreed-upon terms to its creditors in alignment with the Company's corporate governance policy.

5. Contractual Obligations and Off-Balance Sheet Arrangements

The details were disclosed in Note 34 to the financial statements: Contractual Obligations and Contingent Liability.

6. Factors Affecting Future Operating Results

TRC Engineering LLC ("TRCW"), a subsidiary in the Sultanate of Oman, posted significant losses for two consecutive years in 2012 and 2013 at Baht 46.78 million and Baht 85.51 million, respectively. In 2014, the business operations of the two subsidiaries in the Sultanate of Oman were deferred due to the country's management issues resulting in the delays in construction biddings. Hence, the revenues of both subsidiaries dropped considerably. The management attempted to reduce the operating costs by reducing the utilization of resources, for example, through the transfer of Thai engineers back to Thailand to support the Company's operations and the sale of non-performing assets. The Company fully set aside an allowance for doubtful debts for loans, loan interests and advance payments to TRCE of Baht 75.49 million. However, viewing that there are still opportunities to receive new projects in the Sultanate of Oman in the future, the management decided to maintain the operations in the country.

15

Financial Statements

TRC Construction Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2014

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 2014, 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

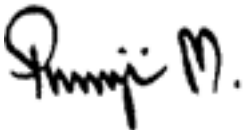
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 judgement, 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 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Pimjai Manitkajohnkit
Certified Public Accountant (Thailand) No. 4521
EY Office Limited
Bangkok: 23 February 2015

TRC Construction Public Company Limited and its subsidiaries
Statement of financial position
As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Assets					
Current assets					
Cash and cash equivalents	7	606,657,464	195,562,533	455,659,376	38,165,761
Current investments		36,796	36,434	36,796	36,434
Trade and other receivables	6, 8	876,685,651	252,955,970	724,579,493	93,087,803
Unbilled receivable	9	396,199,789	785,135,118	379,839,282	700,263,330
Accounts receivable - retention under construction contracts	9	77,596,740	105,822,345	72,633,202	101,072,482
Advances paid to subcontractors under construction contracts		10,790,902	9,605,293	8,149,747	6,118,217
Construction in progress	9	16,140,252	2,382,544	16,106,866	2,357,887
Construction supplies	10	18,653,108	67,345,169	18,653,108	67,345,169
Short-term loans to related parties	6	-	-	36,668,256	36,427,917
Withholding tax deducted at source	11	28,666,178	42,260,210	14,416,816	17,928,269
Other current assets		32,479,465	37,230,357	26,934,275	24,403,463
Total current assets		2,063,906,345	1,498,335,973	1,753,677,217	1,087,206,732
Non-current assets					
Restricted deposits at financial institutions	12	34,543,111	82,673,892	13,672,618	47,297,628
Investments in subsidiaries	13	-	-	175,412,221	173,045,558
Investments in joint ventures	14	2,444,856	69,269	2,375,587	-
Other long-term investments	15	50,000,000	50,000,000	-	-
Property, plant and equipment	16	455,000,457	325,381,630	425,450,291	281,810,232
Intangible assets	17	8,832,435	5,803,357	8,519,891	5,449,501
Deferred tax assets	29	11,799,911	7,930,325	8,649,645	7,063,913
Other non-current assets		4,086,196	6,805,332	3,891,759	6,356,239
Total non-current assets		566,706,966	478,663,805	637,972,012	521,023,071
Total assets		2,630,613,311	1,976,999,778	2,391,649,229	1,608,229,803

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from financial institutions	*18*	-	33,373,389	-	-
Trade and other payables	*6, 19*	458,390,399	321,379,184	384,015,604	191,886,618
Unbilled payable		337,902,779	96,528,170	310,509,538	64,825,727
Unearned construction revenue	*9*	149,396,081	33,488,325	149,396,081	33,488,325
Accounts payable - retention under construction contracts		27,732,191	15,869,777	16,721,663	7,604,883
Advances received from customers under construction contracts	*9*	105,388,441	193,915,746	105,307,263	189,094,968
Current portion of long-term loans	*20*	26,000,000	19,500,000	26,000,000	19,500,000
Provision for liabilities under construction projects	*21*	34,323,157	18,403,136	19,660,306	16,159,428
Current portion of liabilities under finance lease agreements	*22*	101,406	243,374	-	-
Income tax payable		8,360,391	2,216,409	8,360,391	-
Other current liabilities	*23*	55,760,464	14,459,032	49,073,270	10,351,887
Total current liabilities		1,203,355,309	749,376,542	1,069,044,116	532,911,836
Non-current liabilities					
Long-term loans - net of current portion	*20*	4,500,000	30,500,000	4,500,000	30,500,000
Liabilities under finance lease agreements - net of current portion	*22*	-	101,406	-	-
Provision for long-term employee benefits	*24*	25,047,973	23,163,293	23,587,920	19,160,139
Provision for litigation	*35.1*	20,000,000	20,000,000	20,000,000	20,000,000
Total non-current liabilities		49,547,973	73,764,699	48,087,920	69,660,139
Total liabilities		1,252,903,282	823,141,241	1,117,132,036	602,571,975

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Shareholders' equity					
Share capital	*25*				
Registered					
851,029,737 ordinary shares of Baht 0.50 each		425,514,868	425,514,868	425,514,868	425,514,868
Issued and paid-up					
822,613,706 ordinary shares of Baht 0.50 each					
(2013: 816,586,773 ordinary					
shares of Baht 0.50 each)		411,306,853	408,293,386	411,306,853	408,293,386
Share premium	*25*	280,461,204	257,908,880	280,461,204	257,908,880
Capital reserve for share-based payment	*26*	25,956,932	8,239,851	25,956,932	8,239,851
Subscription received in advance from exercise of warrants	*26*	10,723,061	-	10,723,061	-
Retained earnings					
Appropriated - statutory reserve	*27*				
The Company		41,130,685	38,258,410	41,130,685	38,258,410
Subsidiaries		2,643,872	2,213,602	-	-
Unappropriated		605,991,179	433,552,725	504,938,458	292,957,301
Other components of shareholders' equity		5,587,754	9,379,714	-	-
Equity attributable to owners of the Company		1,383,801,540	1,157,846,568	1,274,517,193	1,005,657,828
Non-controlling interests of the subsidiaries		(6,091,511)	(3,988,031)	-	-
Total shareholders' equity		1,377,710,029	1,153,858,537	1,274,517,193	1,005,657,828
Total liabilities and shareholders' equity		2,630,613,311	1,976,999,778	2,391,649,229	1,608,229,803

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Revenues					
Construction services income	9	3,095,342,223	2,481,418,380	2,393,920,166	1,840,954,468
Interest income	6	3,915,645	2,541,178	8,995,298	6,080,395
Other income	6	28,475,791	32,018,650	14,980,203	30,335,157
Total revenues		3,127,733,659	2,515,978,208	2,417,895,667	1,877,370,020
Expenses					
Cost of construction services	6	2,538,294,169	2,106,362,514	1,858,968,248	1,513,758,405
Administrative expenses		303,464,746	230,690,329	225,550,628	162,062,045
Doubtful debt		-	16,311,361	4,119,222	75,751,136
Total expenses		2,841,758,915	2,353,364,204	2,088,638,098	1,751,571,586
Profit before share of loss from investments in joint venture, finance cost and income tax expenses		285,974,744	162,614,004	329,257,569	125,798,434
Share of loss from investments in joint venture	14	-	(21,623)	-	-
Profit before finance cost and income tax expenses		285,974,744	162,592,381	329,257,569	125,798,434
Finance cost	6	(3,355,698)	(3,143,320)	(1,617,413)	(691,025)
Profit before income tax expenses		282,619,046	159,449,061	327,640,156	125,107,409
Income tax expenses	29	(69,371,596)	(51,418,516)	(71,971,385)	(43,780,139)
Profit for the year		213,247,450	108,030,545	255,668,771	81,327,270
Profit attributable to:					
Equity holders of the Company		214,923,660	126,362,418	255,668,771	81,327,270
Non-controlling interests of the subsidiaries		(1,676,210)	(18,331,873)		
		213,247,450	108,030,545		
Earnings per share	30				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.26	0.15	0.31	0.10
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.26	0.15	0.31	0.10

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 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit for the year		213,247,450	108,030,545	255,668,771	81,327,270
Other comprehensive income:					
Exchange differences on translation of financial statements in foreign currency		(894,407)	3,571,224	-	-
Loss on revaluation of investment in subsidiary		(2,955,890)	-	-	-
Actuarial gains on employee benefit	*24*	1,579,682	2,162,414	-	2,162,414
Income tax effect	*29*	(315,937)	(432,483)	-	(432,483)
Other comprehensive income for the year		(2,586,552)	5,301,155	-	1,729,931
Total comprehensive income for the year		210,660,898	113,331,700	255,668,771	83,057,201
Total comprehensive income attributable to:					
Equity holders of the Company		212,395,445	131,826,072	255,668,771	83,057,201
Non-controlling interests of the subsidiaries		(1,734,547)	(18,494,372)		
		210,660,898	113,331,700		

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 2014

(Unit: Baht)

		Consolidated financial statements												
		Equity attributable to owners of the Company												
									Other components of equity					
									Other comprehensive income					
						Retained earnings								
						Appropriated - Statutory reserve								
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	The Company	Subsidiary	Unappropriated	Exchange differences on translation of financial statements in foreign currency	Deficit on revaluation of investment in subsidiaries	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
Balance as at 1 January 2013		336,585,589	197,036,756	-	-	34,158,410	2,213,602	399,519,694	5,645,991	-	5,645,991	975,160,042	14,406,041	989,566,083
Profit for the year		-	-	-	-	-	-	126,362,418	162,499	-	162,499	126,524,917	(18,494,372)	108,030,545
Other comprehensive income for the year		-	-	-	-	-	-	1,729,931	3,571,224	-	3,571,224	5,301,155	-	5,301,155
Total comprehensive income for the year		-	-	-	-	-	-	128,092,349	3,733,723	-	3,733,723	131,826,072	(18,494,372)	113,331,700
Increase in capital from issuance of stock dividend		56,073,266	-	-	-	-	-	(56,073,266)	-	-	-	-	-	-
Increase in capital from right offering		15,634,531	60,872,124	-	-	-	-	-	-	-	-	76,506,655	-	76,506,655
Share-based payment transactions	*26*	-	-	8,239,851	-	-	-	-	-	-	-	8,239,851	-	8,239,851
Increase in non-controlling interests of the subsidiary in respect of establishing new subsidiary		-	-	-	-	-	-	-	-	-	-	-	100,300	100,300
Appropriated to statutory reserve	*27*	-	-	-	-	4,100,000	-	(4,100,000)	-	-	-	-	-	-
Dividend paid	*31*	-	-	-	-	-	-	(33,886,052)	-	-	-	(33,886,052)	-	(33,886,052)
Balance as at 31 December 2013		408,293,386	257,908,880	8,239,851	-	38,258,410	2,213,602	433,552,725	9,379,714	-	9,379,714	1,157,846,568	(3,988,031)	1,153,858,537
Balance as at 1 January 2014		408,293,386	257,908,880	8,239,851	-	38,258,410	2,213,602	433,552,725	9,379,714	-	9,379,714	1,157,846,568	(3,988,031)	1,153,858,537
Profit for the year		-	-	-	-	-	-	214,923,660	58,337	-	58,337	214,981,997	(1,676,210)	213,305,787
Other comprehensive income for the year		-	-	-	-	-	-	1,263,745	(894,407)	(2,955,890)	(3,850,297)	(2,586,552)	(58,337)	(2,644,889)
Total comprehensive income for the year		-	-	-	-	-	-	216,187,405	(836,070)	(2,955,890)	(3,791,960)	212,395,445	(1,734,547)	210,660,898
Increase in capital from exercise of warrats	*25*	3,013,467	22,552,324	(7,304,184)	(18,261,607)	-	-	-	-	-	-	-	-	-
Subscription received in advance from exercise of warrants	*26*	-	-	-	28,984,668	-	-	-	-	-	-	28,984,668	-	28,984,668
Share-based payment transactions	*26*	-	-	25,021,265	-	-	-	-	-	-	-	25,021,265	-	25,021,265
Increase in non-controlling interests from change in investment in subsidiary		-	-	-	-	-	368,933	-	-	-	-	368,933	(368,933)	-
Appropriated to statutory reserve	*27*	-	-	-	-	2,872,275	61,337	(2,933,612)	-	-	-	-	-	-
Dividend paid	*31*	-	-	-	-	-	-	(40,815,339)	-	-	-	(40,815,339)	-	(40,815,339)
Balance as at 31 December 2014		411,306,853	280,461,204	25,956,932	10,723,061	41,130,685	2,643,872	605,991,179	8,543,644	(2,955,890)	5,587,754	1,383,801,540	(6,091,511)	1,377,710,029

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 (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Note	Separate financial statements						
						Retained earnings		
		Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Appropriated - Statutory reserve	Unappropriated	Total shareholders' equity
Balance as at 1 January 2013		336,585,589	197,036,756	-	-	34,158,410	303,959,418	871,740,173
Profit for the year		-	-	-	-	-	81,327,270	81,327,270
Other comprehensive income for the year		-	-	-	-	-	1,729,931	1,729,931
Total comprehensive income for the year		-	-	-	-	-	83,057,201	83,057,201
Increase in capital from issuance of stock dividend		56,073,266	-	-	-	-	(56,073,266)	-
Increase in capital from right offering		15,634,531	60,872,124	-	-	-	-	76,506,655
Share-based payment transactions	*26*	-	-	8,239,851	-	-	-	8,239,851
Appropriated to statutory reserve	*27*	-	-	-	-	4,100,000	(4,100,000)	-
Dividend paid	*31*	-	-	-	-	-	(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
Balance as at 1 January 2014		408,293,386	257,908,880	8,239,851	-	38,258,410	292,957,301	1,005,657,828
Profit for the year		-	-	-	-	-	255,668,771	255,668,771
Total comprehensive income for the year		-	-	-	-	-	255,668,771	255,668,771
Increase in capital from exercise of warrats	*25*	3,013,467	22,552,324	(7,304,184)	(18,261,607)	-	-	-
Subscription received in advance from exercise of warrants	*26*	-	-	-	28,984,668	-	-	28,984,668
Share-based payment transactions	*26*	-	-	25,021,265	-	-	-	25,021,265
Appropriated to statutory reserve	*27*	-	-	-	-	2,872,275	(2,872,275)	-
Dividend paid	*31*	-	-	-	-	-	(40,815,339)	(40,815,339)
Balance as at 31 December 2014		411,306,853	280,461,204	25,956,932	10,723,061	41,130,685	504,938,458	1,274,517,193

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities				
Profit before tax	282,619,046	159,449,061	327,640,156	125,107,409
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	53,761,363	42,935,027	32,456,343	20,169,036
Allowance for doubtful debt (reversal)	(563,524)	16,311,361	4,119,222	75,751,136
Loss on write-off withholding tax	657,298	2,401,662	657,298	2,401,662
Unrealised gain on exchange rate	(4,760,473)	(2,053,194)	(5,447,106)	(2,461,091)
(Gain) loss on disposal of building and equipment	(8,990,848)	329,295	(112,148)	(111,446)
Loss on write-off of equipments and intangible assets	602,362	118,844	446,877	90,334
Share of loss from investments in joint venture	-	21,623	-	-
Expense for share - based payment transactions	25,021,265	8,239,851	22,654,602	7,522,775
Reversal of unbilled payables	(7,000,000)	-	(7,000,000)	-
Provision for liabilities under construction projects	20,429,670	8,520,999	7,800,000	8,664,169
Provision for long-term employee benefits	5,132,808	4,287,178	4,427,781	1,667,986
Interest income	(3,915,645)	(2,541,178)	(8,995,298)	(6,080,395)
Interest expenses	1,229,910	1,634,485	413,424	78,904
Profit from operating activities before changes in operating assets and liabilities	364,223,232	239,655,014	379,061,151	232,800,479
(Increase) decrease in operating assets				
Trade and other receivables	(632,509,871)	232,760,933	(632,543,775)	255,549,835
Unbilled receivable	391,270,889	35,636,516	323,210,674	74,415,593
Accounts receivable - retention	28,225,605	170,039,619	28,439,280	(30,165,231)
Advance paid to subcontractors under construction contracts	(1,183,528)	96,835,791	(2,030,238)	32,265,777
Construction in progress	(13,690,251)	5,539,648	(13,681,522)	5,472,688
Construction supplies	48,692,061	10,216,999	48,692,061	(3,747,510)
Other current assets	4,750,891	3,286,593	(2,530,812)	1,745,454
Other non-current assets	2,719,136	(2,760,756)	2,464,480	(2,915,071)
Increase (decrease) in operating liabilities				
Trade and other payables	132,918,166	(120,087,912)	187,620,864	(38,251,569)
Unbilled payable	248,374,608	(179,272,211)	252,683,810	(99,157,285)
Unearned construction revenue	115,161,401	(31,375,512)	115,111,209	31,542,824
Accounts payable - retention	11,862,414	(116,103,461)	9,116,781	(19,159,550)
Advances received from customers under construction contracts	(88,396,638)	(270,020,756)	(83,657,039)	(237,296,351)
Provision for liabilities under construction projects	(4,509,650)	(3,295,173)	(4,299,122)	(3,295,173)
Other current liabilities	41,301,432	(17,347,384)	38,721,383	(15,961,346)
Provision for long-term employee benefits	(1,686,167)	(1,878,022)	-	210,168
Cash flows from operating activities	647,523,730	51,829,926	646,379,185	184,053,732
Cash received from withholding tax refund	27,186,193	59,363,912	2,854,277	24,874,410
Cash paid for corporate income tax	(81,662,594)	(65,610,804)	(65,196,848)	(59,646,262)
Net cash flows from operating activities	593,047,329	45,583,034	584,036,614	149,281,880

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 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities				
Increase in current investments	(362)	(358)	(362)	(358)
Decrease in restricted deposits at financial institutions	48,130,780	38,447,521	33,625,010	2,125,267
Increase in short-term loans to related parties	-	-	(237,113)	(63,336,241)
Cash paid for invesments in joint venture	(2,375,587)	-	(2,375,587)	-
Interest income	10,626,963	2,535,507	6,798,718	1,419,568
Cash received from disposal of building and equipments	9,818,205	769,293	112,149	569,713
Cash paid for purchase of building and equipments	(175,347,715)	(117,077,455)	(166,973,272)	(115,500,633)
Cash paid for purchase of intangible assets	(3,209,390)	(1,372,740)	(3,209,390)	(1,311,120)
Net cash flows used in investing activities	(112,357,106)	(76,698,232)	(132,259,847)	(176,033,804)
Cash flows from financing activities				
Decrease in bank overdrafts and short-term loans from financial institutions	(33,373,389)	(12,130,770)	-	-
Cash received from long-term loans	-	50,000,000	-	50,000,000
Repayment of long-term loans	(19,500,000)	-	(19,500,000)	-
Cash received from short-term loans from related party	-	-	170,000,000	20,000,000
Repayment of short-term loans from related party	-	-	(170,000,000)	(64,000,000)
Subscription received in advance from exercise of warrants	10,723,061	-	10,723,061	-
Increase in capital due to exercise of warrants	18,261,607	-	18,261,607	-
Cash received from increase in capital from right offering	-	76,506,655	-	76,506,655
Dividend paid	(40,815,339)	(33,886,052)	(40,815,339)	(33,886,052)
Interest expenses	(3,768,966)	(5,867,163)	(2,952,481)	(4,303,035)
Decrease in liabilities under finance lease agreements	(243,374)	(332,233)	-	(88,858)
Increase (decrease) in non-controlling interest	(368,934)	100,300	-	-
Net cash flows from (used in) financing activities	(69,085,334)	74,390,737	(34,283,152)	44,228,710
Increase (decrease) in translation adjustments	(509,958)	2,922,203	-	-
Net increase in cash and cash equivalents	411,094,931	46,197,742	417,493,615	17,476,786
Cash and cash equivalents at beginning of the year	195,562,533	149,364,791	38,165,761	20,688,975
Cash and cash equivalents at end of the year (Note 7)	606,657,464	195,562,533	455,659,376	38,165,761
Supplemental cash flows information				
Non-cash items consist of				
Purchase of equipment, construction in progress and intangible assets that have yet to be paid	7,029,994	984,254	6,952,042	866,662
Interest expenses recorded as cost of project and construction in progress	2,503,584	4,264,199	2,503,584	4,264,199
Issuance of stock dividend	-	56,073,266	-	56,073,266

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

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.

On 16 June 2014, the Company registered with the Ministry of Commerce the change of its address to No. 8, Soi Sukhapiban 5 soi 32, Kwang Tha Raeng, Khet Bang Khen, 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	
			2014	2013
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 Sahakarn Wisavakorn 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	70.00	60.00
TRC Engineering LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00

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 2014 and 2013.

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 state ment of financial position.

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

3. New financial reporting standards

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

(a) Financial reporting that became effective in the current accounting year

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

(b) Financial reporting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive

income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

TFRS 11 Joint Arrangements

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.

The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company and its subsidiaries' financial statements as the Company and its subsidiaries have already applied the equity method to an investment in a jointly controlled entity.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

4. Significant accounting policies

4.1 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 also compared with the percentage of completion which is arrived at based on the proportion of actual construction costs incurred up to the end of the year to the total anticipated construction costs. Allowance for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

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

Interest income

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

Dividends

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

4.2 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.

4.3 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.

4.4 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.

4.5 Investments

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

b) Investments in subsidiaries and joint ventures 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.

4.6 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	3 - 5 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	3 - 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.

4.7 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.

4.8 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.

	Useful lives
Computer software	3 - 10 years

4.9 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.

4.10 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 of 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.

4.11 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.

4.12 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.

4.13 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.

4.14 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.

4.15 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.

4.16 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.

5. 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.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

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 35.

6. 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
	2014	2013	2014	2013	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Cost of construction services	-	-	64	154	Cost plus margin
Interest income	-	-	5,946	4,663	At rate of 3.5 - 7.0% p.a.
Other income	-	-	166	132	Cost plus margin
Interest expense	-	-	413	79	As rate of 3.0% p.a.
Transactions with joint venture					
Construction services income	462,387	-	462,387	-	Cost plus margin

As at 31 December 2014 and 2013, 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	
	2014	2013	2014	2013
Trade and other receivables - related parties (Note 8)				
Subsidiary companies	-	-	5,784	2,779
Joint venture	298,150	-	298,150	-
Shareholder of subsidiary	24,094	28,110	-	-
Total	322,244	28,110	303,934	2,779
Trade and other payables - related parties (Note 19)				
Subsidiary companies	-	-	5,120	4,722
Total	-	-	5,120	4,722

Short-term loans to related parties

As at 31 December 2014 and 2013, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Short-term loans	Related by	Separate financial statements				
		Balance as at 31 December 2013	Increase	Decrease	Exchange rate adjustment	Balance as at 31 December 2014
TRC Investment Limited	Subsidiary company	1,429	239	-	1	1,669
TRC International Limited	Subsidiary company	34,999	-	-	-	34,999
TRC Engineering LLC	Subsidiary company	63,068	-	-	-	63,068
Total		99,496	239	-	1	99,736
Less: Allowance for doubtful debts		(63,068)	-	-	-	(63,068)
Net		36,428	239	-	1	36,668

Short-term loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2013: 3.5% - 7.0% per annum) and due for repayment on demand.

Short-term loans from related party

As at 31 December 2014 and 2013, 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 2013	Increase	Decrease	Balance as at 31 December 2014
Sahakarn Wisavakorn Company Limited	Subsidiary company	-	170,000	(170,000)	-

Short-term loans from related party carried interests at rates of 3.0% per annum and due for repayment on demand.

Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	24	23	23	20
Post-employment benefits	2	2	2	2
Share-based payment	2	1	2	1
Total	28	26	27	23

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 34.4.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	2,242	3,423	358	310
Deposits at financial institutions	304,415	142,140	205,301	37,856
Investment in bill of exchanges	300,000	50,000	250,000	-
Total	606,657	195,563	455,659	38,166

As at 31 December 2014, deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.10% and 2.07% per annum (2013: between 0.40% and 2.50% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	167,900	-	167,900	-
Past due				
Up to 3 months	125,822	-	125,822	-
Over 12 months	-	564	-	-
Total trade accounts receivable - related parties	293,722	564	293,722	-
Less: Allowance for doubtful debts	-	(564)	-	-
Total trade accounts receivable - related parties, net	293,722	-	293,722	-
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	519,454	143,902	401,630	64,421
Past due				
Up to 3 months	20,780	75,534	12,817	21,103
Over 12 months	17,178	17,120	4,383	4,383
Total trade accounts receivable - unrelated parties	557,412	236,556	418,830	89,907
Less: Allowance for doubtful debts	(16,311)	(16,311)	(4,383)	(4,383)
Translation adjustment	(867)	(809)	-	-
Total trade accounts receivable - unrelated parties, net	540,234	219,436	414,447	85,524
Total trade accounts receivable - net	833,956	219,436	708,169	85,524
Other receivables				
Advance to related parties	28,522	28,110	11,525	5,919
Interest receivable from related parties	-	-	11,106	5,160
Others	14,208	5,410	6,198	4,785
Total other receivables	42,730	33,520	28,829	15,864
Less: Allowance for doubtful debt	-	-	(12,419)	(8,300)
Total other receivables - net	42,730	33,520	16,410	7,564
Total trade and other receivables - net	876,686	252,956	724,579	93,088

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 690 million included in the accounts receivable balance as at 31 December 2014 (the Company only: Baht 623 million) (2013: Baht 60 million, the Company only: Baht 55 million).

9. Accounts receivable - retention/advances received from customers under construction contracts

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Amount of contract revenue recognised as revenue in the year	3,096,131	2,481,418	2,394,709	1,840,954
Aggregate amount of construction costs incurred to date	10,191,382	7,858,779	5,809,755	4,183,011
Adjust with the recognised profits to date	1,725,629	1,195,815	1,292,739	794,502
	11,917,011	9,054,594	7,102,494	4,977,513
Sum of progress billings	(11,784,342)	(8,589,403)	(6,961,251)	(4,497,475)
Translation adjustment	24,887	94,923	-	-
	157,556	560,114	141,243	480,038
Gross amount due from customers for contract work consists of				
Unbilled receivable	396,200	785,135	379,839	700,263
Construction in progress	16,140	2,383	16,107	2,358
	412,340	787,518	395,946	702,621
Gross amount due to customers for contractwork consists of				
Unearned construction revenue	(149,396)	(33,488)	(149,396)	(33,488)
Advance received from customers under construction contracts	(105,388)	(193,916)	(105,307)	(189,095)
	(254,784)	(227,404)	(254,703)	(222,583)
	157,556	560,114	141,243	480,038
Accounts receivable - retention under construction contracts	77,597	105,822	72,633	101,072

10. Construction supplies

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
	Cost		Reduce cost to net Realizable value		Construction supplies - net	
	2014	2013	2014	2013	2014	2013
Construction supplies	24,401	54,316	(5,748)	(5,748)	18,653	48,568
Goods in transit	-	18,777	-	-	-	18,777
Total	24,401	73,093	(5,748)	(5,748)	18,653	67,345

11. Withholding tax deducted at source

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Year 2012	-	27,843	-	3,512
Year 2013	14,416	14,417	14,416	14,416
Year 2014	14,250	-	-	-
	28,666	42,260	14,416	17,928

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.

12. 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, as described in Note 34.3.

13. 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	
			2014	2013	2014	2013	2014	2013
					(%)	(%)	Baht	Baht
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	200,000,000 Baht	200,000,000 Baht	99.99	99.99	320,483,605	318,116,942
TRC Investment Limited	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32
Total							320,483,637	318,116,974
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							175,412,221	173,045,558

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	
			2014	2013	2014	2013	2014	2013
Held by Sahakarn Wisavakorn Company Limited					%	%	Baht	Baht
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	70.00	60.00	12,322,330	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							25,976,869	22,653,869
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							12,322,363	8,999,363

On 16 June 2014, TRC International Limited, which is the Company's subsidiary, increased investments in TRC Middle East LLC by purchased 15,000 ordinary shares from its shareholder, a total of 50,000 Omani Rial. Thus, the investment proportion in TRC Middle East LLC increased from 60% to 70%.

On 1 October 2014, the Extraordinary Meeting of SKK Joint Venture Company Limited passed a resolution to approve the closure and liquidation of the company. The Company registered the dissolution with the Ministry of commerce on 3 October 2014 and is completed the liquidation process on 28 October 2014.

14. Investments in joint ventures

Details of investments in joint ventures are as follows:

(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 venture during the year	
		2014	2013	2014	2013	2014	2013	2014	2013
		(%)	(%)						
Held by the Company									
Sinopec-TRC Joint Venture	Construction	30	-	2,376	-	2,376	-	-	-
Held by Sahakarn Wisavakorn Company Limited									
The Joint Venture of SSP	Construction	40	40	1,092	1,092	69	69	-	(22)
Total				3,468	1,092	2,445	69	-	(22)
Less: Allowance for loss on impairment of investment				(1,092)	(1,092)	-	-		
Total investment in joint venture - net				2,376	-	2,445	69		

The consolidated financial statements for the year ended 31 December 2014 do not include share of loss on investment in Sinopec-TRC Joint Venture because, during the year, the Company subcontracts a part of the operation from which the operating income is included in the consolidated financial statements.

On 30 November 2014, the SSP's joint venture passed a resolution to approve the closure and liquidation of the joint venture. The joint venture is in the liquidation process. The consolidated financial statements for the year ended 31 December 2014 do not include share of gain on investment in this joint venture because the effect of these transactions on the consolidated financial statements is immaterial.

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	
	2014	2013
Current assets	-	423
Non-current assets	-	1
	-	424
Current liabilities	-	(355)
Net assets	-	69

(Unit: Thousand Baht)

	For the period as from 1 January 2014 to 30 November 2014	For the year ended 31 December 2013
Other income	12	-
Selling and administrative expenses	(7)	(22)
Net profit (loss)	5	(22)

15. 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	
			2014	2013	2014	2556	2014	2013
					(%)	(%)	Baht	Baht
Held by TRC Investment Limited								
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
Held by TRC International Limited								
ASEAN Potash Mining Public Company Limited	Mining industries	Thailand	50,000,000 Baht	50,000,000 Baht	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

On 11 November 2014, the Meeting No. 6/2014 of the Company's Board of Directors passed a resolution approving TRC International Limited (TRCI), which is the Company's subsidiary, increasing its investment in ASEAN Potash Mining Public Company Limited (APMC) by buying additional 250,000 ordinary shares from shareholders of APMC at Baht 200 per share, for Baht 50 million. As a result, shareholding of TRCI in APMC increased to 4.48% of the Company's paid-up capital. TRCI has already paid for the share subscription on 6 January 2015.

Subsequently, in January 2015, APMC issued and offered additional ordinary shares to the shareholders. As a result, the shareholding of TRCI in APMC decreased to 4.40%.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor Vehicles	Construction in progress	Total
Cost:								
1 January 2013	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)
Transfer 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
Additions	-	-	-	9,911	31,576	35,801	106,543	183,831
Disposals	-	(29,601)	-	-	(1,147)	(2,457)	-	(33,205)
Written-off	-	-	(3,179)	(825)	(223)	-	-	(4,227)
Transfers in (out)	-	193,343	-	56	(56)	-	(193,343)	-
Translation adjustment	-	154	-	-	184	61	-	399
31 December 2014	114,791	220,844	3,341	144,958	113,285	103,303	12,671	713,193
Accumulated depreciation:								
1 January 2013	-	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
Depreciation for the year	-	7,380	64	13,392	15,061	16,821	-	52,718
Depreciation on disposals	-	(29,601)	-	-	(1,025)	(1,739)	-	(32,365)
Depreciation on written-off	-	-	(3,180)	(296)	(194)	-	-	(3,670)
Translation adjustment	-	168	-	-	238	90	-	496
31 December 2014	-	20,255	3,229	110,077	72,026	52,606	-	258,193
Net book value:								
31 December 2013	114,791	14,640	175	38,835	25,005	32,464	99,471	325,381
31 December 2014	114,791	200,589	112	34,881	41,259	50,697	12,671	455,000

Depreciation for the year	
2013 (Baht 24 million included in cost of sales and construction services, and the balance in administrative expenses)	41,941
2014 (Baht 22 million included in cost of sales and construction services, and the balance in administrative expenses)	52,718

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Building	Leasehold improvement	Tools and Equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost:								
1 January 2013	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)
Transfer 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
Additions	-	-	-	6,183	29,220	33,550	106,543	175,496
Disposals	-	-	-	-	-	(531)	-	(531)
Written-off	-	-	(3,179)	(596)	(137)	-	-	(3,912)
Transfers in (out)	-	193,343	-	-	-	-	(193,343)	-
31 December 2014	113,201	216,370	3,341	67,391	66,524	72,326	12,671	551,824
Accumulated depreciation:								
1 January 2013	-	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
Depreciation for the year	-	5,915	63	8,469	7,203	9,804	-	31,454
Depreciation on disposals	-	-	-	-	-	(531)	-	(531)
Depreciation on written-off	-	-	(3,179)	(198)	(133)	-	-	(3,510)
31 December 2014	-	16,097	3,229	44,923	31,490	30,635	-	126,374
Net book value:								
31 December 2013	113,201	12,845	175	25,152	13,021	17,945	99,471	281,810
31 December 2014	113,201	200,273	112	22,468	35,034	41,691	12,671	425,450

Depreciation for the year	
2013 (Baht 11 million included in cost of sales and construction services, and the balance in administrative expenses)	19,212
2014 (Baht 17 million included in cost of sales and construction services, and the balance in administrative expenses)	31,454

As at 31 December 2014, 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 148 million (The Company only: Baht 59 million) (2013: Baht 154 million, the Company only: Baht 50 million).

As at 31 December 2014 and 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) (2013: Baht 1 million, the Company only: Baht 1 million).

As at 31 December 2013, buildings of a foreign subsidiary with fully depreciated were located on leasehold land of the subsidiary's client. (2014: Nil)

As at 31 December 2014 and 2013, the Company has mortgaged land which has book value amounting to Baht 100 million with banks to be collateral against credit facilities received from the bank.

17. Intangible assets

The net book value of intangible assets, which is computer software, as at 31 December 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2014		
Cost	14,643	14,230
Less: Accumulated amortisation	(5,811)	(5,710)
Net book value	8,832	8,520
As at 31 December 2013		
Cost	11,521	11,107
Less: Accumulated amortisation	(5,717)	(5,658)
Net book value	5,804	5,449

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	5,804	5,425	5,449	5,094
Acquisition of computer software	4,119	1,373	4,119	1,311
Write-off during year - net book value at write-off date	(45)	-	(45)	-
Amortisation	(1,046)	(994)	(1,003)	(956)
Net book value at end of year	8,832	5,804	8,520	5,449

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

Bank overdrafts and short-term loans from financial institutions as at 31 December 2014 and 2013 consist of:

(Unit: Thousand Baht)

	Consolidated financial statement			
	Interest rate (% per annum)		Amount	
	2557	2556	2557	2556
Loans from financial institutions - promissory notes	-	5.5 - 6.0	-	33,373

As at 31 December 2014, the Company and the subsidiary have unused bank overdrafts and short-term loans facility amounted to Baht 1,271 million (the Company only: Baht 1,192 million) (2013: Baht 3,145 million, the Company only: Baht 2,998 million). These loan facilities have been secured by the mortgage of the Company's land, as described in Note 16, and the transfer of right to receive from accounts receivable and the pledge of fixed deposits of the Company and the subsidiary.

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2014	2014	2014
Trade accounts payable - unrelated parties	357,265	253,360	294,860	136,922
Advances from related parties	-	-	5,120	4,722
Fixed assets payable	7,939	920	7,862	810
Accrued expenses	93,186	67,099	76,174	49,433
Total trade and other payables	458,390	321,379	384,016	191,887

20. Long-term loan

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2014	2013
Long-term loan from financial institution	30,500	50,000
Less: Current portion	(26,000)	(19,500)
Long-term loan, net	4,500	30,500

Long-term credit facilities of the Company are guaranteed by the Company's land, as described in Note 16. The loan was obtained to fund the construction of the new 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 (2014: Nil).

21. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2013	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
Increase during the year	16,507	-	5,168	21,675
Decrease from occurrence of actual expense	(4,510)	-	-	(4,510)
Reversal of provisions	(1,245)	-	-	(1,245)
As at 31 December 2014	28,911	244	5,168	34,323

(Unit: Thousand Baht)

	Separate financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2013	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
Increase during the year	7,800	-	-	7,800
Decrease from occurrence of actual expense	(4,299)	-	-	(4,299)
As at 31 December 2014	19,660	-	-	19,660

22. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2557	2556	2557	2556
Liabilities under finance lease agreements	111	377	-	-
Less: Deferred interest	(9)	(32)	-	-
Total	102	345	-	-
Less: Current portion	(102)	(243)	-	-
Liabilities under finance lease agreements - net of current portion	-	102	-	-

The 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 2014					
	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	111	-	111	-	-	-
Deferred interest expenses	(9)	-	(9)	-	-	-
Present value of future minimum lease payments	102	-	102	-	-	-

(Unit: Thousand Baht)

	As at 31 December 2013					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-3 years	Total	Less than 1 year	1-3 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	-	-	-

23. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Suspense output VAT	53,196	8,547	47,008	5,744
VAT payable	-	3,064	-	3,064
Others	2,564	2,848	2,065	1,544
Total	55,760	14,459	49,073	10,352

24. 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	
	2014	2013	2014	2013
Defined benefit obligation at beginning of year	23,163	23,195	19,160	19,444
Current service cost	5,902	5,427	3,671	3,225
Interest cost	828	662	757	605
Benefits paid during the year	(3,252)	(4,087)	-	(1,952)
Actuarial gain	(1,579)	(2,162)	-	(2,162)
Translation adjustment	(14)	128	-	-
Defined benefit obligation at end of year	25,048	23,163	23,588	19,160

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	5,902	5,427	3,671	3,225
Interest cost	828	662	757	605
Total expense recognized in profit or loss	6,730	6,089	4,428	3,830
Line items under which such expenses are included in profit or loss				
Cost of sales	3,938	3,569	1,841	1,538
Selling and administrative expenses	2,792	2,520	2,587	2,292

As at 31 December 2014, cumulative actuarial gains (net of actuarial losses), which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 4 million (2013: Baht 2 million) (The Company only: Baht 2 million and 2013: Baht 2 million).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.50 - 3.95	3.50 - 3.95	3.95	3.95
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age)	0.00 - 20.00	0.00 - 20.00	0.00 - 14.00	0.00 - 14.00

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	Separate financial statements
Year 2014	25,048	23,588	(1,579)	-
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	-	-

25. Share capital

Movements in the issued and paid-up ordinary share during the year ended 31 December 2014 are summarised as below.

Description	Paid-up share capital		Premium on ordinary shares	Registration date with the Ministry of Commerce
	Number of shares	amount		
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)	
At the beginning of the year	816,586	408,293	257,909	
Increase due to exercise of warrants				
ESOP-W2 No. 1	2,448	1,224	9,156	3 July 2014
ESOP-W2 No. 2	3,580	1,790	13,396	7 October 2014
At the end of the year	822,614	411,307	280,461	

26. Warrants / Capital reserve for share - based payment transactions

On 1 July 2013, the Company issues and allocates of 31,598,200 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	:	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. 2) Each time the warrants are exercised, the warrant holders can exercise not more than 12.5% of their allocated warrants. 3) The unexercised warrants can be accumulated to exercise during the next exercise period, until maturity of the warrants.
Other conditions	:	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.

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%.

On 24 April 2014, the Annual General Meeting of the Company's shareholders for the year 2014 passed a resolution to change the exercise price of warrants from Baht 4.70 per share to Baht 3.03 per share. From the amendment of the exercise price of warrants, the estimated fair value of each share option granted changed to Baht 1.21. This was calculated using the Black-Scholes-Merton Model. The model inputs were the share price at price amendment date of Baht 3.38, exercise price of Baht 3.03, expected volatility of 63.18%, expected dividend yield of 1.65%, life of share options of 2 years, and a risk-free interest rate of 2.22%.

During the year ended 31 December 2014, the Company and its subsidiary recorded expenses of the ESOP amounting to Baht 20 million (The Company only: Baht 18 million) (2013 : Amounted 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.

Movements in the number of warrants, ESOP during the year are as follows:

At the beginning of the year	31,598,200	Units
Exercised no. 1 - 3	(9,565,897)	Units
Cancelled	(440,395)	Units
At the end of the year	21,591,908	Units

As at 31 December 2014, the Company cancelled accumulated 440,395 warrants due to the resignation of employees who were warrantholders. According to the conditions of ESOP-W2 allocation, the employees who resigned shall not entitled to exercise the remaining warrants. However, such warrants can be re-allocated by the Management Committee.

On 30 December 2014, the third exercise date, the warrantholders exercised 3,538,964 warrants to purchase 3,538,964 ordinary shares at Baht 3.03 each. The Company recorded the total of Baht 10.7 million received as a result of the exercise of such warrants under the caption "Subscription received in advance from exercise of warrants", presenting it under shareholders' equity in the statement of financial position. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 7 January 2015 The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 12 January 2015.

27. 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.

28. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	20133
Salary and wages and other employee benefits	501,039	417,018	327,458	286,843
Depreciation	52,718	41,941	31,454	19,212
Amortisation expenses	1,046	994	1,003	956
Construction materials and consumables used and subcontractors costs	1,703,059	1,733,086	1,260,774	1,329,268
Rental expenses from operating lease Agreements	111,100	87,888	73,794	61,490
Allowance for doubtful accounts	-	16,311	4,119	75,751

29. Corporate income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2557	2556	2557	2556
Current income tax:				
Current corporate income tax charge	73,242	53,410	73,557	45,229
Deferred tax:				
Relating to origination and reversal of temporary differences	(3,870)	(1,991)	(1,586)	(1,449)
Income tax expense reported in the statement of income	69,372	51,419	71,971	43,780

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax relating to actuarial gain on long-term employee benefits	316	432	-	432
	316	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 2014 and 2013 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before tax	282,740	159,449	327,640	125,107
Applicable tax rate	12% - 20%	12% - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	56,431	36,820	65,528	25,021
Effects of:				
Non-deductible expenses	7,430	6,219	7,303	20,522
Additional expense deductions allowed	(1,014)	(1,049)	(860)	(1,049)
Unused tax losses which may net utilise	6,525	10,143	-	-
Others	-	(714)	-	(714)
Total	12,941	14,599	6,443	18,759
Income tax expenses reported in the statement of income	69,372	51,419	71,971	43,780

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	As at 31 December 2014	As at 31 December 2013	As at 31 December 2014	As at 31 December 2013
Deferred tax assets				
Provision for liabilities under construction projects	6,865	3,681	3,932	3,232
Provision for long-term employee benefits	4,935	4,249	4,718	3,832
Total	11,800	7,930	8,650	7,064

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

30. Earnings per share

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

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the 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	
	2557	2556	2557	2556	2557	2556
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to equity holders of the parent	214,924	126,362	818,901*	816,586	0.26	0.15
Effect of dilute potential ordinary shares						
Warrants (ESOP-W2)	-		2,465			
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	214,924		821,366		0.26	

	Separate financial statements					
	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2014	2013	2014	2013	2013	2013
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
Basic earnings per share						
Profit attributable to equity holders of the parent	255,669	81,327	818,901*	816,586	0.31	0.10
Effect of dilute potential ordinary shares						
Warrants (ESOP-W2)	-		2,465			
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	255,669		821,366		0.31	

* Included ordinary share for exercise warrant as at 30 December 2014

31. Dividends / stock dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from operations of 2013	Annual General Meeting of the shareholders on 24 April 2014	40,815	0.05
Total dividend paid in 2014		40,815	0.05
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
otal dividend and stock dividend paid in 2013		89,959	0.133694

32. 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 2014, the Company and the subsidiary contributed Baht 5 million to the fund (Separate financial statements: Baht 4 million) (2013: Baht 4 million, Separate financial statements: Baht 4 million).

33. 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 and profit information regarding the Company and its subsidiaries' operating segments as included in the consolidated financial statements for the year ended 31 December 2014 and 2013, respectively.

(Unit: Thousand Baht)

	For the year ended 31 December 2014						
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
External customers	2,088,853	6,930	507,115	30,057	2,632,955	-	2,632,955
Joint Venture	462,387	-	-	-	462,387	-	462,387
Depreciation	(32,782)	(103)	(9,797)	(10,036)	(52,718)	-	(52,718)
Administrator expense	(235,440)	(612)	(31,260)	(5,611)	(272,923)	-	(272,923)
Segment profit (loss)	**296,872**	**77**	**(52,269)**	**8,674**	**253,354**	**229**	**253,583**
Other income							28,476
Interest revenue							3,916
Interest expense							(3,356)
Profit before income tax expense							282,619
Income tax expense							(69,372)
Profit for the period							213,247

(Unit: Thousand Baht)

	For the year ended 31 December 2013						
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
External customers	1,999,860	246,961	226,597	8,000	2,481,418	-	2,481,418
Depreciation	(32,007)	(4,522)	(5,317)	(95)	(41,941)	-	(41,941)
Administrator expense	(182,391)	(17,401)	(14,055)	-	(213,847)	-	(213,847)
Allowance for doubtful debt	(11,928)	(4,383)	-	(71,368)	(87,679)	71,368	(16,311)
Segment profit (loss)	**81,148**	**6,860**	**31,098**	**(62,705)**	**56,401**	**71,654**	**128,055**
Other income							32,018
Interest revenue							2,541
Interest expense							(3,143)
Interest in the loss of joint ventures accounted for by the equity method							(22)
Profit before income tax expense							159,449
Income tax expense							(51,419)
Profit for the period							108,030

Geographic information

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

(Unit: Thousand Baht)

	2014	2013
Revenue from external customers		
Thailand	2,441,811	2,269,897
Sultanate of Oman	194,307	256,587
Total	2,636,118	2,526,484
Revenue from joint venture		
Thailand	462,387	-
Total	462,387	-
Non-current assets (other than financial instruments and deferred tax assets)		
Thailand	464,216	321,883
Sultanate of Oman	3,703	16,107
Total	467,919	337,990

Major customers

For the year 2014, the Company and its subsidiaries have revenue from three major customers in amount of Baht 1,396 million, Baht 726 million and Baht 129 million, arising from pipeline system and civil work segment (2013: Baht 1,312 million and Baht 265 million from two major customers, arising from pipeline system segments).

34. Commitments and contingent liabilities

34.1 Purchase construction materials and subcontracted work commitments

As at 31 December 2014, the Company and the subsidiary have outstanding commitments of Baht 688 million, USD 1 million and Euro 2 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 621 million, USD 1 million and Euro 2 million) (2013: Baht 406 million, USD 1 million and Euro 2 million, the Company only: Baht 336 million, USD 1 million and Euro 2 million).

34.2 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 financial statements		Separate financial statements	
	2014	2013	2014	2013
Payable:				
In up to 1 year	10	12	9	10
In over 1 and up to 5 years	5	7	5	6

34.3 Bank guarantees

The bank guarantees issued by banks on behalf of the Company and its subsidiaries 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	
	2014	2013	2014	2013
Guarantee of construction contract and bidding	Baht 934 million USD 5 million	Baht 866 million USD 6 million	Baht 779 million USD 5 million	Baht 705 million USD 6 million
Guarantee of advance payment bond and retention	Baht 279 million	Baht 456 million USD 1 million	Baht 261 million	Baht 309 million USD 1 million
Guarantee of others	Baht 31 million	Baht 8 million	Baht 8 million	Baht 6 million
Total	Baht 1,244 million USD 5 million	Baht 1,330 million USD 7 million	Baht 1,048 million USD 5 million	Baht 1,020 million USD 7 million

34.4 Guarantees

As at 31 December 2014, the Company has commitment from guarantee of credit facilities of the subsidiaries totaling USD 1 million (2013: Baht USD 1 million).

35. Litigations

35.1 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 it 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. However, for the prudent reasons, as at 31 December 2014 and 2013, the Company recorded provision for the related contingent liability amounting to Baht 20 million in the Company's financial statements.

35.2 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.

On 21 September 2014, the Civil Court finalised its judgement and ordered the subsidiary to pay damages claimed to the Party at the amount of Baht 11.01 million, with 7.5% interest per annum from the lawsuit date to the final settlement date, and pay Baht 0.1 million of court fee for the Party.

The subsidiary has filed an appeal on judgment of the Civil Court because its subsidiary and the party have entered into a memorandum agreement to terminate subcontract agreement between subsidiary and the Party as a compromise agreement. As a result, the parties agreed to waive benefits. Each party shall responsible for their part without claiming to any liability or joint liability between them and/or interchangeable with third party liability. The plaintiff has waived argument. As a result, the subsidiary and the prosecution agreed to settle the dispute together.

The subsidiary has filed an appeal against the judgment of the Civil Court. It believed that it can fight the Party with facts and matter of laws. It therefore did not recognise provisions for contingent liabilities.

35.3 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.

35.4 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 summited its testimony against the appeal and petitioned the Court to dismiss the suit.

The case is still being considered by the Supreme Administrative Court. 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.

36. Financial instruments

36.1 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 compGTrise 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 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 2014				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate
					(% per annum)
Financial Assets					
Cash and cash equivalents	300	305	2	607	0.10 - 2.07
Trade and other receivables	-	-	877	877	-
Accounts receivable - retention under construction contracts	-	-	78	78	-
Restricted deposits at financial institutions	22	13	-	35	0.10 - 2.38
	322	318	957	1,597	
Financial liabilities					
Trade and other payables	-	-	458	458	-
Accounts payable – retention under construction contracts	-	-	28	28	-
Long-term loan	-	31	-	31	MLR - 1.25
	-	31	486	517	

(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	50	142	4	196	0.125 - 0.65
Trade and other receivables	-	-	253	253	-
Accounts receivable – retention under construction contracts	-	-	106	106	0.40 - 2.50
Restricted deposits at financial institutions	33	50	-	83	
	83	192	363	638	

(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 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
	-	50	-	50	MLR - 1.25
	34	50	337	421	

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2014				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate
Financial Assets					(% per annum)
Cash and cash equivalents	250	205	1	456	0.10 - 2.07
Trade and other receivables	-	-	725	725	-
Accounts receivable - retention under construction contracts	-	-	73	73	-
Short - term loans to related parties	37	-	-	37	3.50 - 7.00
Restricted deposits at financial institutions	9	5	-	14	0.10 - 2.38
	296	210	799	1,305	
Financial liabilities					
Trade and other payables	-	-	384	384	-
Accounts payable - retention under construction contracts	-	-	17	17	-
Long-term loan	-	31	-	31	MLR - 1.25
	-	31	401	432	

(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
Financial Assets					(% per annum)
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 - 7.00
Restricted deposits at financial institutions	19	28	-	47	0.40 - 2.50
	55	66	194	315	
Financial liabilities					
Trade and other payables	-	-	192	192	-
Accounts payable - retention under construction contracts	-	-	8	8	-
Long-term loan	-	50	-	50	MLR - 1.25
	-	50	200	250	

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.

	Consolidated financial statements					
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2014	2013	2014	2013	2014	2013
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2,855	2,744	604	795	32.9630	32.81360
Euro	-	44	234	146	40.5030	45.02165
SGD	-	-	49	-	24.8959	25.88260

	Separate financial statements					
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2014	2013	2014	2013	2014	2013
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2,871	2,871	2,871	2,871	32.9630	32.81360
Euro	-	-	-	-	40.5030	45.02165
Omani Rial	74	74	74	74	85.6182	85.23015
SGD	-	-	-	-	24.8959	25.88260

36.2 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.

37. 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 2014, the Group's debt-to-equity ratio was 0.90:1 (2013: 0.71:1) and the Company's was 0.87:1 (2013: 0.60:1).

38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2015

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

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