

# TRC

## ANNUAL REPORT 2015



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

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



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## Message from the Chairman of the Board of Directors

In 2015, TRC Construction Public Company Limited undertook preparations in several areas with a view to participating in the bidding of large-scale construction projects from the private sector and infrastructure projects from the government sector as well as to developing projects for investments in energy and petrochemical businesses in accordance with the targets laid down in 2014. Those targets include financial structure preparation through capital increase and debenture issuance; workforce increase and personnel potential development, investments in machinery and equipment, partnerships with alliances for project bidding, etc. The Company and its subsidiaries posted a net profit for 2015 at Baht 305.96 million and construction service income at Baht 3,880.17 million, up 42.36% and 25.36%, respectively, year-on-year. During 2015 and at the beginning of 2016, TRC Group made additional investments in the ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited with the target of holding a total of approximately 25% of the said company's shares by the end of the first quarter of 2016. The Company and Sahakarn Wisavakorn Company Limited were awarded mega projects from the private sector – PTT Public Company Limited and from the government sector – Bangkok Metropolitan Authority, Provincial Waterworks Authority and Thailand Tobacco Monopoly. At the end of 2015, TRC Group had a total number of 11 projects on hand, with the unrealized project income of Baht 6,402

million. Furthermore, on 10 February 2016, the Company was granted the “Letter of Award” for the construction services associated with “Surface Processing and Facilities” for the Potash Mining Site Construction project from ASEAN Potash Chaiphum Public Company Limited, with the total project value of around Baht 35,000 million. Hence, TRC Group’s total value of projects on hand went up to a record high of Baht 40,634 million.

TRC Group took pride in winning SET Awards 2013 in three categories, i.e. Best Corporate Governance Reporting Award, Outstanding CEO Award, and Outstanding Company Performance Award for companies listed on MAI. In 2015, TRC Group also earned two honorable accolades from SET Awards 2015 in the categories of Outstanding Company Performance Award and Outstanding Investor Relations Award for SET market capitalization of Baht 3 billion – Baht 10 billion. 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.

The Board of Directors remains strongly committed to the achievement of the goal of winning the National Total Quality Control Award by 2019. TRC Group places importance on the ongoing development of organization and personnel capabilities as well as the promotion of awareness of quality and safety in parallel with social and environmental care among employees and all groups of stakeholders. It is our policy to encourage management and employees at all levels to participate in CSR and safety-related activities. In 2014, the Company established the Corporate Communication Department to take charge of CSR activities and the development of communications between entities as well as between senior management and employees. The Department has launched a number of CSR projects associated with educational, social, community and environmental development as well as continuously implemented the long-term CSR project “Back to hometown project” launched in 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, the public and private sectors, business partners and the Company’s management and employees for the continued support throughout the year. We strongly believe that with the clear vision, mission and goals and the strong collaboration between our management and employees, through good corporate governance practices and awareness of the importance of the community, society and environment, TRC Group will be able to continuously and firmly move towards corporate sustainable development and success.



(Mrs. Paichit Rattananon)

Chairman of the Board of Directors

24 February 2016



## 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 2015, the Audit Committee held a total of 4 meetings in which the members of the Committee have joined as follows:

- |  |           |
|--|-----------|
| 1. Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM.,<br>Chairman of the Committee | 4/4 times |
| 2. Pol. Gen. Jarumporn Suramane, Audit Committee                                     | 4/4 times |
| 3. Mr. Arun Chirachavala, Audit Committee  | 4/4 times |

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

**Review of the quarterly financial statements and the 2015 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 management 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.


**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. Based on the review, the Company and its subsidiaries complied with relevant rules and regulations and no significant noncompliance issues were identified.

**Review of the internal control system:** The Audit Committee reviewed the Company's internal audit report and audit findings report and was of the opinion that the management focused on problem solving and no significant noncompliance issues were identified.

**Supervision of the internal audit:** The Audit Committee reviewed the internal audit plan, the nomination and remuneration of the internal auditor 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 2015 Annual General Meeting of Shareholders for the appointment of EY Office Limited as the 2015 independent auditor of TRC Construction Public Company Limited and Sahakarn Wisavakorn Co., Ltd. with remuneration of Baht 930,000 and Baht 820,000 respectively. Other than the Company and Sahakarn Wisavakorn Co., Ltd., EY Office Limited is the auditor of ASEAN Potash Chaiyaphum Public Company Limited, in which 12.25% of the shares were held by TRC Group at the end of 2015.

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 2015 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 Act, B.E. 2535, 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

24 February 2016

## Directors' Responsibility Statement in Relation to the Financial Statements

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 considered 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 2015, 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 2015 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 2015 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

24 February 2016

## Report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee consists of six members: four independent directors (Pol. Gen. Jarumporn Suramane, Mr. Arun Chirachavala, Assoc. Prof. Pises Sethsathira, and Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM.) and two executive directors (Mr. Pasit 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 2015, which can be summarized as follows:

### First meeting in March

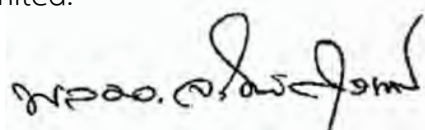
1. Proposed to the Board of Directors for consideration as following;

- Appointment Mr. Pasit Leesakul, Director and Executive Vice President to be Chief Executive Officer of the Company and Sahakarn Wisavakorn Company Limited instead of Mr. Smai Leesakul effective on 1 April 2015 onwards.
- Appointment Mrs. Paichit Rattananon, Chairman of the Board of Directors to be Chairman of the Board of Directors of Sahakarn Wisavakorn Company Limited instead of Mr. Smai Leesakul.
- Appointment Mr. Loh Eng Kee, Project Advisor to be Director instead of Assoc. Prof. Kamjorn Tatiyakavee, MD. who has resigned during 2014.
- The addition of the Executive Committee was considered, including its duties and responsibilities.
- The salary of Mr. Pasit Leesakul and Mr. Smai Leesakul after appointed to be Chief Executive Officer and Chairman of the Executive Committee respectively.
- Appointment Mr. Pasit Leesakul to be member of the subcommittees instead of Mr. Smai Leesakul.

2. 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.

### Second meeting in December

Consideration of the overview of the 2016 salary increment and 2015 bonus of the Company and Sahakarn Wisavakorn Company Limited.



(Pol. Gen. Jarumporn Suramane)

Chairman of the Remuneration & Nomination Committee

12 January 2016



## Report of the Corporate Governance Committee

The Board of Directors recognizes the importance of conducting business based on the principles of good corporate governance while giving due regard to corporate social responsibility and the optimal benefits of all stakeholders, which will ultimately lead to the corporate sustainable growth. In 2012, the Board of Directors established the Corporate Governance Committee in order to review the Corporate Governance Policy, the Business Code of Conduct and the policies and guidelines related to corporate social and environmental responsibility. The Committee is also responsible for proposing guidelines and/or policies related to good corporate governance, providing recommendations on good corporate governance to the Board of Directors, supervising the management's implementation of the Corporate Governance Policy, and tracking corporate performance in terms of social and environmental responsibility in order to ensure adherence to the principles of good corporate governance.

In 2015, the Corporate Governance Committee was informed of the 2015 corporate governance performance rating of the Company ("Very Good") and also jointly considered and reviewed the Corporate Governance Policy and the Code of Conduct for executives and employees to ensure alignment with the revised good corporate governance principles which the Thai Institute of Directors Association has used in the assessment of the corporate governance performance of Thai listed companies in 2015 and 2016. The 2015 Corporate Governance Policy and the Code of Conduct were proposed to the Board of Directors for approval and were communicated to employees for compliance therewith as well as were disclosed to the general public in the Company's website. The Committee also tracked progress of the supervision of the Company's adherence to the principles of good corporate governance while supporting and encouraging executives and employees to apply the principles of good corporate governance to their operations in order to foster a good corporate governance culture for sustainable development of the organization. Besides, the Committee acknowledged the Company's CSR performance.



(Mr. Arun Chirachavala)

Chairman of the Corporate Governance Committee

24 February 2016

## 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 two meetings in 2015 where all committee members attended all meetings to review risk assessment and key risk management guidelines. In 2015, the Company conducted risk assessment covering three aspects: enabling function, marketing, and projects in progress. The risks can be divided into the following 4 categories:

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

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 Committee

24 February 2016

## The Board of Directors and Managements



1. Mrs. Paichit Rattananon

Chairman



2. Pol. Gen. Jarumporn Suramanee

Independent Director and Audit Committee



3. Mr. Arun Chirachavala

Independent Director and Audit Committee



4. Assoc. Prof. Pises Sethsathira

Independent Director



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

Independent Director and  
Chairman of Audit Committee



6. Mr. Smai Leesakul

Director and  
Chairman of Executive Committee



7. Mrs. Podchanee Phaosavasdi

Director and  
Chief Commercial Officer



8. Mr. Pasit Leesakul

Director and  
Chief Executive Officer



9. Mr. Loh Eng Kee

Director

## The Board of Directors and Managements



10. Mr. Sakda Tantivathanakul

Vice President, Operation 1 Division



11. Mr. Chaveng Reesrikitti

Vice President, Operation 2 Division



12. Mr. Chayut Wattakaphak

Vice President, Corporate Affairs



13. Ms. Ounruen Sujarittham

Finance and Investor Relations Manager  
and Company Secretary



14. Ms. Rewadee Ardham

Accounting Manager



## 1. Mrs. Paichit Rattananon (Age 60 years old)

Chairman of the Board and Authorized Director of TRC&SKW

Appointment Date to be TRC's Director : 25 April 2005

Tenure as the director : 11 years 8 months (until December 2015)

Attendance in meetings during year 2015 :

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
10/10	None	None	None	None	None	None

Shareholding in TRC as at 31 December 2015 : 25.123% (1,136,213,580 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 and Chief Executive Officer

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  
 - Thailand Energy Academy : Energy Academy Leader Program 6 (TEA)  
 - Capital Market Academy : Capital Market Academy Leader Program 5 (CMA 5)

Working Experience in the last 5 years :

- TRC Construction Public Company Limited

2005-present Chairman

- Listed company : None

- Others :

Period	Position	Organization / Company
2015 - present	Chairman	Sahakarn Wisavakorn Company Limited
2013 - present	Director	Sahakarn Wisavakorn Company Limited
2008 - present	Director	TRC International Limited (Hong Kong)
2002 - present	Managing Director	KPK 1999 Company Limited
2004 - 2015	Managing Director	Thai Tokushukai Company Limited

## 2. Pol. Gen. Jarumporn Suramanee (Age 62 years old)

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

**Appointment Date to be TRC's Director :** 9 August 2007

**Tenure as the director :** 8 years 4 months (until December 2015)

**Attendance in meetings during year 2015 :**

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
10/10	4/4	2/2	1/1	2/2	None	None

**Shareholding in TRC as at 31 December 2015 :** 0.104% (4,683,330 shares)

**Family Relationship among Executives :** None

**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

**Working Experience in the last 5 years**

**- TRC Construction Public Company Limited**

2013-present	Audit Committee and Risk Management Committee
2012-present	Corporate Governance Committee
2009-present	Remuneration and Nomination Committee
2007-present	Independent Director

**- Listed company :** None

**- Others :**

Period	Position	Organization / Company
2014	Consultant Advisor (Forensics)	Royal Thai Police
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

### 3. Mr. Arun Chirachavala (Age 62 years old)

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

**Appointment Date to be TRC's Director :** 18 June 2009

**Tenure as the director :** 6 years 6 months (until December 2015)

**Attendance in meetings during year 2015 :**

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
10/10	4/4	2/2	1/1	2/2	None	None

**Shareholding in TRC as at 31 December 2015 :** 0.050% (2,250,000 shares)

**Family Relationship among Executives :** None

**Education :**

- M.S. Industrial Engineering, Stanford University, U.S.A.
- B.S. Industrial Engineering, Stanford University, U.S.A.

**Training :** Thai Institute of Director Association:

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

**Working Experience in the last 5 years:**

**- TRC Construction Public Company Limited**

2014-present	Audit Committee and Remuneration and Nomination Committee
2013-present	Chairman of Risk Management Committee
2012-present	Chairman of Corporate Governance Committee
2009-present	Independent Director

**- Listed company :** 2\* (shown as others table)

**- Others:**

Period	Position	Organization / Company
2015 - present	Independent Director and Audit Committee	Bangkok Bank Public Company Limited*
2007 - present	Director and Executive Chairman	Krungdhep Sophon Public Company Limited*
2006 - present	Director	Palang Sophon Company Limited
2009 - 2015	Chairman	K.W.C. Warehouse Company Limited
2008 - 2015	Independent Director and Chairman of Audit Committee	United Overseas Bank (Thai) Public Company Limited
2008 - 2014	Chairman	Krungdhep Document Company Limited

#### 4. Assoc. Prof. Pises Sethsathira (Age 59 years old)

Independent Director and Remuneration and Nomination Committee of TRC

Appointment Date to be TRC's Director : 25 April 2005

Tenure as the director : 10 years 8 months (until December 2015)

Attendance in meetings during year 2015 :

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
9/10	None	2/2	None	None	None	None

Shareholding in TRC as at 31 December 2015 : 0.050% (2,250,000 shares)

Family Relationship among Executives: None

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

Working Experience in the last 5 years:

- TRC Construction Public Company Limited

2009-present Remuneration and Nomination Committee

2005-present Independent Director

2005-2013 Audit Committee

- Listed company : None

Period	Position	Organization / Company
2010 - 2014	Executive Vice President, Banking Finance 1 and Capital Market Division	Siam Commercial Bank Public Company Limited
1991 - 2012	Independent Director and Audit Committee	Thailand Iron Works Public Company Limited

- Others : None



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

**Appointment Date to be TRC's Director :** 25 April 2005

**Tenure as the director :** 10 years 8 months (until December 2015)

**Attendance in meetings during year 2015 :**

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
9/10	4/4	2/2	None	None	None	None

**Shareholding in TRC as at 31 December 2015 :** 0.077% (3,466,665 shares)

**Family Relationship among Executives :** None

**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

**Working Experience in the last 5 years :**

- TRC Construction Public Company Limited
  - 2009-present Remuneration and Nomination Committee
  - 2005-present Independent Director and Chairman of Audit Committee
- Listed company : 3\* (shown as others table)
- Others :

Period	Position	Organization / Company
2011 - present	- Independent Director and Audit Committee - Independent Director and Audit Committee	Stars Microelectronics (Thailand) Public Company Limited* Panjawattana Plastic Public Company Limited*
2010 - present	Independent Director and Chairman of Audit Committee	UAC Global Public Company Limited*
2008 - present	Independent Director and Chairman of Audit Committee	German Thai Boiler Engineering Cooperation Ltd.
1995 - present	Associate Professor, NIDA Business School	National Institute of Development Administration

## 6. Mr. Smai Leesakul (Age 60 years old)

Authorized Director and Chairman of Executive Committee of TRC and SKW

**Appointment Date to be TRC's Director :** 9 May 2007

**Tenure as the director :** 8 years 7 months (until December 2015)

**Attendance in meetings during year 2015 :**

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
10/10	None	1/1*	None	None	2/2	4/6*

*\* Resigned on 31 March 2015*

**Shareholding in TRC as at 31 December 2015 :** 0.100% (4,535,898 shares)

**Family Relationship among Executives :** Father of Mr. Pasit Leesakul, Director and Chief Executive Officer

**Education :**

- Master of Management, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Industrial Engineering, Chulalongkorn University
- Bachelor of Business Administration, Sukhothai Thammarat Open University
- The National Defense College: NDC 16

**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)

**Working Experience in the last 5 years**

- TRC Construction Public Company Limited

2015-present Chairman of Executive Committee

2007-present Director

2013-2015 Risk Management Committee and Chairman of Management Committee

2009-2015 Remuneration and Nomination Committee

2007-2015 Chief Executive Officer

- Listed company : None

- Other :

Period	Position	Organization / Company
2015 - present	Director and Chief Executive officer	ASEAN Potash Chaiyaphumi Public Company Limited
2011 - present	Director	TRC Engineering LLC (Sultanate of Oman)
2010 - present	Director	TRC Middle East LLC (Sultanate of Oman)
2008 - present	Director	TRC International Limited (Hong Kong) and TRC Investment Limited (Mauritius)
2007 - present	Director	Sahakarn Wisavakorn Company Limited
2007 - 2015	Chief Executive Officer	Sahakarn Wisavakorn Company Limited
2014	Chairman	Thailand Post Distribution Company Limited
2012 - 2014	Vice Chairman	Thailand Post Company Limited
2002 - 2013	General Secretary	The Federation of Design and Construction Services of Thailand (FEDCON)

## 7. Mrs. Podchanee Phaosavasdi (Age 54 years old)

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

**Appointment Date to be TRC's Director :** 9 August 2007

**Tenure as the director :** 8 years 4 months (until December 2015)

**Attendance in meetings during year 2015 :**

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
10/10	None	2/2	1/1	2/2	2/2	18/20

**Shareholding in TRC as at 31 December 2015 :** 0.025% (1,125,000 shares)

**Family Relationship among Executives :** None

**Education :**

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

**Training :**

- 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

**Working Experience in the last 5 years:**

**- TRC Construction Public Company Limited**

2015-present      Executive Committee, Chief Commercial Officer and Vice President, Commercial Division

2013-present      Remuneration and Nomination Committee and Risk Management Committee

2012-present      Corporate Governance Committee

2007-present      Director and Management Committee

**- Listed company :** 1\* (shown as others table)



- Others :

Period	Position	Organization / Company
2015 - present	Executive Committee, Chief Commercial Officer and Vice President, Commercial Division	Sahakarn Wisavakorn Company Limited
2013 - present	Independent Director and Audit Committee	Aqua Corporation Company Limited*
2011 - present	Director	TRC Engineering LLC and TRC Middle East LLC (Sultanate of Oman)
2006 - present	Director	Sahakarn Wisavakorn Company Limited

## 8. Mr. Pasit Leesakul (Age 32 years old)

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

**Appointment Date to be TRC's Director :** 21 March 2013

**Tenure as the director :** 2 years 9 months (until December 2015)

**Attendance in meetings during year 2015 :**

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
10/10	None	1/1*	None	2/2	2/2	20/20

*\*Appointed on 1 April 2015 instead of Mr. Smai Leesakul.*

**Shareholding in TRC as at 31 December 2015 :** 0.010% (450,000 shares)

**Family Relationship among Executives :** Son of Mr. Smai Leesakul, Chairman of Executive Committee and Mrs. Paichit Rattananon, Chairman

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

**Training :**

- Thai Listed Companies Association:  
Director Accreditation Program (DAP) 105/2013
- Academy of Business Creativity, Sripatum University:  
Difference: How to Harness Business Creativity Program (ABC#3)
- Faculty of Police Science, Royal Police Cadet Academy:  
Young Executive Program for law Enforcement (YPL 1)
- 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)

**Working Experience in the last 5 years:**

**- TRC Construction Public Company Limited**

2015-present	Remuneration and Nomination Committee, Risk Management Committee, Chief Executive officer and Chairman of Management Committee
2013-present	Director
2011-present	Management Committee
2013-2015	Executive Vice President
2012-2015	Vice President, Commercial Division
2010-2012	Acting Vice President, Project Development and Investment Division

**- Listed company :** None

**- Others:**

Period	Possition	Organization / Company
2015 - present	Chief Executive officer and Chairman of Management Committee	Sahakarn Wisavakorn Company Limited
2014 - present	Director	Thai Investor Relations Club
2012 - present	Director	Sahakarn Wisavakorn Company Limited

## 9. Mr. Loh Eng Kee (Age 57 years old)

Director, Executive Committee, Management Committee and Project Director of TRC

**Appointment Date to be TRC's Director :** 17 March 2015

**Tenure as the director :** 9 months (until December 2015)

**Attendance in meetings during year 2015 :**

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
7/7*	None	None	None	None	2/2	11/20

\* Appointed on 17 March 2015

**Shareholding in TRC as at 31 December 2015 :** 0.015% (668,375 shares)

**Family Relationship among Executives :** None

**Education :** Technical Diploma in Mechanical Engineering,  
Singapore Polytechnic, Singapore

**Training :** Thai Institute of Director Association :  
Director Accreditation Program (DAP) 74/2008

**Working Experience in the last 5 years :**

- TRC Construction Public Company Limited
  - 2015-present Director and Executive Director
  - 2013-present Project Director
- Listed company : None
- Others :

Period	Position	Organization / Company
2005 - 2013	Project Director	Rotary Engineering Limited, Singapore
2005 - 2013	Managing Director	Thai Rotary Engineering Public Company Limited

## 10. Mr. Sakda Tantivathanakul (Age 58 years old)

- Management Committee and Vice President, Operation 1 Division of TRC
- Director of SKW

**Appointment Date :** 1 February 1999

**Tenure :** 16 years 10 months (until December 2015)

**Attendance in Management Committee Meetings during year 2015 :** 18/20

**Education :** Bachelor of Civil Engineering, Chiang Mai University

**Shareholding in TRC as at 31 December 2015 :** 0.008% (375,000 shares)

**Family Relationship among Executives :** None

**Working Experience in the last 5 years :**

**- TRC Construction Public Company Limited**

2013-present Vice President, Operation 1 Division

2005-present Management Committee

1999-2013 Assistant Vice President, Operation Division

**- Listed company :** None

**- Others:**

Period	Position	Organization / Company
2015 - present	Director	Sahakarn Wisavakorn Company Limited

## 11. Mr. Chaveng Reesrikitti (Age 57 years old)

- Management Committee and Vice President, Operation 2 Division of TRC
- Director of SKW

**Appointment Date :** 1 February 1999

**Tenure :** 16 years 10 months (until December 2015)

**Attendance in Management Committee Meetings during year 2015 :** 3/20

**Education :** Bachelor of Mechanical Engineering, Chiang Mai University

**Shareholding in TRC as at 31 December 2015 :** 0.017% (750,000 shares)

**Family Relationship among Executives :** None

**Working Experience in the last 5 years:**

**- TRC Construction Public Company Limited**

2013-present Vice President, Operation 2 Division

2005-present Management Committee

1999-2013 Assistant Vice President, Operation Division

**- Listed company :** None

**- Others:**

Period	Position	Organization / Company
2009 - present	Director	Sahakarn Wisavakorn Company Limited



## 12. Mr. Chayut Wattakaphak (Age 50 years old)

Management Committee and Vice President, Corporate Affairs of TRC

**Appointment Date :** 1 August 2014

**Tenure :** 1 year 4 months (until December 2015)

**Attendance in Management Committee Meeting during year 2015 :** 19/20

**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 2015 :** None

**Family Relationship among Executives :** None

**Working Experience in the last 5 years :**

- TRC Construction Public Company Limited

2015 - Present Management Committee

2014 - Present Vice President, Corporate Affairs

- Listed company : None

- Others :

Period	Position	Organization / Company
2012 - 2014	Senior Specialist, Internal Audit	Thai Public Broadcasting Service (Thai PBS)
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.

### 13. Ms. Ounruen Sujarittham (Age 48 years old)

Finance & Investor Relations Manager and Company Secretary of TRC

**Appointment Date :** 8 September 2004  
**Tenure :** 11 years 3 months (until December 2015)  
**Education :** Master of Business Administration-Finance,  
 National Institute of Development Administration  
**Training :** Thai Institute of Director Association :  
 - Director Accreditation Program 113/2014  
 - Corporate Secretary Development Program 15/2007  
 - Company Secretary Program (CSP) 11/2005

**Shareholding in TRC as at 31 December 2015 :** 0.041% (1,875,000 shares)

**Family Relationship among Executives :** None

**Working Experience in the last 5 years :**

- TRC Construction Public Company Limited
  - 2013-present Finance & Investor Relations Manager
  - 2007-present Company Secretary
  - 2004-2013 Corporate Finance Manager
- Listed company : None
- Others :

Period	Position	Organization / Company
2015 - present	Company Secretary	ASEAN Potash Chaiphum Public Company Limited
2013 - present	Independent Director and Audit Committee	Thai Packaging Industry Public Company Limited

#### 14. Ms. Rewadee Ardarn (Age 47 years old)

Accounting Manager of TRC

**Appointment Date :** 1 July 2000

**Tenure :** 15 years 5 months (until December 2015)

**Education :** Master of Business Administration-Management, Eastern Asia University

**Shareholding in TRC as at 31 December 2015 :** 0.014% (650,000 shares)

**Family Relationship among Executives :** None

**Working Experience in the last 5 years :**

- TRC Construction Public Company Limited

- 2000 - present Accounting Manager

- Listed company : None

- Others : None

## 1. Financial Highlights

	2015	2014	2013
<b>Statements of Financial Position and Income</b>			
<b>Statements (Million Baht)</b>			
Total assets	4,571.87	2,630.61	1,977.00
Total liabilities	2,151.21	1,252.90	823.14
Shareholders' equity	2,420.66	1,377.71	1,153.86
Services income and sales	3,880.17	3,095.34	2,481.42
Total revenues	3,955.03	3,127.73	2,515.98
Gross profit	637.78	557.05	375.06
Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses	380.25	285.97	162.61
Finance cost	0.000	0.000	(0.022)
Share of loss from investment in joint venture and associate	(4.76)	(3.36)	(3.14)
Income tax expenses	(74.54)	(69.37)	(51.42)
Net income after tax	300.95	213.25	108.03
Minority interests of the subsidiaries	(5.01)	(1.67)	18.33
Net profit attributable to equity holders of the Company	305.96	214.92	126.36
<b>Financial Ratio</b>			
Gross profit margin	16.44%	18.00%	15.11%
Net profit margin	7.74%	6.87%	5.02%
Return on equity	16.11%	16.98%	11.79%
Return on assets	8.50%	9.33%	5.64%
Debt to equity (Time(s))	0.89	0.91	0.71
<b>Information about Common Shares</b>			
Par value per share (Baht)	0.125 <sup>1</sup>	0.50	0.50
Dividend per share (Baht)	0.0256250 <sup>2</sup>	0.03472	0.05
Dividend payout ratio	29.31%	45.12%	50.19%
Earnings per share (Baht)	0.07	0.05	0.15
Book value per share (Baht)	0.54	1.67	1.41
Number of issued and paid-up ordinary shares (Shares)	4,522,766,096	822,613,706	816,586,773
Closing market price at the end of December (Baht per Share)	1.97	4.14	2.92
Market capitalization (Million Baht)	8,909.85	3,405.62	2,384.43

Note : 1. 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.

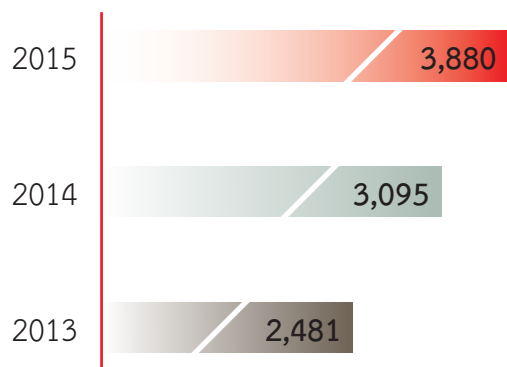
2. The dividend payment for the 2015 operating performance of Baht 0.0256250 per share will be proposed to the

2016

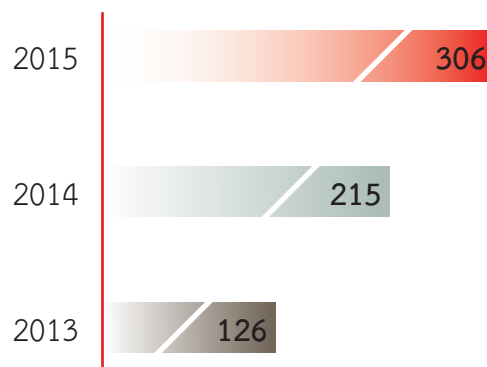
Annual General Meeting of Shareholders for approval on 27 April 2016. The ordinary shares derived from the fourth exercise of the ESOP-W2 on 30 March 2015 were entitled to cash/share dividend payment

## Financial Highlights

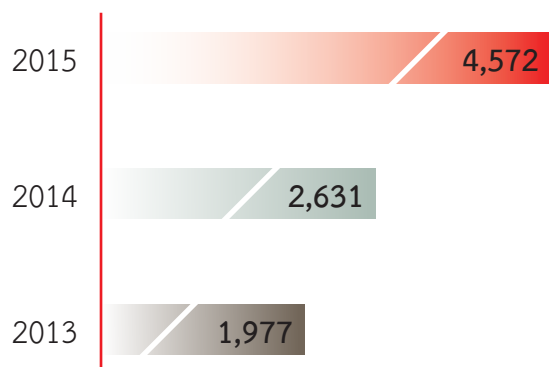
Services Income & Sales (Million Baht)



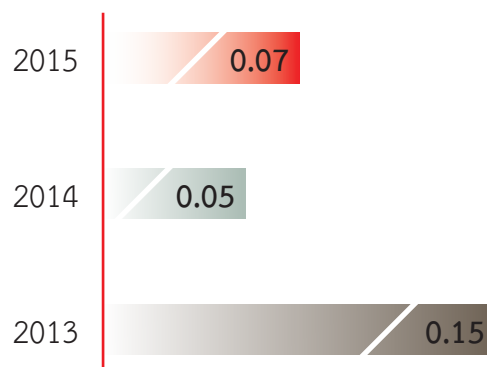
Net Profit (Million Baht)



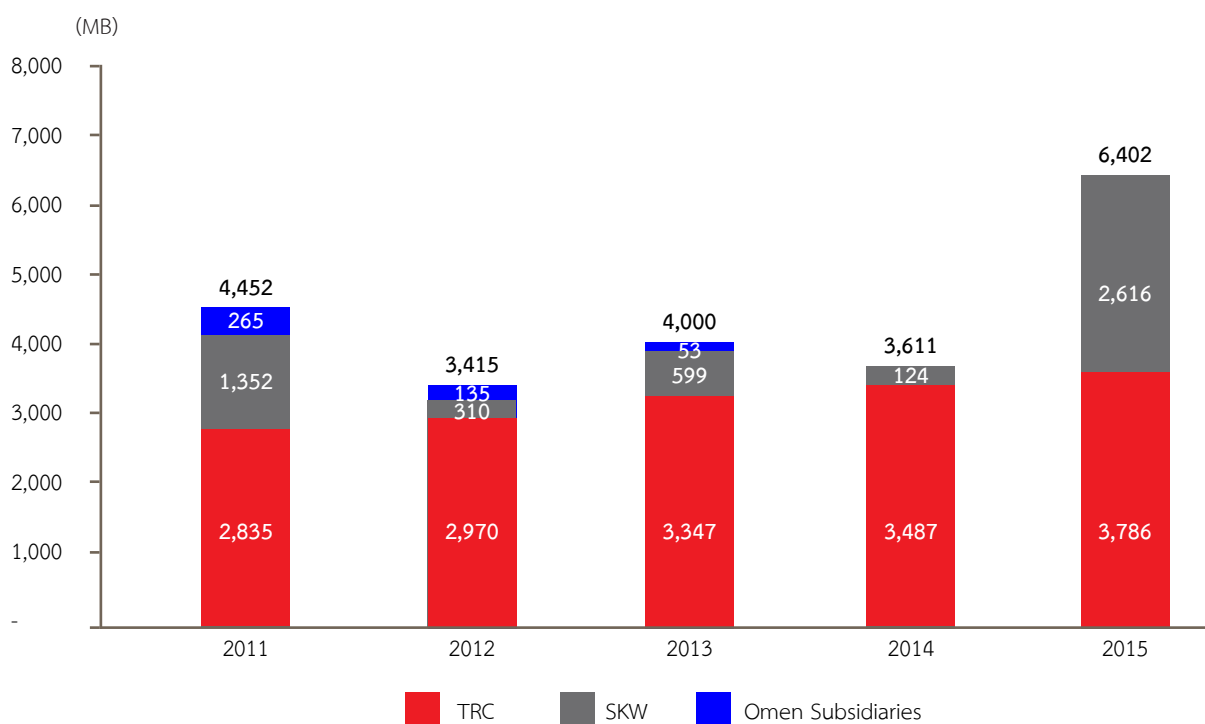
Total Assets (Million Baht)



Earnings per Share (Baht/Share)



Backlog on Hand As at 31 December 2015 (6,402 Million Baht)



## 2. Business Policy and Overview

### 1. Business Policy and Overview

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.

#### 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

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.

- To support business expansion, the Company was listed in the Market for Alternative Investment (MAI) on 22 December 2005 through the initial public offering of 30 million ordinary shares at the price of Baht 1.70 per share. The Company's registered capital after the offering stood at 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 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.).

- The Company increased its registered capital of 106,666,615 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 2<sup>nd</sup> quarter of 2007. Further to the captioned incorporation, this helps support both companies' capabilities in running their businesses and competitiveness including enlarging the scope of business in bidding participation for government projects.



- After the acquisition of Sahakarn Wisavakorn Co., Ltd., the Company set up the new business unit, namely “Project Development and Investment”, responsible for the large scale project originally under the feasibility study of Sahakarn Wisavakorn Co., Ltd. This can enhance extending the scope of business and potentiality of the Company to generate continuous stream of revenue.
- Along with establishment of the new business unit, the Company co-invested in Ratcha Ploen Co., Ltd. under cooperation with 2 business partners; Zelan Corporation Sdn Bhd. from Malaysia and Maneeya Reality Co., Ltd., with the proportion of 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.

- 2008** • 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. CO<sub>2</sub> 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 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.

- 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 and subsidiaries were awarded for the following 3 significant projects :

1. N/G Pipeline Expansion Loop Construction to Hin Kong Phase II from PTT Public Company Limited for Baht 267 million.
2. EPC and Commissioning of the Revamp Onshore Compressor Station No.1 Project from PTT Public Company Limited for Euro 13.12 million and Baht 433.8 million under the corporation with Siemen Ltd. and Siemens Pte. Ltd. in a form of consortium and TRC's work value at Baht 252 million.
3. N/G Distribution for Rojana Industrial Estate from PTT Natural Gas Distribution Co., Ltd. for Baht 130 million.

- 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-years 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.

- 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 1<sup>st</sup> 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 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 per 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 3 project;  
 - PTT PLC.'s construction project of Pipeline Operation Center - Region 8 and the construction project of the Energy Laboratory of Applied Building

- with work value of Baht 206.70 million and Baht 275 million, respectively
  - TICON Logistic Park Company Limited's Road, Bridge and Drainage System Phase I Project with work value of Baht 163.61 million
  - 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
4. 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.
- The 2013 Annual General Meeting of Shareholders had passed its resolution on the registered capital and issuance of the Employee Stock Options Program Project (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 shareholding proportion.
  - The Company issued the number of 112,146,533 stock dividends, called existing shareholders for share subscription of 31,269,062 shares with par value of Baht 2.50. 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.
  - 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.
  - 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.

**2014** • The Company and its subsidiaries acquired the following 2 significant

construction projects:

1. TRC was awarded for the 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. TRC was awarded for the 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 Co., Ltd. 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%.
  - 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.1-3. 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.

**2015** • The Company and its subsidiaries acquired the following 3 significant construction projects:

1. TRC was awarded for the 1<sup>st</sup> Transmission Pipeline Life Extension Project (PLLEP): 28” Recoating Section (RC-400) from PTT Public Company Limited. The project value was Baht 3,725 million.
  2. Sahakarn Wisavakorn Co., Ltd. was awarded for 2 projects ;
    - The Construction Project, Srinakarin to Romklao Road, Phase 1 from Bangkok Metropolitan Administration. The project value was Baht 885.7 million.
    - The Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province Phase 1, Part 2 (water pipeline from Don Sak-under the sea-Koh Samui) from Provincial Waterworks Authority. The project value was Baht 858 million.
    - Engineering Procurement and Construction for Dry Ice Expanded Tobacco Process, DIET Process (M-01/2) from Thailand Tobacco Monopoly, Ministry of Finance. The project value was Baht 837.07 million (or EUR 15,476,635.11).
- The Annual General Meeting of Shareholders for 2015 passed key resolutions



regarding the registered capital, the issuance and offering of debentures, and the adjustment to ESOP-W2 entitlements as follows

- Approval for the change to the par value of the ordinary shares from Baht 0.50 per share to Baht 0.125 per share
- Approval for the issuance and private placement of debentures of up to Baht 500 million
- Approval for the issuance and private placement of debentures of up to Baht 2,000 million
- Approval for the reduction in the registered capital from Baht 425,514,868.50 to Baht 423,741,039
- Approval for the issuance and private placement of up to 330,461,068 ordinary shares of the Company (general mandate)
- Approval for the registered capital increase of Baht 231,617,893.25 from 423,741,039 to Baht 655,358,932.25
- Approval for the ordinary share capital increase through the issuance of 1,852,943,146 shares to support the offering of warrants through private placement and for persons subscribing for debentures. Also, approval for the dividend payment and the adjustment to ESOP-W2 entitlements.
- In May 2015, the Company took the following actions related to ordinary shares :
  - Changing the par value of the ordinary shares from Baht 0.50 per share to Baht 0.125 per share
  - Reducing the registered capital to Baht 423,741,039
  - Increasing the registered share capital to Baht 655,358,932.25
  - Issuing share dividends equivalent to 830,537,602 shares
- In July 2015
  - Issuing debentures through private placement within the limit of Baht 100 million, with a tenor of 2 years, at the interest rate of 4.68% p.a., with interest payable every 3 months
  - Offering additional 330,000,000 ordinary shares at Baht 2.20 each through private placement to 16 persons, with the net proceeds of Baht 713.09 million
- In November 2015, the Company won the SET Awards 2015 in 2 categories, namely Outstanding Corporate Performance Award for listed companies and Outstanding Investor Relations Award for listed companies.
- During 2015, we made additional investments in the ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (APOT) as follows:
  - In January 2015: TRC International Limited purchased additional 250,000 shares in APOT at Baht 200 per share, totaling Baht 50,000,000. As a result, TRC International Limited held a total of 750,000 shares in APOT.



- On 16 September 2015, the Board of Directors Meeting No. 9/2015 passed a resolution to approve TRC Investment Limited (a subsidiary in Mauritius)'s purchase of up to 6.30 million shares in APOT at Baht 200 per share totaling about Baht 1,260 million from Thermal Trade and Investment Limited.
- On 15 October 2015, TRC Investment Limited paid the payment for the shares (first lot) totaling Baht 355 million, and on 30 October 2015, the company received the transfer of 1,775,000 shares in APOT. Thus, the shareholding in APOT at the end of 2015 increased to 12.25% (8.61% shareholding by TRC Investment Limited and 3.64% shareholding by TRC International Limited) of the total paid up capital of Baht 2,060.84 million.
- Sahakarn Wisavakorn Co., Ltd. undertook the following key actions :
  - Establishing a subsidiary under the name of CR3 and Sahakarn Joint Venture Company Limited. (Thailand) ("CR3") with China Railway No. 3 Engineering Group Co., Ltd., a business alliance from China. The shareholding of Sahakarn Wisavakorn stood at 51% to accommodate the participation in the bidding of the State Railway of Thailand. Nonetheless, the said company did not participate in the bidding with the State Railway of Thailand and did not have any future business plan. The management thus closed down the business to reduce the administrative expenses and completed the liquidation on 28 December 2015.
  - Establishing a subsidiary under the name of "Hydrotek Sahakarn Joint Venture" together with Hydrotek Public Company Limited. The shareholding of Sahakarn Wisavakorn stood at 49% to accommodate the expansion of the scope of provincial waterworks to Koh Samui Branch, Surat Thani Province.
  - Increasing the registered capital from Baht 200 million to Baht 500 million in May 2015
- The directors, executives and employees exercised the right to convert warrants "ESOP-W2" No. 4-7. The number of shares from the exercise No. 3-6 was 48,001,970 (For the exercise No. 3 and 4, the conversion rate was 1:1; for the exercise No. 5 and 6, the conversion rate was 1:5). Thus, as at 31 December 2015, the Company had the registered capital of Baht 655,358,932.25, with the paid-up capital of Baht 565,345,762

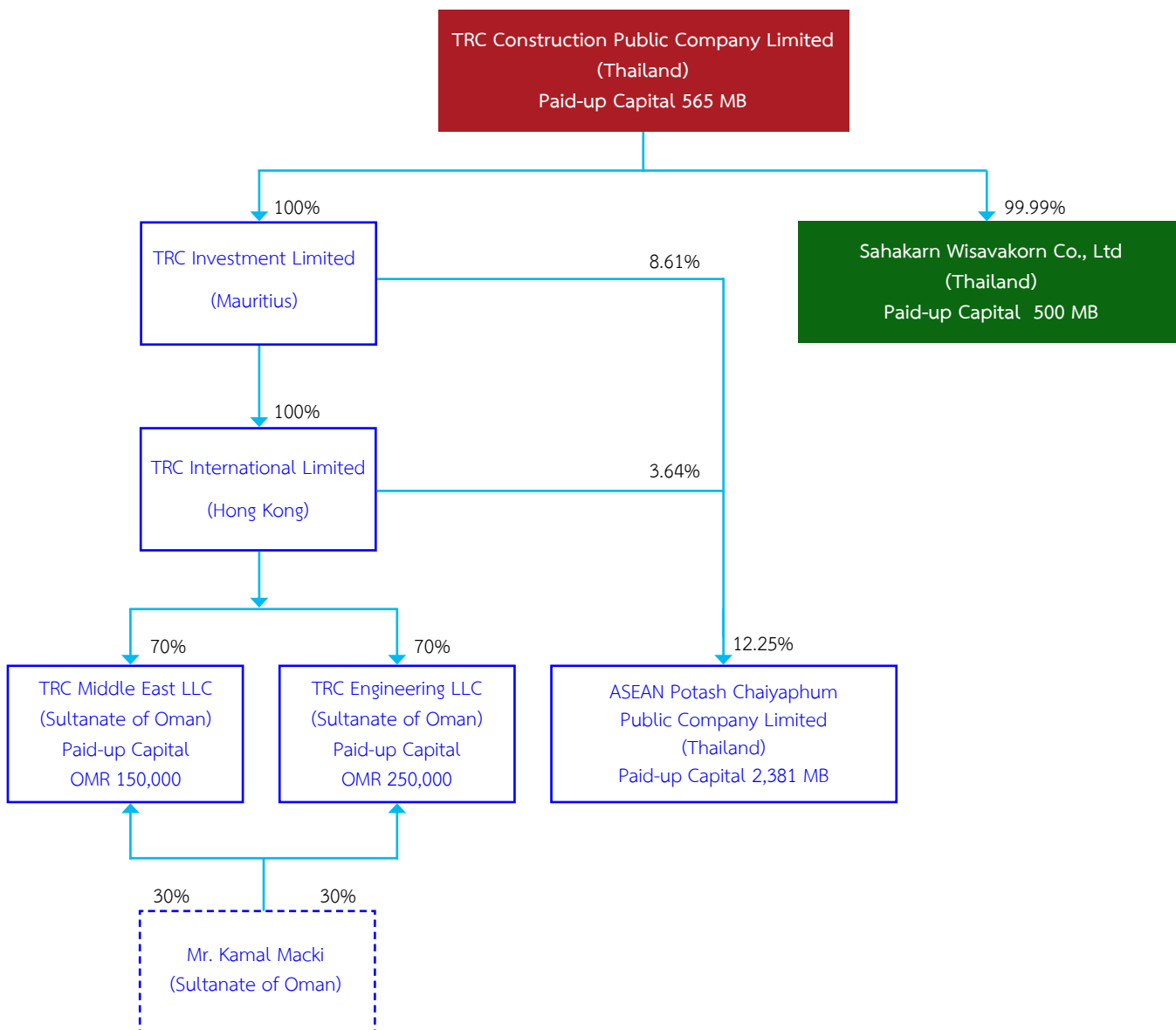
### 3. TRC Group Structure

#### • TRC Group Structure Overview

TRC Construction Public Company Limited has 5 subsidiary companies as follows;

1. Sahakarn Wisavakorn Company Limited
2. TRC Investment Limited
3. TRC International Limited
4. TRC Middle East LLC
5. TRC Engineering LLC

TRC Group Structure as at 31 December 2015



- Relationships between TRC Group and Major Shareholder and Shareholding Structure of TRC Construction Public Company Limited

Name	Paid-up Capital	Nature of Business	Shareholding (%)
TRC Construction Public Company Limited	Baht 565 million	Public Utility and General Construction Service Business	-
Sahakarn Wisavakorn Company Limited	Baht 500 million	Public Utility and General Construction Service Business	99.99%
TRC Investment Limited	USD 1	Investment and bidding of new projects	100%
TRC International Limited	SGD 10,000	Investment and bidding of new projects	100% (Shareholding through TRC Investment Limited)
TRC Middle East LLC	OMR 150,000	Construction Service Business in Sultanate of Oman	70% (Shareholding through TRC International Limited)
TRC Engineering LLC	OMR 250,000	Construction Service Business in Sultanate of Oman	70% (Shareholding through TRC International Limited)

## 4. Nature of Business

### The Revenue Structure of the Company and its subsidiaries

Revenue	Operated by	Percentage of Share Holding	2015		2014		2013	
			Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
<b>1.Services income and Sales</b>	TRC							
1.1 Revenue from Pipeline	TRC		838.68	21.21	1,923.84	61.52	1,743.27	69.29
System Construction	Middle East	70%	-	-	165.02	5.28	240.24	9.55
	TRC Engineering	70%	-	-	-	-	16.35	0.65
	TRC-Sinopec Joint Venture	30%	1,132.29	28.63	462.38	14.78	-	-
<b>Total</b>			<b>1,970.97</b>	<b>49.84</b>	<b>2,551.24</b>	<b>81.58</b>	<b>1,999.86</b>	<b>79.49</b>
1.2 Revenue from Engineering	TRC		1,534.59	38.80	6.93	0.22	97.68	3.88
System Installation and Factory	SKW	99.99%	-	-	-	-	149.28	5.93
Construction for Energy and								
Petrochemical Business								
<b>Total</b>			<b>1,534.59</b>	<b>38.80</b>	<b>6.93</b>	<b>0.22</b>	<b>246.96</b>	<b>9.81</b>
1.3 Revenue from Civil Work	SKW	99.99%	236.12	5.97	507.12	16.22	226.60	9.01
Construction	Hydrotek							
	Sahakarn Joint	49%	137.39	3.47	-	-	-	-
	Venture							
<b>Total</b>			<b>373.51</b>	<b>9.44</b>	<b>507.12</b>	<b>16.22</b>	<b>226.60</b>	<b>9.01</b>
1.4 Revenue from Other	TRC		1.10	0.03	0.77	0.02	-	-
Services	TRC	70.00%	-	-	29.29	0.94	8.00	0.32
	Engineering							
<b>Total</b>			<b>1.10</b>	<b>0.03</b>	<b>30.06</b>	<b>0.96</b>	<b>8.00</b>	<b>0.32</b>
<b>Total services income</b>			<b>3,880.17</b>	<b>98.11</b>	<b>3,095.35</b>	<b>98.98</b>	<b>2,481.42</b>	<b>98.63</b>
<b>2. Interest income</b>			<b>11.03</b>	<b>0.28</b>	<b>3.91</b>	<b>0.13</b>	<b>2.54</b>	<b>0.10</b>
<b>3. Other income</b>			<b>63.83</b>	<b>1.61</b>	<b>27.91</b>	<b>0.89</b>	<b>32.02</b>	<b>1.27</b>
<b>Total revenues</b>			<b>3,955.03</b>	<b>100.00</b>	<b>3,127.17</b>	<b>100.00</b>	<b>2,515.98</b>	<b>100.00</b>

## 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 60-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 4,532.61 million and USD 103.40 million

In June 2015, the Company and Hydrotek Public Company Limited jointly established Hydrotek Sahakarn Joint Venture to enter the bidding for the construction services for the project of improvement and expansion of provincial waterworks to Koh Samui Branch, Koh Samui District, Surat Thani Province, Phase 1, Part 2 (water pipeline from Don Sak District-under the sea-Samui Island). The project was in accordance with the Provincial Waterworks Authority's Announcement No. GorJorHor. 46/58 and the project value was Baht 858 million. The ratio of investment between Sahakarn Wisavakorn Company Limited and Hydrotek Public Company Limited was 49% and 51%, respectively. Later, both parties agree that Sahakarn Wisavakorn Company Limited will be responsible for project execution whereas Hydrotek Public Company Limited will not share any gain and loss as well as damage maybe arisen from this project.

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 were newly established in 2007 with the aim of developing projects associated with energy, real estate, power plant and petrochemical plant. The purposes of the unit are also for making long-term joint investments and construction service contracts for projects under feasibility study process and projects under joint development such as the Stung Meteuk Hydropower project in Cambodia as well as other large-scale concession projects and overseas energy investment projects.

#### **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

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.

At present, Sahakarn Wisavakorn Company Limited has a registered and paid-up capital of Baht 500 million. The company's construction projects in progress include the construction project for Srinakarin to Romklao Road, Phase 1; the improvement and expansion of provincial waterworks to Koh Samui Branch; and the procurement, installation and testing of machinery and equipment for Dry Ice Expanded Tobacco Process, DIET Process (M-01/2), Thailand Tobacco Monopoly, Ministry of Finance.

- **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 2 year (At present, the aforesaid projects were completed and handed over to the customers.).

- **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 2015, 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	5	3,786.66
Sahakarn Wisavakorn Co., Ltd.	4	2,615.73
<b>Total</b>	<b>9</b>	<b>6,402.39</b>

### - TRC Construction Public Company Limited

Project Name	Type <sup>(1)</sup>	Client	Project Value <sup>(2)</sup> (MB)	Value of Uncompleted Work (MB)	Project Period
1. 1 <sup>st</sup> Transmission Pipeline Life Extension Project: 28" Recoating Section	E,P,C	PTT Public Company Limited	3,725.00	3,129.00	Feb 15 - Oct 18
2. The new Incinerator Project (Project value 519 MB and USD 11.33 Million)	E,P,C	Trans Thai - Malaysia (Thailand) Limited	905.69	378.23	Nov 14 - Jul 16
3. 450 TPD Biodiesel Plant (Expansion Phase)	E,P,C	Bangchak Biofuel Company Limited	1,215.25	246.21	Dec 14 - Aug 16
4. Provincial Gas Transmission Pipeline to Nakhon Ratchasima (Project value Baht 4,532.61 Million and USD 103.40 Million)	E,P,C	PTT Public Company Limited	1,626.83	32.15	Nov 13 - Aug 16
5. Natural Gas Pressure Reduction Station Pipeline Project	E,P,C	PTT Public Company Limited	153.83	1.07	Nov 13 - Aug 16
<b>Total 5 Projects</b>			<b>7,626.60</b>	<b>3,783.66</b>	

## - Sahakarn Wisavakorn Company Limited

Project Name	Type <sup>(1)</sup>	Client	Project Value <sup>(2)</sup> (MB)	Value of Uncompleted Work (MB)	Project Period
1. Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province Phase 1, Part 2	E,P,C	Provincial Waterworks Authority	858.00	720.63	Aug 15 - Apr 17
2. Engineering Procurement and Construction for Dry Ice Expanded Tobacco Process, DIET Process (M-01/2) (Project value Baht 237.21 Million and Euro 15.48 Million)	E,P,C	Thailand Tobacco Monopoly, Ministry of Finance	853.18	853.18	Dec 15 - Oct 17
3. Construction Project, Srinakarin to Romklao Road, Phase 1 (Construction the interchange of Srinakarin Road and Krungthepkreetha Construction Srinakarin Road to Hua Mark Klong)	E,P,C	Bangkok Metropolitan Administration	827.76	758.39	Jul 15 - Jul 17
	E,P,C	Metropolitan Electricity Authority	229.17	229.17	Oct 15 - Jul 17
	E,P,C	Metropolitan Waterworks Authority	32.79	31.52	Nov 15 - Jul 17
4. Increase performance of highway no. 32 section 0401 Pho Nangdam ok + Hang Nam Sakhon between km. 114+475 - km. 115+750	E,P,C	The Department of Highways No. 12	22.84	22.84	Dec 15 - Nov 16
Total 4 Projects			2,823.74	2,615.73	

### Notes:

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

(2) The value of uncompleted works for the foreign currency using Fx at Baht 36.2538 per USD and Baht 39.7995 per EUR.

## 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 and overseas business expansion.

### Marketing Strategies

The marketing strategies of the Company and its subsidiaries are as follows:

**1. Maintaining domestic customer base** The Company's market share ranked first in the natural gas pipeline construction business. The Company has been entrusted by big domestic customers, e.g. PTT Public Company Limited and its subsidiaries.

**2. Natural gas pipeline construction business expansion:** 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). The domestic portfolio continues to be the Company's main source of income. Nonetheless, the Company continually seeks business opportunities to expand its presence in other markets. In so doing, the Company has expanded its construction business into the alternative energy industry such as ethanol and biodiesel production in response to the alternative energy strategy of the public sector.

**3. Bidding for government infrastructure construction project contracts:** This is in line with the government's policy to develop infrastructure to facilitate free trade in the ASEAN Economic Community (AEC), such as road construction, railway construction, other transportation systems, etc

### 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 in construction area and vicinity.

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. 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 in 2011 (awarded by Sahakarn Wisavakorn Co., Ltd. Its subsidiaries) and new incinerator project from Trans Thai-Malaysia (Thailand) Limited in 2014.

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. 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 2016.

### 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.

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 Outlook and Trends

- **Natural gas pipeline construction industry**
  - **Industry outlook**

The Energy Policy and Planning Office (EPPO), Ministry of Energy, conducted an assessment on overall energy consumption of Thailand over the first nine months of 2015 and found that natural gas accounted for the largest portion, representing 36% of overall energy consumption. In 2015, average natural gas consumption was approximately 4,798 million cubic

feet per day, an increase of 2.4% from 4,626 million cubic feet per day in 2014. As regards the proportion of natural gas consumption in various production sectors, it was found that 61% of natural gas was mostly used as a fuel for power generation by both Independent Power Producers (IPPs) and Small Power Producers (SPPs) while the remaining consumption was derived from the industrial sector, consisting of 19% in petrochemical industry and others (propane, ethane, and LPG), 14% in industrial plants, and 7% in the transportation sector (NGV). An increase in natural gas demand was driven by the higher demand for power energy of 3.2% due to the heat in the summer and the delayed rainfall as compared to 2014. The higher consumption of power energy was witnessed in all sectors, except the agricultural sector. Also, less consumption of lignite in the Mae Moh Power Plant was caused by the cessation of the maintenance service and the reduction in machine operation. This was to minimize limitations of the delivery system during the initial testing process of the Hongsa Power Plant. As regards hydroelectricity and imported electricity, 17.2% decrease in consumption is expected in line with less rainfall compared to last year. As regards LPG and NGV energy, less demand from the household sector, the transportation sector, the petrochemical industry is expected. Also, the demand for use of LPG and NGV in vehicles is expected to fall 10.8% and 2.6%, respectively. The main reasons for such fall include the continuous fall in oil prices since mid-2014, the increase in LPG and NGV prices in 2014 in accordance with the pricing structure to reflect the government's actual costs, and an inadequate number of NGV stations. Some LPG and NGV users are expected to return to use gasoline.

#### - Trends

The materializing ASEAN Economic Community (AEC) in 2016 drives the more collaboration between ASEAN members in terms of energy. Collaboration framework is determined, consisting of the following 7 key project themes:

1. ASEAN Power Grid (APG)
2. Trans-ASEAN Gas Pipeline (TAGP)
3. Coal and Clean Coal Technology
4. Renewable Energy (RE)
5. Energy Efficiency and Conservation (EE&C)
6. Regional Policy and Planning
7. Civilian Nuclear Energy

ASEAN member countries focus on concrete actions for the implementation of the Trans-ASEAN Gas Pipeline (TAGP) and the ASEAN Power Grid (APG) projects. These projects lead to connections between basic infrastructure networks, enabling cross-border energy trading transactions. This will further boost a large number of energy business investments and promote energy stability at the regional level. Positive impacts on Thailand's and ASEAN countries' economics include expansive trading and investment opportunities, cost reduction and more confidence in the regional economic development. Free trade among member

countries leads to freer flows of goods and services as well as investment and labour. This leads to a growing demand for energy, especially in the industry sector in order to support economic growth and competitiveness among ASEAN countries

According to the 5-year investment plan of PTT Public Company Limited., the total project value is Baht 296,649 million. The investment plan mainly covers basic infrastructure business, which is the core business of PTT. Details are as follows:

- Natural gas pipeline system totaling Baht 162,300 million, accounting for 55% of the total project value.
- Joint venture and investment in whole owned subsidiaries worth Baht 67,511 million, accounting for 23%. The main investment covers the expansion of the capacity to import liquidified natural gas (LNG) to support a growing domestic demand for natural gas.
- Investment in the natural gas business segment, with the total value of Baht 39,570 million, accounting for 13%
- Investment in the oil and international trade business segment, with the total value of Baht 23,674 million, representing 8%. Neighboring countries are potential markets with high economic growth as they prepared for the AEC at the end of 2015.
- Head Office and others investments, with the total value of Baht 3,594 million, accounting for 1%.

#### PTT's 5-Year Investment Plan (2016-2020)

							(Unit: Million Baht)
Business	2016	2017	2018	2019	2020	Total	%
Infrastructure	19,619	32,983	34,649	46,041	29,008	162,300	55
Investment Plan and 100% share - holding in subsidiaries investment	10,967	17,607	12,106	13,245	13,586	67,511	23
Natural Gas	11,121	10,850	6,619	5,698	5,282	39,570	13
Oil and International Trading	7,315	5,466	4,430	3,191	3,272	23,674	8
Head Office and others	1,817	608	502	342	325	3,594	1
<b>Total</b>	<b>50,839</b>	<b>67,514</b>	<b>58,306</b>	<b>68,517</b>	<b>51,473</b>	<b>296,649</b>	<b>100</b>

Source: PTT's news reported to the Stock Exchange of Thailand on 25 December 2015

The natural gas pipeline construction industry is likely to see an ongoing growth. Although under the 5-year investment plan of PTT (2016-2020), focus is placed in basic infrastructure investments, such investments are related to natural gas business. Major investments go to natural gas pipeline platforms as they are part of PTT's core business. Joint venture and investment plan is also among priorities, with a focus on wholly owned subsidiaries. Majority of investments are intended for the expansion of the capacity to import LNG to support a growing domestic demand for natural gas. Furthermore, upon the realization of the AEC, the demand for energy among ASEAN countries is expanding. ASEAN member

countries focus on concrete actions for the implementation of the Trans-ASEAN Gas Pipeline (TAGP) and the ASEAN Power Grid (APG) projects. These projects lead to connections between basic infrastructure networks, enabling cross-border energy trading transactions. This will further boost a large number of energy business investments and promote energy stability at the regional level. Free trade among member countries leads to freer flows of goods and services as well as investment and labour. This leads to more investment opportunities in the natural gas pipeline construction markets of the member countries.

The National Energy Policy Council (NEPC) endorsed the Natural Gas Pipeline Network project (Route No. 5) with the total investment value of Baht 110,100 million. The natural gas pipelines in the east (existing pipeline) and the west will be linked, forming a ring of the combined natural gas pipeline. The pipeline link starts from Wangnoi District, Phra Nakhon Sri Ayutthaya Province, to Kaeng Khoi District, Saraburi Province, and will be stretched from Kaeng Khoi District to Ratchaburi Province in the west. This will help mitigate the risk related to domestic power stability, especially in the case where Myanmar closes the pipeline system for annual maintenance. In such case, Thailand will be enabled to send gas from the east (the Gulf of Thailand) to the west in order to maintain the capacity of the power plants in the west. Furthermore, the Natural Gas Pipeline Network project (Route No. 5) supports the operations of the gas power plant of Gulf Energy Development Company Limited, the partner of Mitsui & Co. (Thailand) Limited, with the production capacity of 5,000 megawatts in total. The Company follows up and is likely to bid for this large-scale project for more income generation.

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

According to the industry outlook information in 2015 provided by the Macroeconomic Strategy and Planning Office, the industry showed a 23.9% growth, up 9.4% from the third quarter. This was caused by the high expansion in the government construction segment of 54.5%. The construction projects of the government grew 66.8% while the construction projects of the state-enterprises grew 15.8%. The construction volume of the private sector saw a 1.3% decline in line with the downward trends of several key indicators, including the 17.5% decrease in the number of municipal areas being granted permission for construction, the 5.1% decrease in the sales volume of steels and the 0.8% decrease in the sales volume of cement. The construction material prices dropped continuously for the 5th consecutive quarter by 6.6%, in line with the decreases in the energy costs and the raw material prices. Steel prices dropped due to the high oversupply in the global markets. Overall, in 2015, the construction activity grew 15.8% with the government sector and the private sector construction activities growing 33.7% and 0.7%, respectively.<sup>1</sup>

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<sup>1</sup> Source of information: The Macroeconomic Strategy and Planning Office's Thai Economic Outlook in 4Q in 2015 and Trends in 2016 Press Conference held on 15 February 2016 at 9.30 hrs.



Domestic political situation affected the Thai construction industry in 2014. Also, the sluggish economic backdrop of Thailand and the world led to the dramatic fall in investments of the private and the government sectors. This was reflected by the total market value of only Baht 200,000 million. After the National Council of Peace and Order (NCPO) and the new government were in charge of the country, the Annual Expenditure Budget Act B.E. 2558 (A.D. 2015) has been pushed forward. In the last quarter of 2014, the construction business situation gradually recovered due to flows of funds from continuous investments in large and small projects. Additionally, the government approved the strategic framework of Thailand basic transportation development plan 2015-2022 with estimated capital investment of over Baht 3 trillion. The framework is divided into the planned project worth Baht 1.9 trillion, and the Thai-Chinese railway investment and the Thai-Japanese railway investment totaling Baht 1.1 trillion. The government has been pushing forward many mega-scale projects as they are the crucial foundation for the country's economic development. Such projects also help drive the private sector's economy, resulting in more employment and income distribution. More government projects also are intended to support the growing size of the economy after the implementation of the AEC at the end of 2015. In addition, the government established development projects for 7 Special Economic Zones (SEZs) in 6 provinces, aimed at building Thailand as ASEAN's production hub.

In the areas of transportation and public utility, the government provides various forms of support including granting of privileges, investment promotion, cross-border foreign worker management and one-stop service point. This is to attract investment in the SEZs. Originally, the potential areas for establishing SEZs in the first phase included 5 provinces (6 SEZs), namely Tak, Mukdahan, Sa Kaeo, Trad, and Songkhla (consisting of two zones, Sadao and Padang Besar). After adding one more province, Nong Khai, the total number of SEZs was brought up to 6 (7 SEZs). This is because in Nong Khai, the Thai-Chinese Railway project is being implemented. These provinces are among the top provinces that generate high-value transactions across borders. Most of them are located in the GMS Economic Corridors, with the wide network of transportation routes across countries in the region.

As regards the renewable energy industry outlook in 2015, during the first 8 months of 2015, Thailand consumed the renewable energy of 6,470 thousand tons (as compared to crude oil), a 9.4% increase from the same period of last year. Various forms of energy were consumed, including electricity, thermal energy, and biofuel (ethanol and biodiesel), contributing to 12.26% of final energy consumption. Renewable electricity and thermal energy (energy generated from solar, wind, biomass, biogas, and garbage) represented 1,007 thousand tons and 4,239 tons compared to crude oil, respectively. Biofuel consumption consisted of Ethanol of 641 thousand tons compared to crude oil and biodiesel of 583 thousand tons compared to crude oil.



## - Trends

The Fiscal Policy Office, Office of the National Economics and Social Development Board, forecasted the 2016 Thai economic growth with a range of 2.8-3.8%, with the median of 3.3%, up from 2.8% in 2015, with the following supporting factors:

(1) Accelerating payments and investments of the government sector according to the budget framework and in line with the higher payment rate in the fiscal year 2016. The progress of the government's infrastructure investment projects resulted in the higher payments made by the state-enterprises.

(2) The economic stimulus measures announced by the government in September 2015-January 2016.

(3) The Thai baht depreciation stimulated exports denominated in Thai baht, resulting in improved income and liquidity of business operators during the second half of 2015.

(4) With oil prices expected to be lower than those in 2015, the purchasing power of the public and the business sectors continues to increase and expansionary monetary policies are likely to be employed continuously.

Ongoing expansion of the tourism industry is expected. Export is expected to grow at 1.2%. Household consumption and investment are expected to grow at 2.7% and 4.9% respectively. General inflation rate is within the range of (-0.1%)-0.9% and the current account surplus is expected at 8.2% of GDP.

The inter-city motorway project and the double-track railway project will help boost the business sector's confidence and the private sector's investment in government projects. The Kasikorn Research Center forecasts that public transportation construction investment projects in the first half of 2016 including continued projects and new projects will grow by 25-30%, worth Baht 142,000 – 148,500 million. The first half of 2016 is the important time for the government to expeditiously push forward the urgent investment projects for 2015-2016 as the government investment projects remain the key driver of the domestic economic growth in 2016. The construction projects newly approved and projected to start within the first half of 2016 include construction of double-track railway (Chachoengsao-Klong Sip Kao-Kaeng Khoi section), construction of double-track railway (Thanon Chira Junction-Khon Kaen), renovation of Tak Province and Yala Province airports, development of Single Rail Transfer Operator at Laem Chabang Port, and development of Coastal Terminal A at Laem Chabang Port. Furthermore, the government took urgent actions in investing in new projects such as MRT Pink Line (Khae Rai – Min Buri), MRT Yellow Line (Lat Phrao-Samrong), and MRT Orange Line (Queen Sirikit National Convention Center – Min Buri) as well as Suvarnabhumi Airport development (Phase 2). If those projects were approved by the end of 2015, the actual investment process would take place in 2016. For those projects, the Environmental Impact Assessments (EIAs) and final project reviews are being conducted.

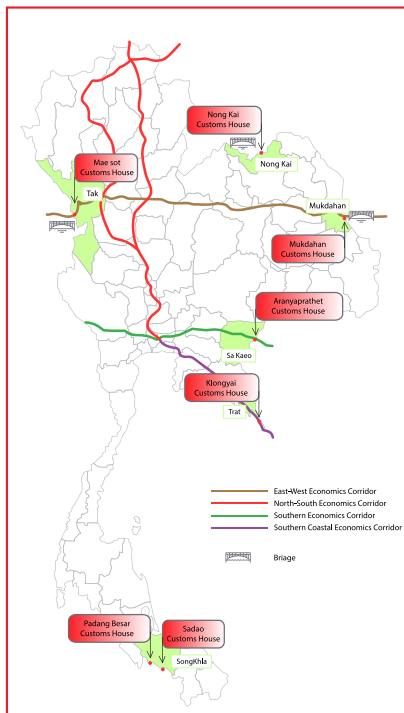
The implementation of the AEC and the beginning of the free trade will help drive flows of goods and services as well as funds and labour, leading to more national and regional connectivity. Hence, logistic costs will be reduced, thereby advancing Thailand's competitive advantages and investments as well as collaboration on various aspects. Realizing the importance of infrastructure investments, the government established the Public Private Partnerships (PPP) Committee, instructing all relevant agencies to provide close cooperation. The first cluster of projects under supervision of the PPP Committee consists of 5 projects worth Baht 334,000 million, namely MRT Pink Line, MRT Yellow Line, MRT Blue Line, Bang Pa-In – Nakhon Ratchasima Motorway, and Bangyai – Kanchanaburi Motorway. To speed up the project operations, the ministers supervising these projects were requested to propose the project details by the end of December 2015 before submission thereof to the PPP Committee in February 2016 and to the Cabinet in March 2016 as the bidding process is to start in May 2016. On 17 November 2015, the Cabinet meeting passed a resolution to endorse the draft framework of collaboration between the Governments of Thailand and China in the development of Thailand's first mid-speed railway network routing Nongkhai- Nakhon Ratchasima – Kaeng Khoi-Map Ta Phut, and Kaeng Khoi – Bangkok. Construction of the route is projected to start in May 2016, with the investment budget of around Baht 400,000 million. The project is divided into 4 phases, Phase 1 “Bangkok-Kaeng Khoi”, Phase 2 “Kaeng Khoi-Map Ta Phut”, Phase 3 “Kaeng Khoi-Nakhon Ratchasima”, and Phase 4 “Nakhon Ratchasima – Nongkhai”. A joint venture was established to invest in railroad system, logistics system, repairs and maintenance, and a part of the construction, which also includes electrical energy source, electricity supply, telecommunications system, and signaling system. Also, 7 Special Economic Zones (SEZs) in 6 provinces are being developed, most of which are located in the GMS Economic Corridors where there are routes connecting countries within the region. The government sector has a plan to speed up the development of transportation infrastructure in these 7 SEZs in 6 provinces in accordance with the GMS Economic Corridors, which also helps support logistics business. The development covers road, track, water, and air transportation projects. These projects include the construction of bridges to connect neighboring countries, the construction of double-track railway, and the leveraging of capabilities of regional airports to support passengers. Furthermore, the customs checkpoint infrastructure is being developed to support the building of new customs checkpoints, aimed at enhancing efficiency and facilitating convenience of border trade activities. Overall, infrastructure and customers checkpoint development plans in 2014-2022 are focused on investments in infrastructure and checkpoint projects in 6 provinces (7 SEZs) worth Baht 109,187 million. The projects are divided into urgent phase (before 2014-2016) worth Baht 21,182 million, medium-term phase (2017-2019) worth Baht 70,639 million, and long-term phase (after 2019) worth Baht 17,636 million.

## Transport Infrastructure Development Plans for Seven Special Economic Zones in Six Provinces

Infrastructure Projects in Tak SEZ	
Land transport	2nd Thai-Myanmar bridge crossing the Moei River ▲
	Expansion of NH 12 Tak-Mae Sat, section 2 and 3 ▲
	Expansion of NH 12 Tak-Mae Sat, section 4 ▲
	Roads per Mae Sot's Principle city plan ▲
	Mae Sat by pass road ▲
	A tunnel for special NH Tak-Mae Sat ▲
	Truck terminal ▲
	Nakhon Sawan-Kamphaeng Phet-Tak-Mae Sot double-track railway line
Air Transport	Expansion of Mae Sot airport ▲
Mae Sot Customs House	
New Custom House	
Immigration service building and goods inspection facilities	
Infrastructure Projects in Songkhla SEZ	
Land transport	Hat Yai-Sadao motorway ▲
	Surat Thani-Hat Yai-Songkhla double-track railway line
	Hat Yai-Padang Besar double-track railway line ▲
	Truck terminal ▲
Water transport	2nd Songkhla port ▲
Sadao/Padang Besar Customs houses	
New Sadao Customs House	
Upgrade of Padang Besar Customs House	
Infrastructure Projects in Nong Khai SEZ	
Land transport	NH212 Nong Khai-Phon Phisai ▲
	NH212 Phon Phisai-Bueng Kan ▲
	NH212 Phon Phisai-Ban Nong Song Hong-Tha Bo-Sri Chiang Mai, Section 1 and 2 ▲
	Nong Khai by pass road (east) ▲
	Joint Thai-Chinese rail project, e.g., Nong Khai-Nakhon Ratchasima-Kaeng Khoi-Map Ta Phut route and Kaeng Khoi-Bangkok route. ▲
	Container freight station at Na Tha Railway Station ▲
	Truck terminal ▲
Air Transport	Upgrade of Udon Thani Airport to increase its Handling capacity
Infrastructure Projects in Mukdahan SEZ	
Land transport	NH 12 Kalasin-Som Det, section 2 ▲
	NH 12 Kalasin-Na Kham Cha-I, section 1 and 2 ▲
	NH 12 Kalasin-Na Kham ▲
	NH 121 Wan Yai-That Phanom ▲
	Roads per Mukdahan's principle city plan ▲
	Ban Phai-Nakhon Phanom double-track railway line (under study) ▲
	Truck terminal ▲
Air Transport	Mukdahan Airport
	Upgrade of Loengnoktha Airport in Yasothon To commercial airport
Mukdahan Customs House	
Immigration service building based on PIBICS system and inspection boxes	
Sa Kaeo SEZ	
Land transport	Huai Phrom Hot bridge ▲
	Aranyaprathet by pass road from NH 33 in Ban Khlong Luek ▲
	Expansion of NH 359 from NH 304 in Phnom Sarakham to NH 33 in Sa Kaeo, section 3 ▲
	Expansion of road from Ban Nong lan in Aranyaprathet to Stung Bot in Cambodia ▲
	Expansion of 3366 and 3586 from NH 33 in Tha Kham to NH 3511 in Nong lan ▲
	Truck terminal ▲
	Kaeng Khoi-Khong Sip Kao-Ban Khiong Luek Railway line ▲
	A ranyaprathet Airport
Air Transport	A ranyaprathet Airport
Aranyaprathet Customs House	
2nd Customs House in Nong lan	
Infrastructure Projects in Trat SEZ	
Land transport	Expansion of NH3 Trat-Ban Hat Lek, Section 2 and 3 ▲
	Roads per Trat's principle city plan ▲
	Truck terminal ▲
Water transport	Khlong Yai port ▲
Khlong Yai and Khlong Luek Customs Houses	
Khlong Yai Customs House	

- ▲ Under Construction
- ▲ Under urgent plan
- ▲ Under long-term plan

Source: Compiled by KResearch



As regards the construction industry growth opportunities, the implementation of the AEC and the development of the free trade aimed at strengthening solidarity of the ASEAN countries and promoting ASEAN as a single market and production base allowing free flows of goods, businesses, services, investments, skilled labours, and capital funds, have played a crucial role in driving the construction business growth. A number of transportation infrastructure development projects have emerged to support ASEAN regional connectivity, with a focus on routes connecting top business potential areas of the country. This leads to the launching of the ASEAN Highways project encompassing a total of 23 routes spanning a total of approximately 38,400 kilometers. “AH” abbreviation is used to name each route, which is similar to the naming of Asian highways using one 1- or 2-digit numbers. As for the ASEAN highways that differ from the Asian highways, 3-digit numbers will be used. In Thailand, there are a total of 12 ASEAN highways with a total distance of 6,669 kilometers, linking Thailand to neighboring countries. At present, the construction works along these ASEAN highways include the urgent construction of the incomplete connecting routes and the improvement of the roads with the standard rating below class “3”. The construction works involve the expansion of the road lanes to 4 lanes slate for completion within 2020, covering, for example, Chiang Rai-Chiang Khong Route on AH3, Phitsanulok-Lom Sak Route on AH16, Sattahip-Phanom Sarakham Route on AH19, and Trat-Ban Hat Lek Route on AH123. Additionally, 7 Special Economic Zone (SEZs) are being developed in 6 provinces along the GMS Economic Corridors which are key strategic locations. The government is putting efforts to accelerate the launching of the transportation infrastructure development plan in such locations in order to support the significant economic expansion in the near future and to draw investors from the business sector. Looking ahead, the said plan leads to the emergence of a large number of projects such as road transportation projects involving railway construction, tunnel construction, and truck terminal construction, air transportation projects involving airport construction, and water transportation projects involving seaport construction and bridge construction, not to mention a number of checkpoint construction and renovation projects. All these factors contribute to the ongoing expansion and long-term future growth of the construction industry as well as more opportunities for leveraging investments in neighboring countries within the region, especially CLMV (Cambodia, Lao PDR, Myanmar, and Vietnam) countries which are high potential markets for Thai construction service providers. These countries are at the stage of developing their infrastructure through various modes ranging from transportation, roads, tracks, airports, seaports, irrigation, energy, to telecommunications. Their priorities also include the development of properties in various types such as industrial factories, buildings, offices, large-scale commercial buildings, and residential buildings. The acceleration of multiple development projects promotes the faster economic pace. The Thai construction business operators have more opportunities to bid for

construction projects by themselves as main contractors or as subcontractors. As Thailand has borders adjacent to those countries with several connecting points, the Thai construction contractors will benefit from bearing lower bidding costs as compared to peers from countries outside the ASEAN region, especially the costs of transportation of workforce, machinery, and materials and equipment. Thai construction contractors' capabilities in terms of techniques and expertise in civil and structural engineering also meet international standards. Plus, Thailand has strong supporting industries, especially the industries in connection with steel and cement. Those strengths help support the expansion of the Thai construction business into the ASEAN markets.

As regards the trends of the alternative energy industry, more activities are anticipated to support the regional economic growth following the implementation of the AEC and the beginning of the free trade. The government is taking urgent actions to push forward the launching of the transportation infrastructure development plan and the establishment of Special Economic Zones (SEZs) along the GMS Economic Corridors. This leads to the higher demand for energy, in particular alternative energy, of the industrial and the transportation sectors, in line with the Alternative Energy Development Plan (AEDP) 2015. Furthermore, the Department of Alternative Energy Development and Efficiency (AEDE) has a policy in promoting continued use of biofuel despite the falling oil prices, aimed at supporting the use of domestic agricultural commodities, lessening the impact of the problems of some agricultural products such as oil palm oil, sugar cane, and cassava, generating income for farmers, and conserving the environment. To this end, the framework to promote biofuel production and use was laid down, consisting of the short-term and the medium-term plans. The short-term plan (2016) focuses on promoting the continued production and use of B7 biodiesel, the preparation for B10 biodiesel standard, and the implementation of pilot project of B20 biodiesel use in large trucks, aimed at promoting use of domestic oil palm, stabilizing prices, and reducing possible adverse impacts on farmers. The medium-term plan (2017-2021) focuses on the stability of raw materials used for the production of ethanol and biodiesel. Relevant initiatives include the implementation of waste gasification and the cultivation of energy plants as raw materials for the production of compressed biogas (CBG) by using waste water generated by factories. This is aimed to offer another alternative energy choice, in addition to natural gas vehicles (NGV), to the transportation sector, as well as enables people living in remote areas far away from gas pipelines to have more fuel choices for use. Also, business operators can earn additional income through converting the waste from their operations into valuable energy. Additionally, relevant agencies are putting collaborative efforts in conducting extensive research on biofuel with a view to leveraging alternative energy production capabilities and achieving domestic energy sustainability in the long run.

### 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 80:20, respectively.



## 5. Risk Factors

### 1. Business Risks and Risk Mitigation Strategies

#### 1.1 Risk from dependence on a limited number of customers

The Company's main revenue is derived from natural gas pipeline system construction. Major customers of the Company are from the natural gas industry. The Company mitigated the risk by expanding its customer base into other energy businesses, for example, renewable energy power plants, engineering system installation and petrochemical factory construction. The Company diversified its customer groups to create more business opportunities.

#### 1.2 Risk from relying on joint venture partners

In some large-scale projects, the project owners may specify extensively high qualifications for bidders such as size of assets, work experience, specific skills or technological know-hows, etc., such that the Company were occasionally not qualified for bidding. 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, there is the risk associated with mutual liabilities in the case where the joint venture partner fails to work or comply with the conditions in the construction contract. However, as the Company had extensive experience in handling several large-scale projects, its exposure to such risk has been minimized. The Company has been able to receive more bidding opportunities by itself.

#### 1.3 Workforce risk

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

#### 1.4 Legal and Regulatory Risk

The Company is principally engaged in the provision of large-scale construction services for 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 issue the Environmental Impact Assessment (EIA) report and the 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 Risk

### 2.1 Risk from delay in construction projects

The Company has the risk of being accountable for any incremental costs from the delay caused by project owners such as the delay in handover of the construction site, 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 agreement framework.

Any delay arisen due to the Company's operations or its subcontractors may bring the Company the 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 allowing the Company to claim compensation payments from the subcontractors who breached the contracts.

### 2.2 Risk from delay in material delivery

The Company has both domestic and overseas sources of suppliers. Acquisition of qualified materials according to the project owners' specifications may require long lead time in the 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.

### 2.3 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 in cases of oil and gas. The Company enforces the policy and procedures on occupational health, safety, and environment by establishing safety plans and appointing the Workplace Safety Committee at the Head Office and the project sites. Also, the Company constantly provides safety trainings in order to reduce occupational incidents and hazards from operations.

## 3. Financial Risk

### 3.1 Risk from delayed payment or outstanding payment

The sluggish economic growth in 2015 as a continuation from 2014 had a wide impact cross industries. In the construction industry, if 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 has the policy to enter into bidding arrangements only for the renowned clients with strong financial position

and debt servicing ability. In case of new customers, their background of business, type of business, and financial statements must be studied carefully. In some cases, negotiation with the customer for making advance payment before the commencement of the construction was required. Most of the Company's customers are large-scale companies with good reputation and solid financial stability and/or are government agencies. Thus, the associated risk is acceptable.

### 3.2 Risk from insufficient working capital

To enter any large-scale project bidding, the Company needs extensive working capital including bank guarantees for various kinds of loans. This may lead to the risk of insufficient working capital, which may possibly affect the ability to acquire new projects and the ability to complete the existing projects before the deadline. The Company, therefore, set measures to prudentially manage liquidity by determining suppliers' payment terms to be in alignment with the installment payment periods as agreed upon by the project owners. Additionally, the purchase of materials, supplies and equipment has been planned to be consistent with the time they are required for efficient fund management storage cost reduction. Furthermore, the Company had funding sources to support its business and necessary causes with appropriate costs, for example, various types of credit facilities for bidding, project finance and working capital facilities. The Company and its subsidiaries kept the debt to equity ratio and the capital proportion at the appropriate levels and in accordance with the covenants specified by banks. The Company also maintained good relations with various financial institutions.

In 2015, the Company made investments in machinery and equipment to support business expansion for large-scale projects. The Company mobilized funds to support such investments through the issuance of debentures worth Baht 100 million with a tenor of 2 years through private placement. Thus, the working capital for use in normal operations was not affected.

Moreover, the Company set the target of continuously developing at least four business investment projects by the end of 2019. In 2015, TRC Group invested in 2,525,000 ordinary shares of ASEAN Potash Chaiphum Public Company Limited. accounting for 12.25% at the end of 2015. TRC Group planned to invest additionally in at least 2,750,000 million shares by the end of the first quarter of 2016. Such strategy will result in the Company's holding of 25% of the registered share capital of the said company. The Company mobilized funds through issuance of additional 330 million ordinary shares through private placement at Baht 2.20 per share. The 2015 annual shareholders meeting approved the issuance of the debentures worth Baht 2,000 million to support such investment.

### 3.3 Risk from foreign exchange rate

The Company has imported certain items of materials and equipment, thereby inevitably facing exchange rate volatility which may affect costs and profits of the Company. 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 imported materials and equipment at higher prices, the Company may advise the project owner to determine some parts of the project in the same currency to lessen the risk. In addition, the Company imposed a policy on purchasing forward currency contracts to control costs to be within budgets and to mitigate exchange rate risk.

At the end of 2015, there were two projects of which income was in both Thai baht and foreign currencies, i.e. Provincial Gas Transmission Pipeline Nakhon Ratchasima awarded by PTT Pcl. under the name of Sinopec-TRC Joint Venture and New Incinerator Plant awarded by Trans Thai-Malaysia (Thailand) Limited.

### 4. Risk that affects the rights or investments of the securities holders

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

As at 31 December 2015, KPK 1999 Co., Ltd. held 1,134,741,580 shares in the Company, representing 25.09% 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 represents less than a half of all issued shares, 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	:	<b>TRC Construction Public Company Limited</b>
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 655,358,932.25
Paid-up Capital	:	Baht 565,345,762.00
Number of Issued Ordinary Shares	:	4,522,766,096 shares
Par Value	:	Baht 0.125

### References

<b>Share Registrar</b>	:	<b>Thailand Securities Depository Company Limited</b>
Address	:	93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand
Telephone	:	+66 2009 9000
Facsimile	:	+66 2009 9991

<b>Auditor</b>	:	<b>EY Office Limited</b>
Address	:	Lake Ratchada Complex, 33 <sup>rd</sup> 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	:	<b>Sahakarn Wisavakorn Co., Ltd. (“SKW”)</b>
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 500,000,000
Paid-up Capital	:	Baht 500,000,000
Number of Issued Ordinary shares	:	50,000,000 shares
Par Value	:	Baht 10

Name	:	<b>TRC Investment Limited</b>
Portion of Share Holding	:	100%
Nature of business	:	Investment and bidding of new projects
Head Office Address	:	10 <sup>th</sup> Floor, Standard Chartered 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 share
Par Value	:	USD 1

Name	:	<b>TRC International Limited</b>
Portion of Share Holding	:	100% (Shareholding through TRC Investment Limited)
Nature of business	:	Investment and bidding of new projects
Head Office Address	:	Room 2101, Hong Kong Trade Centre 161-7 Des Voeux Road, Central 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 share
Par Value	:	HKD 10

Name	:	<b>TRC Engineering LLC</b>
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

ชื่อบริษัท	:	<b>TRC Middle East LLC</b>
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 150,000
Paid-up Capital	:	Oman Rial 150,000
Number of Issued Ordinary Shares	:	150,000 shares
Par Value	:	Oman Rial 1

- **Associate**

Name	:	<b>Hydrotek Sahakarn Joint Venture</b>
Portion of Share Holding	:	TRC 49% (Hydrotek Public Company Limited 51%)
Nature of business	:	Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province (This joint venture was established solely for the purpose of running this construction project.)
Head Office Address	:	No. 1, TP&T Tower 14 <sup>th</sup> floor, Soi Vibhavadi Rangsit 19, Chatuchak District, Bangkok 10900
Registration Number	:	0993000342674
Telephone	:	+66 2936 1661-2

- **Others**

Name	:	<b>ASEAN Potash Chaiphum Public Company Limited</b>
Portion of Share Holding	:	8.61% (shareholding through TRC Investment Limited, Mauritius) 3.64% (shareholding through TRC Investment Limited, Mauritius)
Nature of business	:	Produced and distributed by Muriate of Potash
Head Office Address	:	No. 8, TRC Building 5 <sup>th</sup> floor, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	:	0107547000478
Telephone	:	+66 2001 7733
Facsimile	:	+66 2001 7739
Registered Capital	:	Baht 2,805,797,300
Paid-up Capital	:	Baht 2,060,837,300
Number of Issued Ordinary Shares	:	20,608,373 shares
Par Value	:	Baht 100

## 7. Shareholding Structure and Management

### Major Shareholders

The top 10 largest shareholders as of December 31, 2015 were as below:

Name	No. of Shares	Shareholding
1. Mrs. Paichit Rattananon's Group	1,136,213,580	25.12%
- Mrs. Paichit Rattananon	1,472,000	0.03%
- KPK 1999 Co., Ltd. <sup>(1)</sup>	1,134,741,580	25.09%
2. Samlee Corporation <sup>(2)</sup>	451,499,995	9.98%
3. Thai NVDR Company Limited	320,649,995	7.09%
4. CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LDN BRANCH A/C CLIENT NRBS <sup>(3)</sup>	139,222,800	3.08%
5. Mr. Anonchai Weeraprawat	132,000,000	2.92%
6. Ms. Pretcharat Janyathampot	100,000,750	2.21%
7. Mr. Wichit Chinawongworakul	69,667,100	1.54%
8. Mr. Sangchai Wasunthara	60,738,800	1.34%
9. The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	47,069,680	1.04%
10. Mrs. Sirikarn Sakdidechpanupan Na Ayudhaya	46,567,000	1.03%
11. Others	2,020,608,396	44.64%
<b>Total Issued and Paid-up Shares</b>	<b>4,522,766,096</b>	<b>100.00%</b>

Note::

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

2. The Ultimate Shareholder of Samlee Corporation is Mr. Somchai Damrongsoontornchai (shareholding in Samlee 100%)

3. CITYBANK NOMINEES SINGAPORE PTE LTD UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG is the Custodian of Broker Shkhotai Fund



## 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.

Details of the dividend payments during the past three years of TRC Construction Public Company Limited

	2014	2013	2012
Net profit margin	Baht 255.67 million	Baht 81.33 million	Baht 178.95 million <sup>(1)</sup>
Net profit attributable to equity holders of the Company and its subsidiaries	Baht 214.92 million	Baht 126.36 million	Baht 228.44 million
Annual statutory reserve	Baht 2.87 million	Baht 4.10 million	Baht 9.00 million
Net profit of the Company after statutory reserve	Baht 252.80 million	Baht 77.23 million	Baht 169.95 million
Dividend Type	Stock dividend and Cash dividend	Cash dividend	Stock dividend and Cash dividend
The number of shares entitled to receive dividend payment	830,537,606 shares (4 shares per 1 shares) <sup>(2)</sup>	816,586,773 shares	673,171,178 shares
Dividend payment	Cash dividend of Baht 11.54 million (Baht 0.003472 per share) <sup>(3)</sup> Stock dividend of Baht 103.82 million (Baht 0.031250 per share) <sup>(3)</sup>	Cash dividend of Baht 40.82 million (Baht 0.05 per share) <sup>(4)</sup>	Cash dividend of Baht 33.89 million (Baht 0.050358 per share) <sup>(4)</sup> Stock dividend of Baht 56.07 million (Baht 0.083336 per share) <sup>(4)</sup>
Ratio of dividend payment to net profit after statutory reserve	45.63%	52.85%	52.93%

Note:

1. The net profit for 2012 was based on the financial statements of 2013 which presented the revised numbers of 2012 for comparison.
2. The Company made a change to the par value of its shares from Baht 0.50 per share to Baht 0.125 per share on 11 May 2015.
3. The 2014 cash/stock dividends were based on the par value at Baht 0.125 per share.
4. Cash/stock dividends in 2012 and cash dividends in 2013 were based on the par value at Baht 0.50 per share.

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

## 9. Management Structure

### 1. The Board of Directors

#### Composition of the Company's Board of Directors

The Board of Directors consists of qualified persons who fully meet the requirements as per Section 68 under the Public Company Limited Act B.E. 2535 and the relevant notifications of the Capital Markets Supervisory Board. Each director must be highly knowledgeable and capable. The Board of Directors plays an important role in determining the Company's policies, short-term and long-term action plans, and corporate vision, mission, and management targets together with the high-level executives. The Board of Directors also has a key role in independently overseeing, auditing, and assessing the operating results of the Company and the performance of the high-level executives to meet plans.

As at 31 December 2015, the Board of Directors and the subcommittees are listed below;

Name-List of Board of Directors and Managements		Directors	Subcommittees					
			Audit Committee	Remuneration and Nomination	Corporate Governance	Risk Management Committee	Executive Committee	Management Committee
1. Mrs. Paichit Rattananon*	Chairman	<input checked="" type="checkbox"/>						
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>				
3. Pol. Gen. Jarumporn Suramanee	Independent Director	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
4. Mr. Arun Chirachavala	Independent Director	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>		
5. Assoc. Prof. Pises Sethsathira	Independent Director	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>				
6. Mr. Smai Leesakul	Director and Chairman of Executive Officer	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	
7. Mr. Pasit Leesakul	Director and Chief Executive Officer	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
8. Mrs. Podchane Phaosavasdi	Director and Chief Commercial Officer	<input checked="" type="checkbox"/>		<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
9. Mr. Loh Eng Kee	Director and Special Project Advisor	<input checked="" type="checkbox"/>					<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>
10. Ms. Jongkolnee Tansuvan**	Accounting and Finance Advisor							<input checked="" type="checkbox"/>
11. Mr. Sakda Tantivathanakul	Vice President, Operation 1 Division							<input checked="" type="checkbox"/>
12. Mr. Chaveng Reesrikitti	Vice President, Operation 2 Division							<input checked="" type="checkbox"/>
13. Mr. Amnuay Laimai	Project Advisor							<input checked="" type="checkbox"/>
14. Mr. Nithitat Tip-anuntasakul	Material Management & Logistics Advisor							<input checked="" type="checkbox"/>
15. Mr. Chayut Wattakapak	Vice President, Corporate Affairs Division							<input checked="" type="checkbox"/>
16. Mr. Wison Aekthamkul	Vice President, Operation Division							<input checked="" type="checkbox"/>
Total		9	3	6	3	4	4	10

☒ Chairman    ☒ Committee

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

\*\* Ms. Jongkolnee Tansuvan has resigned from the position of Accounting and Financial Advisor effective from 30 December 2015

Authorized Directors consist of Mrs. Paichit Rattananon, Mr. Smai Leesakul, Mr. Pasit Leesakul and Mrs. Podchanee Phaosavasdi. Two of four directors sign together with the Company's seal.

Miss Ounruen Sujarittham as the Company Secretary

• Board of Directors of Sahakarn Wisavakorn Company Limited consists of 6 members as follows:

Name-List of Board of Directors	Directors	Authorized Directors*
1. Mrs. Paichit Rattananon Chairman	☑	⊙
2. Mr. Smai Leesakul Director	✓	⊙
3. Mrs. Podchanee Phaosavasdi Director	✓	⊙
4. Mr. Pasit Leesakul Director	✓	⊙
5. Mr. Sakda Tantiwattanakul Director	✓	
6. Mr. Chaveng Reesrikitti Director	✓	
Total	6	4

☑ Chairman    ✓ Committee    ⊙ Authorized Directors

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

• Summary of directors attendance in 2015 Board of Directors Meeting

Name-List of Board of Directors	Attendances in 2015 (time)							
	Annual General Meeting	Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1. Mrs. Paichit Rattananon	1/1	10/10	None	None	None	None	None	None
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	1/1	9/10	4/4	2/2	None	None	None	None
3. Pol. Gen. Jarumporn Suramane	1/1	10/10	4/4	2/2	1/1	2/2	None	None
4. Mr. Arun Chirachavala	1/1	10/10	4/4	2/2	1/1	2/2	None	None
5. Assoc. Prof. Pises Sethsathira	0/1	9/10	None	2/2	None	None	None	None
6. Mr. Smai Leesakul	1/1	10/10	None	1/1*	None	None	2/2	4/6*
7. Mr. Pasit Leesakul	1/1	10/10	None	1/1*	None	2/2	2/2	20/20
8. Mrs. Podchanee Phaosavasdi	1/1	10/10	None	2/2	1/1	2/2	2/2	18/20
9. Mr. Loh Eng Kee	1/1	7/7**	None	None	None	None	2/2	11/20

\* Mr. Smai Leesakul has resigned from the position of Director including all subcommittee; Remuneration and Nomination Committee, Risk Management Committee and Management Committee effective from 1 April 2015

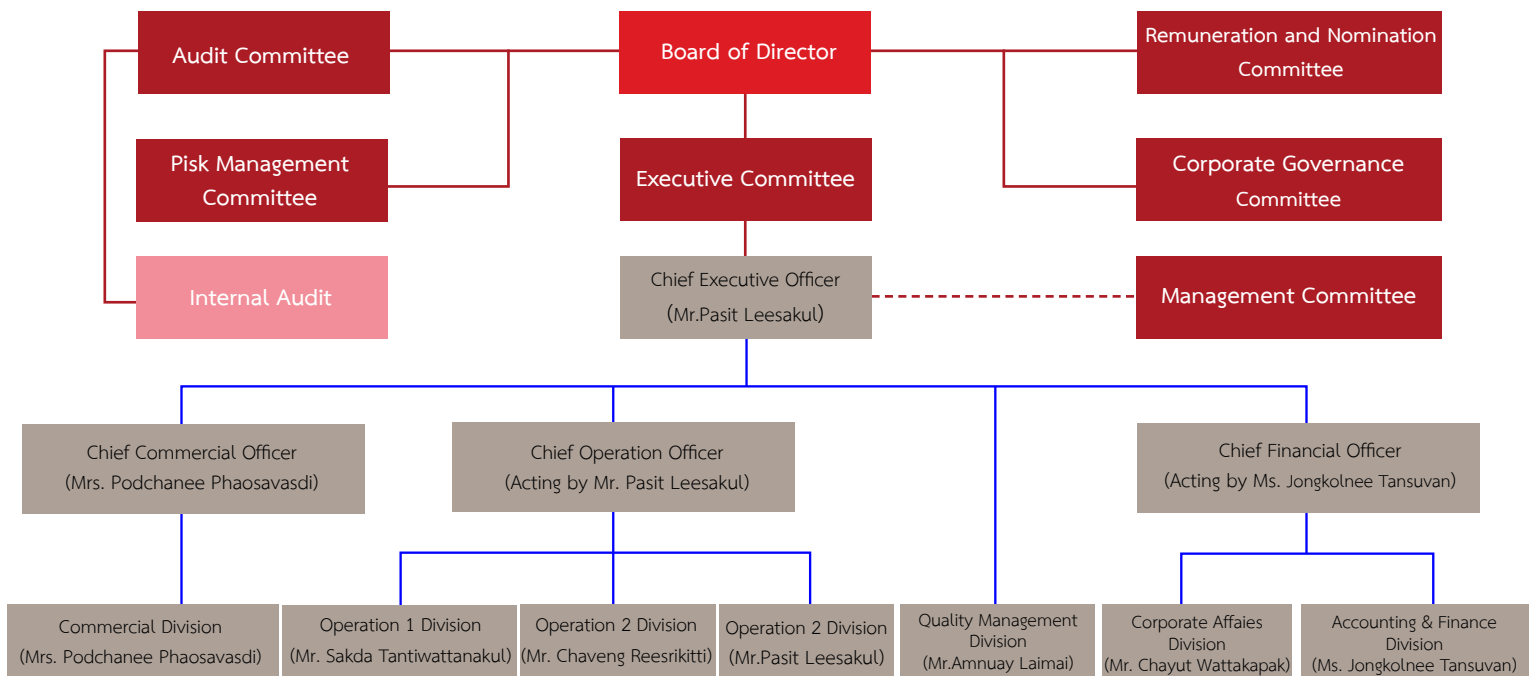
\*\* Mr. Loh Eng Kee was appointed to be Director on 17 March 2015 instead of Assoc. Prof. Kamjorn Tatiyakavee, MD. who has resigned in July 2014

## • Summary of Director Appointment

Name	Appointed Year	Latest Appointment	Type of Directorship	Nomination/ Appointment in 2015	Next Appointment
1. Mrs. Paichit Rattananon	2005	2013	Chairman of the Boards	-	2016
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	2005	2015	Independent Director	✓	2018
3. Pol. Gen. Jarumporn Suramane	2007	2014	Independent Director	-	2017
4. Mr. Arun Chirachavala	2009	2013	Independent Director	-	2016
5. Assoc. Prof. Pises Sethsathira	2005	2015	Independent Director	✓	2018
6. Mr. Smai Leesakul	2007	2014	Executive Director	-	2017
8. Mr. Pasit Leesakul	2013	2014	Executive Director	-	2017
7. Mrs. Podchanee Phaosavasdi	2007	2015	Executive Director	✓	2018
9. Mr. Loh Eng Kee	2015	-	Executive Director	-	2016

## 2. Executives

The Company's Organization Chart as of 31 December 2015



As of 31 December 2015, the	Company management consists of 8 members as follows:
1. Mr. Pasit Leesakul	Chief Executive Officer
2. Mrs. Podchanee Phaosavasdi	Chief Commercial Officer
3. Mr. Loh Eng Kee	Special Project Advisor
4. Mr. Sakda Tantivatthanakul	Vice President, Operation 1 Division
5. Mr. Chaveng Reesrikitti	Vice President, Operation 2 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”

### Scope of duties and responsibilities of Company Secretary

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
  - Give 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 2015

In 2015, the directors’ remuneration can be summarized as follows:

1. Monthly remuneration: Baht 50,000 per month for Chairman of the Boards, Baht 25,000 per month for Chairman of the Audit Committee, Baht 20,000 per month for each independent director and Baht 10,000 per month each for 4 Executive Directors (In during 2015, there is a new executive director: Mr. Loh Eng Kee, Project Advisor).

2. Special remuneration or bonus: the 2015 Annual General Meeting of Shareholders resolved the director remuneration for 2014 operating result to 6 independent directors (including Assoc. Prof. Kamjorn Tatiyakavee, MD., ex-Audit Committee who has resigned on 17 July 2014), totally Baht 1,685,500.

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 2015, 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.

The summary of the directors' remuneration as follows;

						(Unit: Baht)	
Name-Surname	TRC Director Remuneration					SKW's Director Remuneration	Total
	Board of Directors (2015 monthly Remuneration and 2014 Bonus)	Audit Committee's Meeting Fee	Remuneration and Nomination Committee's Meeting Fee	Corporate Governance Committee's Meeting Fee	Risk Management Committee's Meeting Fee		
1. Mrs. Paichit Rattananon	1,150,000	None	None	None	None	120,000	1,270,000
2. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	550,000	40,000	20,000	None	20,000	None	610,000
3. Pol. Gen. Jarumporn Suramane	490,000	40,000	20,000	10,000	20,000	None	580,000
4. Mr. Arun Chirachavala	490,000	40,000	20,000	10,000	None	None	580,000
5. Assoc. Prof. Pises Sethsathira	490,000	None	20,000	None	None	None	510,000
6. Mr. Smai Leesakul	120,000	None	None	None	None	120,000	240,000
7. Mr. Pasit 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. Loh Eng Kee	95,000	None	None	None	None	None	95,000
10. Assoc. Prof. Kamjorn Tatiyakavee, MD.*	135,500	None	None	None	None	None	135,500
11. Mr. Sakda Tantivatthanakul	Not a Director of TRC					41,290	41,290
12. Mr. Chaveng Reesrikitti	Not a Director of TRC					120,000	120,000
<b>Grand total of 2015 Directors' Remuneration</b>	<b>3,760,500</b>	<b>120,000</b>	<b>80,000</b>	<b>20,000</b>	<b>40,000</b>	<b>641,290</b>	<b>4,661,790</b>

\* Assoc. Prof. Kamjorn Tatiyakavee, MD. has resigned on 15 July 2014. The remuneration in this case is 2014 bonus.

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

Remuneration	2014*		2015**	
	Persons	Amount (MB)	Persons	Amount (MB)
Salary	5	16.93	8	26.70
Bonus	5	3.83	8	5.39
<b>Totally</b>		<b>20.76</b>		<b>32.09</b>

\* 2014 consists of Mr. Smaj, Mr. Pasit, Mrs. Podchanee, Mr. Sakda and Mr. Chaveng

\*\* 2015 consists of Mr. Smaj, Mr. Pasit, Mrs. Podchanee, Mr. Loh Eng Kee, Ms. Jongkolnee (in 2015, Acting Chief Financial Officer and currently Accounting and Finance Advisor), Mr. Sakda, Mr. Chaveng and Mr. Chayut

Note : 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.

### • Other Remunerations

#### (A) Other remuneration of directors

The Chairman of the Boards gains the social security funds and counterpart for provident funds (in 2015 totally Baht 48,750) life & group accident insurance, health insurance, car, driver and fuel.

#### (B) Other remuneration of executives

##### Provident Fund

Allowance	2014		2015	
	Persons	Amount (MB)	Persons	Amount (MB)
Provident Fund	5	0.85	7	1.84

#### (C) Other remuneration of Director and executives

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

The 2013 Annual General Meeting of Shareholders approved the issuance of 32,000,000 units of 3-year warrants with Baht zero offering price and Baht 4.70 exercising price under Employee Stock Option Plan (ESOP) which will be contributed to the directors and employees of the Company and/or subsidiaries for the purpose of motivation and retaining knowledgeable and capable ones, which will be beneficial to the Company on long-term basis and lead to the increase of the share value to shareholders. Also, to motivate them to work with the Company and/or its subsidiaries for long term period for benefit of their performance and the Company's business in the future.

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

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

On 29 April 2015, the 2015 Annual General Meeting of Shareholders passed a resolution to change the par value of the Company's shares from Baht 0.50 per share to Baht 0.125 per share with the payment of dividend at the rate of 4 existing shares per 1 dividend share. As a result, starting from the exercise of the warrants "ESOP-W2" No. 5 onwards, right adjustments according to the requirement of ESOP-W2 and change the share price from Baht 3.03 to Baht 0.606 per shares.

During 2014 - 2015, the changes to the warrants "ESOP-W2" were as follows:

At the beginning of the year	31,598,200	Units
Exercised in 2014 (1 <sup>st</sup> - 3 <sup>rd</sup> )	(9,565,897)	Units
Cancelled in 2014	<u>(440,395)</u>	Units
At the end of the year 2014	21,591,908	Units
Exercised in 2015 (4 <sup>th</sup> - 7 <sup>th</sup> )	(14,813,265)	Units
Cancelled in 2015	(262,500)	Units
At the end of the year 2015	<u>6,516,143</u>	Units

## 5. Employees

As of 31 December 2015, the Company and Sahakarn Wisavakorn Co., Ltd. had the total number of 1,344 staffs consisting of 298 permanent ones and 1,046 temporary ones as follows:

Division/Department	Number of employees	
	2014	2015
Permanent staffs		
Management (from Vice President upwards)	7	7
Operation and Engineering Div.	230	237
Corporate Affairs Div.	75	26
Accounting & Finance Dept.	17	15
Marketing and Project Development and Investment Div.	27	13
Internal Audit Dept.	2	_*
<b>Total</b>	<b>358</b>	<b>298</b>
Temporary staffs	987	1,046
<b>Grand total</b>	<b>1,345</b>	<b>1,344</b>

- **The Employee's Remuneration** In 2015, the Company and Sahakarn Wisavakorn paid the employee's remuneration of Baht 468.85 million consisting of salary, overtime, bonus, social security funds and counterpart for provident funds, etc.

	(Unit: Million Baht)	
Remuneration	2014	2015
Permanent staffs	197.26	306.94
Temporary staffs	221.28	161.91
<b>Total</b>	<b>418.54</b>	<b>468.85</b>

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.

- **Provident Fund**

The Company established and registered the Provident Fund "Tisco Master Pooled Fund" which is managed by Tisco Securities Co. Ltd, aimed at building morale and encouragement for employees, and retaining employees in the long run. In 2015, the Company and Sahakarn Wisavakorn Co., Ltd. paid contributions totaling Baht 51.85 million and Baht 0.96 million respectively to the Provident Fund (Information as at 31 December 2015).

- **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 may be 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. In 2015, there were changes to laws regarding provident fund, allowing employees to make contributions to the Provident Fund at 3 -15%, depending upon the judgment and the willingness of each employee.

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. Since 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;

#### Supervisor level and above

- “Risk Management” course enables learners to understand the meaning of risks, risk management, risk assessment, and risk management tools for use in analysis and decision making when encountering risks and uncertainties. The course is facilitated by the qualified external speaker.
- “EPC Project Management Success for Service Provider” course enables mutual understanding about EPC Project Management. After learning, relevant units will understand their role in supporting the project operations and facilitating the efficiency of the project management. The course is facilitated by the qualified external speaker.

#### Employee level

- “Service Mind” course explains guidelines on service provision and service excellence focus. The course is facilitated by the qualified external speaker.
- “Guideline for Measuring and Assessing Performance against Key Performance Indicators (KPI)” course enables employees to have knowledge and understanding of how to measure and assess performance and how to prepare KPIs for each individual correctly and efficiently and in alignment with the overall policy of the Company. The course is facilitated by the Human Resources Group.
- “Professional Project Management with Microsoft Project” course enables learners to understand basics of how to use Microsoft Project efficiently, how to design and management projects systematically, and how to solve project problems using techniques provided. The course is facilitated by the qualified external speaker.
- “English Proficiency Improvement for Thai Workers in Support of AEC” is the project in which the Company collaborated with the Department of Skill Development in enhancing English proficiency for employees in line with business expansion into ASEAN markets. The course is facilitated by the qualified external speaker.

For 2015, the Company encouraged employees at all levels to attend trainings. The training man hours can be summarized as follows

Training (Excluding to Directors)	2014		2015	
	Internal training	External training	Internal training	External training
Staff level	108	186	250	516
Supervisory level	102	294	129	210
<b>Total training hours</b>	<b>110</b>	<b>480</b>	<b>379</b>	<b>726</b>

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:

6.1 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.

6.2 Annual outing activity under the concept of “We are the second home”

6.3 Birthday card for each and every employee

6.4 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, Communication Division is a center, has been constantly arranged among the Company and 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, ERP containing ISO 9001:2008, activities photo 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 and Suggestion Box 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 2015. 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 2015, the Corporate Governance Committee and the Board of Director revised and amended to the Corporate Governance policy including related regulations were made to be in line with the 2015 new criteria of corporate governance survey project for Thai listed companies. And the revision of the “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 is to provide an appropriate accepted guideline of practice which will initiate sustainable growth of the Company. The 2015 Corporate Governance Policy and the 2015 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 achieved the score of 88% or the “Very Good” rating according to the 2015 corporate governance assessment conducted by the Thai Institute of Directors Association, up from last year and higher than an average score of 75% of Thai listed companies and an average score of every category of assessment. This was based on the survey of a total of 588 Thai listed companies. In addition, the Company achieved the “Excellent” rating for the categories of “Shareholders’ Rights”, “Equitable Treatment of Shareholders” and “Information Disclosure and Transparency”.

### 2. Subcommittees

In 2015, The Company organizational structure consists of 7 committees; Board of Directors, Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee, Risk Management Committee, Executive Committee and Management Committee as details shown below:

#### 1. The Board of Directors of the Company and its Subsidiaries as of 31 December 2015

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

- |  |  |
|--|--|
| 1. Mrs. Paichit Rattananon                               | Chairman, a representative from<br>KPK 1999 Co., Ltd., the Major<br>Shareholders |
| 2. Assoc. Prof Aekkachai Nittayagasetwat,<br>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
9. Mr. Loh Eng Kee	Executive Director
Ms. Ounruen Sujarittham	Company Secretary

• **Board of Directors of Sahakarn Wisavakorn Co., Ltd.** consists of 6 members as follows :

1. Mrs. Paichit Rattananon	Chairman
2. Mr. Smai Leesakul	Director
3. Mrs. Podchanee Phaosavasdi	Director
4. Mr. Pasit Leesakul	Director
5. Mr. Sakda Tantiwattanakul	Director
6. Mr. Chaveng Reesrikitti	Director

### Authorized Directors of the Company and its Subsidiaries

Authorized Directors of the Company and Sahakarn Wisavakorn Co., Ltd. consist of Mrs. Paichit Rattananon, Mr. Smai Leesakul, Mr. Pasit Leesakul and Mrs. Podchanee Phaosavasdi 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.

### Scope of Duties and Responsibilities of the Chairman

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.

## 2. Audit Committee

As of 31 December 2015, the Audit Committee consists of 3 independent directors as follows:

- |  |                                  |
|--|----------------------------------|
| 1. Assoc. Prof Aekkachai Nittayagasetwat,<br>PH.D., FRM. | Chairman of the Audit Committee  |
| 2. Pol. Gen. Jarumporn Suramane                          | Audit Committee                  |
| 3. Mr. Arun Chirachavala                                 | Audit Committee                  |
| Ms. Sarinthip Laomahamek                                 | Secretary to the Audit Committee |

Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM., Chairman of the Audit Committee, had extensive experience in financial statement review.

Audit Committee has 2-year term. The term of the current committee will be expiring on 24 April 2017.

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 as 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 2015, the Remuneration and Nomination Committee consists of 4 independent directors and 2 executive directors total 6 members as follows:

1. Pol. Gen. Jarumporn Suramanee	Chairman of the Remuneration and Nomination Committee
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Remuneration and Nomination Committee
3. Mr. Arun Chirachavala	Remuneration and Nomination Committee
4. Assoc. Prof. Pises Sethsathira	Remuneration and Nomination Committee
5. Mr. Pasit Leesakul	Remuneration and Nomination Committee
6. Mrs. Podchanee Phaosavasdi	Remuneration and Nomination Committee
Ms. Ounruen Sujarittham	Secretary to the Remuneration and Nomination Committee

Remuneration and Nomination Committee has 3-year term. The term of the current committee will be expiring 24 February 2018

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 2015, the Corporate Governance Committee consists of 2 independent directors and 1 executive director total 3 members as follows:

1. Mr. Arun Chirachavala	Chairman of Corporate Governance Committee
2. Pol. Gen. Jarumporn Suramanee	Corporate Governance Committee
3. Mrs. Podchanee Phaosavasdi	Corporate Governance Committee
Ms. Nuntanit Rachakit	Secretary to the Corporate Governance Committee

Corporate Governance Committee has 3-year term. The term of the current committee will be expiring on 19 March 2018.

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.

#### Scope of duties and Responsibilities of Corporate Governance Committee are as follows:

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

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

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

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

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

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

## 5. Risk Management Committee

As of 31 December 2015, the Risk Management Committee consists of 2 independent directors and 2 executive director total 4 members as follows:

- |                                  |  |
|----------------------------------|--|
| 1. Mr. Arun Chirachavala         | Chairman of Risk Management Committee      |
| 2. Pol. Gen. Jarumporn Suramanee | Risk Management Committee                  |
| 3. Mr. Pasit Leesakul            | Risk Management Committee                  |
| 4. Mrs. Podchanee Phaosavasdi    | Risk Management Committee                  |
| Mr. Chayut Wattakaphak           | Secretary to the Risk Management Committee |

Corporate Governance Committee has 2-year term. The term of the current committee will be expiring on 13 November 2018

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.

### Scope of 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

## 6. Executive Committee

The Board of Directors Meeting on 17 March 2015 considered and approved the appointment of an additional subcommittee, "Executive Committee", to have duties to establish plans, policies, directions, and strategies of the Company for submission to the Board of Directors. The Executive Committee consists of the following four executive directors:

1. Mr. Smai Leesakul	Chairman of the Executive Committee
2. Mr. Pasit Leesakul	Executive Committee
3. Mrs. Podchanee Phaosavasdi	Executive Committee
4. Mr. Loh Eng Kee	Executive Committee

### Scope of duties and responsibilities of the Executive 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 consider profit and loss of the Company and to propose the interim or annual dividend and propose to the Board of Directors;
3. To consider and report to the Board of Directors the transactions which are in questions of fraud or illegitimate or irregular activities;
4. To perform any other duties as assigned by the Board of Directors

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

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

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

## 7. Management Committee

As of 31 December 2015, the Management Committee consists of 9 members as follows:

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

## Financial Approval Authorization of Management Committee and Chief Executive Officer

According to the 2015 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	-	> 100,000 Baht/Time
- 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 set the business plan, budget and management authorities of the Company and propose to the Board of Directors for approval;
2. To approve 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;
3. 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;
4. To approve the capital expenditure as stated in the annual business plan which has been approved by the Board of Directors;
5. 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;
6. To consider and compare the Company's quarter operating performance with the budget and propose to the Board of Directors;
7. 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;
8. To do any other duties in order to support the aforementioned duties or as delegated to do so by the Board of Directors or the Executive Committee; and
9. To consider and report to the Executive Committee / the Board of Directors the transactions which are in questions of fraud or illegitimate or irregular activities.



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

### 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	2015 Audit Fee
TRC Construction Public Company Limited Subsidiaries;	EY Office Limited	Baht 930,000

	Audit Firm	2015 Audit Fee
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
Hydrotek Sahakarn Joint Venture	EY Office Limited	Baht 300,000

#### - Non-Audit Fee

Travelling expenses of the auditors for 2015 audit tasks

- TRC Construction Public Company Limited	Baht	23,652
- Sahakarn Wisavakorn Co., Ltd.	Baht	1,376

## 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 2015, there was only one meeting held for Annual General Meeting of Shareholders on 29 April 2015 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 15 October 2014, the Company opened for the shareholders, through the SET Community Portal system of the Stock Exchange of Thailand and the Company's website ([www.trc-con.com](http://www.trc-con.com), item "Investor Relations") to propose the meeting agenda for the 2015 Annual General Meeting of Shareholders and nominate the qualified person to be a director. The information can be proposed during 15 October 2014 – 16 February 2015 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; email, facsimile and post mail to the Chairman of the Audit Committee or the Company Secretary. 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 27 March 2015 both in Thai and English languages through the Company's website which was 30 days prior to the 2015 General Meeting of Shareholders date and also informed shareholders of the disclosure through the Stock Exchange of Thailand's SET Community Portal system for investors and shareholders' acknowledgement.

The Company sent the meeting notice of the 2015 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 2015 Annual General Meeting of Shareholders was attended by 8 of totally 9 directors. The absent director was Assoc. Prof. Pises Sethsathira, an independent director (due to his sickness). The meeting was attended by the Chairman of the Board of Directors, the Chairman of Audit Committee, the Chairman of the Remuneration and Nomination Committee, the Chairman of the Corporate Governance Committee, the Chairman of the Risk Management Committee, Chief Executive Officer (highest executive), financial advisor, legal advisor and representatives of the audit firm. The barcode method was deployed for registration and vote casting for more convenience of the shareholders.

Prior to starting the meeting, the Chairman of the Meeting introduced directors, legal advisor and auditors for acknowledgement of attending shareholders. The legal advisor explained the process of the meeting, method of vote casting and required votes for resolution of each agenda. The meeting proceeding was held in sequence of the meeting agenda without any additional ones unstipulated in the notice of the meeting. For the agenda of directors' remuneration, the policy of remuneration and procedure was separated into remuneration for directors and sub-committee. During the meeting, the chairman of the meeting allowed all attending shareholders to cast their votes on individually basis for the agenda of director appointment and they could appoint the qualified candidates by casting votes with ballot as an evidence of appointment. For other agenda, ballot method was allowed in case of disagreement or abstention. 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**

The Company recorded inquiries, opinions, and essential details in the Minutes of the Meeting to facilitate future audits by the shareholders as follows:

(1) The voting and vote counting processes which were clarified by the legal advisor to the shareholders prior to the beginning of the shareholders meeting according to the agenda

(2) The votes of the shareholders which were clearly segregated as “Approval”, “Disapproval” and “Abstention” in terms of number of votes and proportion for each agenda item

(3) List of names and positions of directors, high-level executives, the auditor, the legal advisor, and the financial advisor who were present at the shareholders meeting

(4) Summary of inquiries, opinions, and recommendations of the shareholders as well as response of the directors and the management to the inquiries made by the shareholders in each agenda item, for information of the shareholders who were absent from the shareholders meeting

The Company later submitted the minutes of the 2015 Annual General Meeting of Shareholders to the Stock Exchange of Thailand and the registrar of the public companies limited, Department of Business Development, Ministry of Commerce on 12 May 2015 which was within the specific 14 days from the meeting date and noticed the minutes information in both Thai and English including meeting’s recorded sound through the Company’s website.

The Company allocated the shares of the retail shareholders in accordance with the requirements of the Stock Exchange of Thailand. That was, as at 1 April 2015, on which the shareholders register book was closed to determine entitlements to attend the 2015 shareholders meeting, the Company’s shares held by retail shareholders (free float) accounted for 52.47%.

## **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 in advance, 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.

- Shareholders shall have the right to vote at the meeting according to the number of shares held. One share shall have one vote. The Company undertook no actions to limit, inflict or derogate the rights of the shareholders, whether they were major, minority, or foreign shareholders, as well as institutional investors. The Company has stipulated that independent directors shall be responsible for overseeing the shareholders. All shareholders are allowed to propose recommendations, express opinions or submit complaints to the Chairman of the



Audit Committee for further appropriate actions. For example, in case of complaints, actions would be taken to investigate into facts and determine appropriate solutions. In case of recommendations on important matters which may have an impact on the overall stakeholders or on the business operations of the Company, such recommendations would be proposed to the Board of Directors Meeting for consideration and further submission to the shareholders meeting as deemed appropriate.

- The shareholders meeting procedure shall be undertaken in accordance with the Company's Articles of Association and agenda items shall be proposed to the meeting in accordance with the order as specified in the Invitation to the Shareholders Meeting. Supporting information shall be provided for each agenda item. New agenda items shall not be added without prior notice to the shareholders, especially agenda items that are important and require the shareholders to study before making decisions. Moreover, all shareholders are allowed to assign an independent director or an individual as a proxy to attend the meeting on their behalf by using the proxy assignment letter provided by the Company together with the Invitation to the Shareholders Meeting. The voting procedure is conducted with transparency and in accordance with the order of agenda items. In casting votes to elect directors, the shareholders are entitled to cast votes to elect each director one by one.

- 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.

- Voting ballots in paper shall be provided for shareholders who cast disapproval votes and/or abstention votes for each agenda item at the annual general meeting of shareholders.

- 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 connected person, 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.

- The Board of Directors has defined the rules on use of insider information, which form an integral part of the work rules, in order to prevent against the misuse of internal information for personal gain or for others' benefits. The rules on use of insider information have been



published in the Company's website under the topic of "Corporate Governance".

- 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.

- The Company provided information on the directors and management's shareholding in the Company as well as punishments as per the Securities and Exchange Act B.E. and the requirements of the Stock Exchange of Thailand. In the case where the directors or executives traded the shares of the Company, they shall report the shareholding in the Company of themselves, spouse, and child(ren) being minors under Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days to the Office of the Securities and Exchange Commission and subsequently to the general public. The Investor Relations Department is to inform directors and executives via electronic emails of the blackout period in which the trading of shares of the Company is prohibited one month before the disclosure of the quarterly and the annual financial statements. At each Board of Directors meeting, the changes to the shareholding of the directors and executives will be proposed to the Board of Directors 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. "Code of Conduct and Business Ethics Practice" 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 and its subsidiaries place importance on safety every step of works to be delivered as the absolute first priority since nature of business is the service construction of energy and petrochemical industries. The Company also emphasizes on training of the Quality Assurance Department continuously in order to obtain standard of works under the highest safety.

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

- **Trade Partners**

The Company and its subsidiary establish clear direction and practices for procurement agreement and trading partner selection. In addition, the registration of suppliers has been set in order to have fair, transparent, and examinable procurement process. Also, to ensure of no conflict of interest of directors, management and employees, the Board of Directors sets the guideline of practice that directors and management concerned with have to submit a confirmation letter of independence to the primary trade partners every year.

- **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, Community and Environment**

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 2015 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.

In 2015, 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 standard. The Company and Sahakarn Wisavakorn Company Limited passed the examination and the ISO 9001:2008 certificate was renewed in June and July 2015, respectively.

The Board of Directors has set up a policy stipulating that the Company and Sahakarn Wisavakorn Company Limited strictly comply with the ISO 9001:2008 standard. The Internal Quality Management Committee of the Company and Sahakarn Wisavakorn Company Limited together with an independent ISO accreditation company have been conducting the inspection and assessment of departments’ performance twice per year in order to oversee and ensure that the business operations consistently comply with the requirements of ISO 9001:2008.

2. The Company set up the New Division by merging the Quality Management System Department, the Quality Control and Assurance Department and the Health, Safety and Environment Department. The newly established division reports directly to the Chief Executive Officer, responsible for ensuring that the integrated management of the quality system and the occupational health, safety and environment is in accordance with the standards and the requirements of all project contracts.



In 2015, the Company had a total of 5,962,376 work hours for all projects, as compared with 2,527,221 work hours in 2014, or a 135.93% increase, while Sahakarn Wisavakorn Co., Ltd. had a total of 652,662 work hours for all projects, as compared with 1,609,780 work hours in 2014, or a 59.46% decrease. In 2015, the total number of work hours was 6,615,038, as compared with 4,137,001 work hours in 2014, or a 59.9% increase. Throughout 2015, there was one accident that caused a suspension of normal work. The Lost Time Injury Frequency for 2015 was 0.15 case per one million work hours, compared with 0.24 case per one million work hours in 2014.

3. On the occasion of the Company and Sahakarn Wisavakorn Co., Ltd. having jointly conducted operations for 5,000,000 hours without an accident that caused a suspension of normal work, on 5 October 2015 the Company held the award presentation ceremony to thank all executives and employees for their collaborative efforts.

4. Employees under all projects of the Company were encouraged through the corporate campaign to comply with the work safety standard and to meet specific safety targets. The Company therefore held the celebrating event to thank the employees for their collaboration and to raise awareness of the occupational health, safety and environment. For example,

- Provincial Gas Transmission Pipeline to Nakhon Ratchasima project was awarded the certificate from PTT Plc. and Worley Parsons (Thailand) Co., Ltd. for having completed a period of 4 million safe work hours without incurring fatality on 3 November 2015.





- The Bangchak Bio Diesel Project Phase 2 also had completed a period of 800,000 safe work hours and the executives and employees under the project were given the commemorative awards for their collaboration on 21 November 2015.



5. The Company conducted a preliminary fire drill test and relevant trainings at the Head Office on 17 November 2015 in collaboration with the Bang Khen District Disaster Relief Unit, with a total of 54 participants including employees working at the office as well as security officers.



6. The Company conducted inspection and testing of emergency control devices and automatic fire alarm system including water pipe type fire extinguishing system, chemical powder type fire extinguisher unit, fire alarm system, and fire exit. The Company also had three emergency meeting points.

7. The Company provided trainings to clarify emergency plans and held a fire drill as required by laws on 18 November 2015 with executives and employees working at the office building joining the drill. The Company's CEO, Mr. Pasit Leesakul, also participated in the drill as head of the emergency management team.



8. Trainings in occupational health, safety and environment were provided for executives and employees in accordance with laws as follows:

8.1 Occupational Health, Safety and Environment Committee Course on 12-13 November 2015 with a total of 17 participants



8.2 Management Level Security Officer Course (2 classes) on 26-27 May 2015 with a total of 17 participants and on 21-22 September 2015 with 36 participants



8.3 First Aid Course on 26 June 2015 with a total of 28 participants





8.4 Supervisor Level Security Officer Course (3 classes) on 25-26 June with a total of 15 participants, on 15-16 October 2015 with a total of 42 participants and on 26-27 November 2015 with a total of 32 participants



8.5 Control Safety for Persons Giving Signals to Crane Controller and Crane Officer Course (2 classes) on 26-27 June 2015 with 2 participants, and on 28-29 August 2015 with 20 participants



- **Anti-corruption**

The Company established the anti-corruption measures, prohibiting against all forms of bribery, direct or indirect, in cash, objects, and other forms of benefits, either for the interest of the business of the Company and its subsidiaries or for the interest of oneself, close relatives and stakeholders.

- **Anti-corruption framework**

The Company made available various whistleblowing channels for all stakeholders to report clues or provide recommendations or file complaints on fraud. The Company also developed the guideline for giving and receiving gifts, assets or other benefits including

entertainment or expenses beyond limits specified by the Company. The procurement guideline and the financial donation guideline were set up to ensure transparency, fairness, and compliance with rules, regulations and operating procedures of the Company.

- **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

Email Address : 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;

Fax : +66 2022 7788

Mailing Address : The Chairman of Audit Committee  
TRC Construction Public Company Limited  
No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng,  
Bang Khen District, Bangkok 10220

2. by emailing to the Company Secretary, Miss Ounruen Sujarittham at

Email Address : ounruen@trc-con.com;

Tel : +66 2022 7777

Fax : +66 2022 7788

Mailing Address : The Company Secretary  
TRC Construction Public Company Limited  
No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng,  
Bang Khen District, Bangkok 10220

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

For the second and the third whistleblowing channels, the Corporate Secretary is responsible for receiving reports or complaints and submitting all of the complaints received to the Chairman of the Audit Committee. The Chairman of the Audit Committee will receive complaints for further investigation, data and document compilation, and further reporting to the Board of Directors. Recognizing the importance of maintaining confidentiality of the complaints received, the Company set up the procedures for handling complaints and conducting investigation, requiring that the complaints shall be disclosed to relevant parties only.

The Company also set up the system to listen to the opinions, recommendations or complaints made by the employees. In so doing, the Company has the process for handling complaints filed by employees and considering whether the particular complaint is regarded as a wrongdoing and how severe such wrongdoing is. This enables the Company to impose punishments against particular wrongdoings in a fair and proper manner.

The Company allows the employees to submit complaints, clues or opinions through the



following channels.

1. Voice Box which is opened once per month by the Manager of the HR Department
2. Complaint channel via supervisor according to reporting line as specified in the work

rules

The Company will compile complaints or recommendations deemed important or requiring further actions for submission to the Workplace Welfare Committee.

The Company disclosed the process and channels for handling complaints in its website and annual report in order to instill confidence among complainants or whistle blowers. The Company gives importance to treating the complaints received as confidential and hence set up the steps for receiving complaints and conducting investigation, requiring that the complaints received must be known by the relevant parties only. To this end, the management shall be responsible for collecting complaints and propose them to the Audit Committee and the Board of Directors for consideration.

#### **4. Information Disclosure and Transparency**

The Company has developed the policy on correct, complete, timely, and transparent disclosure of information deemed important and relevant to the Company through easily accessible channels (such as through the news system of the Stock Exchange of Thailand and/or through the Company's website) to ensure equality and reliability.

- **Shareholder Structure**

The Company disclosed the shareholder structure and the TRC Group structure in the Company's annual report and the website. The shareholder structure completely and clearly showed the name list and the shareholding of both major and minority shareholders. The TRC Group structure also showed the shareholding of other shareholders.

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

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 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.

In 2015, Directors' and Managements' have any changes in relation to shares transaction as following;

Name	Position	Shares as at 31 Dec 2014 <sup>(1)</sup>	Acquire during the year <sup>(2)</sup>	Disposal during the year	Shares as at 31 Dec 2015 (Paid up capital 565,345,762 Baht)	
					Share	%
1. Mrs. Paichit Rattananon	Chairman	4,377,600  (In the name of Mrs. Paichit)  828,567,664 (In the name of KPK (1999) Co., Ltd.) <sup>(3)</sup>	2,594,400  306,173,916	(5,500,000)  -	1,472,000  1,134,741,580	0.033  25.090
Total					1,136,213,580	25.123
2. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director and Chairman of Audit committee	1,573,332	1,893,333	-	3,466,665	0.077
3. Pol. Gen. Jarumporn Suramanee	Independent Director and Audit committee	2,546,664	2,136,666	-	4,683,330	0.104
4. Mr. Arun Chirachavala	Independent Director and Audit committee	-	2,250,000	-	2,250,000	0.050
5. Assoc. Prof. Pises Sethsathira	Independent Director	600,000	1,650,000	-	2,250,000	0.050
6. Mr. Smai Leesakul	Director and Chairman of Executive Committee	22,051,360	11,484,538	(28,000,000)	5,535,898	0.122
7. Mrs. Podchanee Phaosavasdi	Director and Chief Commercial Officer	600,000	1,425,000	(900,000)	1,125,000	0.025
8. Mr. Pasit Leesakul	Director and Chief Executive Officer	600,000	1,650,000	(1,800,000)	450,000	0.010
9. Mr. Loh Eng Kee (appointed to be Director on 17 March 2015)	Director	167,352 (As at 17 Mar 2015)	501,023	-	668,375	0.015
10. Mr. Sakda Tantiwattanakul	Vice President, Operation 1 Division	-	1,650,000	(675,000)	375,000	0.008
11. Mr. Chaveng Reesrikitti	Vice President, Operation 2 Division	360,000	1,385,000	(380,000)	750,000	0.017
12. Mr. Chayut Wattakapak	Vice President, Corporate Affairs Division	-	-	-	-	-
13. Ms. Ounruen Sujarittham	Finance and Investor Relations Manager	500,000	1,375,000	-	1,875,000	0.041
14. Ms. Rewadee Ardham	Account Manager	220,000	1,200,000	(770,000)	650,000	0.014
Total as at 31 December 2015		Including shares held by LTD. KPK 1999			1,160,292,848	25.654
		Excluding shares held by LTD. KPK 1999			25,551,268	0.565

Noted: (1) Shares as at 31 December 2014 calculated from Bath 0.125 of par value.

(2) The acquisition of the above shares also included the exercise of warrants to purchase ordinary shares offered for sale to directors, executives, and employees of the Company and its subsidiaries (ESOP-W2).

(3) 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. Pasit Leesakul, Chief Executive Officer 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](mailto:ounruen@trc-con.com) or via website: [www.trc-con.com](http://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](mailto: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](mailto:pachara.s@trc-con.com)

3. Ms. Nuntanit Rachakit, Investor Relations, Tel. +66 2022 7777 ext. 3212 Email Address: [nuntanit@trc-con.com](mailto:nuntanit@trc-con.com)

In 2015, 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 2014 and the 1<sup>st</sup> – 3<sup>rd</sup> quarter of 2015.

2. Mr. Pasit 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:

Television: - Money Chanel

- Spring News

Newspaper: - Thansettakij

- Kaohoon

- Bangkok Business News

- Matichon

Online news agency: - E Finance

- Hooninside

Road show: - The SET Thai Corporate Day 2015 co-hosted by the Stock

Exchange of Thailand and Maybank Kim Eng Securities (Thailand) Pcl. at Four Seasons Hotel, Bangkok

- The SET Thai Corporate Day 2015 co-hosted by the Stock Exchange of Thailand and DBS Vickers Securities (Thailand) Co., Ltd. at Four Seasons Hotel, Bangkok
- The Thailand Infrastructure & REIT Conference 2015 hosted by Macquarie Securities (Thailand) Limited at Four Seasons Hotel, Bangkok
- The Road Show hosted by DBS Vickers Securities (Thailand) Co., Ltd. in Singapore
- The RHB Signature Conference on Infrastructure held by RHB Securities (Thailand) Pcl. in Phuket Province

3. 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.

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

Name of securities companies	
<ul style="list-style-type: none"> <li>- Apple Wealth Securities Public Company Limited</li> <li>- Tisco Securities Company Limited</li> <li>- Trinity Securities Company Limited</li> <li>- Land and Houses Fund Management Company Limited</li> <li>- DBS Vickers (Thailand) Company Limited</li> <li>- SCB Securities Company Limited</li> <li>- Kasikorn Securities Public Company Limited</li> <li>- Bualuang Securities Public Company Limited</li> <li>- Country Group Securities Public Company Limited</li> <li>- Phillip Securities (Thailand) Public Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>- Merchant Partners Securities Public Company Limited</li> <li>- Thanachart Securities Public Company Limited</li> <li>- Maybank Asset Management (Thailand) Company Limited</li> <li>- Leading Assets United LTD</li> <li>- Krungsri Asset Management Company Limited</li> <li>- Asia Plus Securities Limited</li> <li>- Manulife Asset Management (Thailand) Company Limited</li> </ul>

#### • Financial Statements and Auditors

The Company and Sahakarn Wisavakorn Co., Ltd. have appointed EY Office Limited as auditors since 1999 and 2007, respectively. 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 2015, 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**

The Board of Directors consists of knowledgeable and capable individuals who play an important role in determining the Company's policies on finance and risk management as well as overall direction. They also have a vital role in independently supervising, auditing, and assessing the corporate performance as well as the performance of each individual high-level executive to meet the plan.

- **Vision, Mission and Corporate Governance Policy**

In 2014, the Board of Directors reviewed, amended and approved the 2014 version of corporate vision, mission and targets which were cascaded down to employees at all levels. The Company will review its corporate vision and mission at least every 5 years.

- **Structure and qualifications of the Board of Directors**

The Board of Directors shall consist of 9 members who meet the required qualifications and do not possess prohibited characteristics under the Public Company Limited Act. The Board should comprise persons with a variety of skills and expertise, regardless of gender. The Company has clearly separated positions between Chairman of the Board of Directors, Chief Executive Officer, and President. The composition of the Board of Directors consists of four independent directors, representing more than one-third of the entire Board. This contributes to proper checks and balances and crosschecking of management.

Selection and nomination of directors must be transparent and must be subject to consideration by the Nomination and Remuneration Committee. Each year, at least one-third of the directors shall retire by rotation. It is the corporate policy that each director is allowed to assume directorship in no more than 5 listed companies. The Chief Executive Officer must report to the Nomination and Remuneration Committee in the case of holding directorship in other company.

- **Chairman of the Board of Directors and Chief Executive Officer**

The Chairman of the Board of Director is not the same person as the Chief Executive Officer. Both positions have clearly separate duties and responsibilities in terms of supervision and management. Details of duties and responsibilities are described in the topic of "Management Structure".

The top executive position is Chief Executive Officer.

- **Directorship in other company**

No director has assumed directorship in more than 5 other companies. This is in line with the recommendation of the Stock Exchange of Thailand. Details of directorship of each director in other companies are presented in the topic of "Profile of the Board of Directors and Management".

- **Orientation for new directors**

The Company prepared video materials introducing the Company and major projects to new directors and the general public. The corporate presentation video was posted on the home page of the Company's website. Also, information about the Company's businesses was prepared in the form of presentation slides for the CEO to present to the new directors and for the HR Department to present to new employees.

- **Self-assessment of the Board of Directors**

The Board of Directors set up the policy requiring all directors to conduct assessment of the performance of the entire Board of Directors using the self-assessment form for the Board of Directors provided by the Corporate Governance Development for Capital Market Department, Stock Exchange of Thailand. For 2015, the Company used the latest version of the form issued in February 2015 with the additional information for certain topics to support the assessment of the directors and clarification of details of the assessment. There are 6 major topics for assessment:

1. Structure and qualifications of the Board of Directors
2. Role, duties and responsibilities of the Board of Directors
3. Meetings of the Board of Directors
4. Performance of Duties as Director
5. Relationship with management
6. Directors and management development

Furthermore, in 2015 performance assessment for individual directors and subcommittees including the Audit Committee, the Nomination and Remuneration Committee, the Corporate Governance Committee, and the Risk Management was conducted. The assessment results were presented to the Board of Directors meeting.

The performance assessment results of the subcommittees and the individual directors were presented to the Board of Directors meeting for acknowledgement and for use as a guideline for further improvement. In 2015, the entire Board of Directors achieved the performance rating of above 90% or "Very Good".

- **Performance Appraisal for Chief Executive Officer**

The Board of Directors assigns the Remuneration and Nomination Committee to handle the performance appraisal for Chairman of the Executive Committee and 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 seven committees of which their

members are the Company's directors to carry out specific tasks as assigned. Those seven committees are the Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee, Risk Management Committee, Executive Committee and 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

Since 2015, the Company hired El Business Advisory Co., Ltd. to perform duties as the internal auditor in place of the Internal Audit Department. This is to facilitate independence in performing duties and allows the auditor to report directly to the Audit Committee

- **The Remuneration and Nomination Committee**

The Remuneration and Nomination Committee consists 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 2015, the Committee convened two meetings to consider the overall framework regarding salary and bonus increase of the Company and its subsidiaries. Also, the 2015 salary and the 2014 bonus of the Chairman of the Board of Directors and the Chief Executive Officer were considered. Selection of new directors to replace those retiring by rotation was made taking into account individuals meeting required qualifications such as having insights, capabilities, experience, and expertise in line with the business operations of the Company.

- **Corporate Governance Committee**

The Corporate Governance Committee consists of two independent directors and one executive director to perform their duties according to Good Corporate Governance of the Company. In 2015, there were two meetings to acknowledge the new criteria of 2015 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, 2015 Code of Conduct and Business Ethics Practices of Management and Employees, etc. and acknowledge & give comments for CSR activities of the Company.

- **Risk Management Committee**

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.

- **Executive Committee**

In 2015, the Board of Directors set up a new subcommittee, i.e. Executive Committee, consisting of four executive directors, with the duties to determine plans, policies, direction, and business strategies of the Company, for submission to the Board of Directors for consideration and approval for further use as an overall management guideline.

- **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 tasks as assigned by the Board of Directors. The committee holds meetings on Tuesday of the second week and the fourth week of each month, with an aim to supervise and monitor progress of the Company's operations to ensure efficiency and convenience. The Board of Directors has defined the scope of duties and responsibilities of the Management Committee in writing for management clarity and transparency.

To facilitate more systematic, concise and appropriate operations and mitigation of potential risks, to enable effective internal control systems, and to enhance operational efficiency and effectiveness, since 2007 the Board of Directors approved the enforcement of "Authority Table" to be used as a guideline for all employees. The "Authority Table" defines the level of authority and responsibilities of management at each level. This is to help cascade down authority from top to bottom levels, facilitating convenience and flexibility in operations. The "Authority Table" was updated in 2009, 2011-2012, and 2014-2015 to reflect the circumstances in those periods.

- **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 every 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**

The plan was described in the section of “Top Executive Selection”. On 17 March 2015, the Board of Directors appointed Mr. Pasit Leesakul as Chief Executive Officer in place of Mr. Smai Leesakul, effective as from 1 April 2015. This was in accordance with the succession plan. The Nomination and Remuneration Committee, after due consideration, opined that Mr. Pasit Leesakul met the required qualifications as specified in the succession plan for the position of Chief Executive Officer.

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

As of 31 December 2015, the Company’s Board of Directors consists of nine directors including:

- Chairman, representative from major shareholder	1	person
- Independent directors	4	persons
- Executive directors	4	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 including to propose the remuneration of Chairman of Executive Committee and Chief Executive Officer for approval by the Board of Directors Meeting. 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 encourages, supports, and facilitates convenience for all parties involved in the corporate governance process of the Company, including directors, management, Corporate Secretary, Investor Relations Department, Accounting Department and Finance Department. The Company continuously and consistently sent representatives to attend seminars in various courses or activities arranged by the Institute of Thai Directors Association (IOD), the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, the Thai Listed Companies Association, the Thai Investors Association or other independent agencies, in order to promote knowledge development for further work efficiency improvement.

The Company has set its policy to officially arrange meetings or workshops for its executives at least once per year with a view to communicating policies, targets, direction, and

business strategies of the Company. Highly experienced speakers in various fields beneficial to the Company were invited to provide knowledge to the management. Executives at all levels from the Head Office and construction sites were provided with the opportunity to raise inquiries, provide recommendations and express opinions at the meetings.

The Company Secretary usually updates the Board of Directors of all relevant rules and regulations of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand or other agencies as well as seminars and/or activities to be held by the said authorities.

In addition, the Board of Directors encourages all directors to continually participate in the various training courses which will be beneficial to their duties such as Director Certification programs held by the Thai Institute of Directors Association, seminars held by the Stock Exchange of Thailand/the Office of the Securities and Exchange Commission, etc.

Recognizing the importance of risk management, in 2015 the Company provided trainings in “Risk Management” by inviting an expert in risk management to educate the management about the various aspects of organizational risk management in order to support the Company’s future growth.

- **Board of Directors Meeting**

The Board of Directors determines meeting schedules for the Board of Directors and other subcommittees in advance annually. Meetings of the Board of Directors and the Audit Committee must be held at least once per 3 months. Special meetings may be convened as deemed necessary. The Chairman of the Board of Directors shall manage the performance of duties of directors, and shall provide a summary of the meeting agenda to directors for consideration. Each director shall be allowed and encouraged to express opinions freely and meeting time shall be allocated appropriately and efficiently. In the case of any director having a conflict of interest in the matter being considered, the Chairman of the Meeting shall inform the Meeting and the director having a conflict of interest shall leave the meeting. The Corporate Secretary shall be responsible for providing supporting in preparing meeting agenda, notification to the meeting, and supporting documents and submitting them to the directors at least 7 days in advance prior to the meeting date. The Corporate Secretary shall also oversee and arrange the meeting, keep the meeting documents, and provide advice in relation to the compliance of the Board of Directors with applicable laws, rules and regulations.

The Board of Directors encourages each director to attend at least 80% of all Board of Directors meetings held throughout the year. The meeting attendance details of directors and subcommittee members were disclosed in the topic of “Management Structure”.

Moreover, the Board of Directors set out the policy to arrange a meeting among all independent directors without any participation of the executive directors at least once per year starting from 2012 onwards. In 2015, one meeting among all independent directors was held in December 2015 and one meeting between the Audit Committee and the auditor, without the participation of the management, was held.

- **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 and Environment

The Board of Directors recognizes the importance of corporate sustainable development and success and strongly believes that the Company's steady advancement towards prosperity relies mainly upon its ethical business conduct and corporate social responsibility. The Company implemented various internal and external activities to reflect its commitment towards social and environmental responsibility and conducted business based on the code of ethics and effective management framework. It is the corporate mission to do business under the good corporate governance principles with a focus on the highest standard of safety and care for the environment, society and community in a move towards sustainable business growth and stability. At TRC Group, employees are considered the most important assets and various formats of employee-related support programs were implemented such as external trainings and internal trainings, provident fund, social security fund, employee uniforms, annual physical check-up, etc. Employees were also encouraged to give back to the society and environment

### CSR-In-Process

The Company is strongly determined to create organizational value based on the concept of sustainable development and will consistently improve or develop management processes and procedures with a view to promoting integrity and transparency in the business undertakings ranging from bidding to procurement of raw materials, recruitment, construction and delivery of deliverables after construction completion.

The Company takes into account possible impacts upon the community or society as a whole as well as the environment. When the Company starts the construction project after winning the bidding, it will educate locals or area residents on its policies and details of the project from the commencement until the completion. The benefits of the majority of the locals will also be taken into consideration. The Company would take steps in paying compensation for any impacts caused by its operations; or would provide clarification and take immediate rectification actions for any impacts occurring during the operations. All complaints can also be filed directly with the Company and after the completion of the construction, the Company will also adjust local landscape to resume its original condition before handover of deliverables.

## 1. Overall policy and operation

The Board of Directors set up a policy requiring the Company and its subsidiaries to conduct business in accordance with the highest standard of corporate governance and safety while caring for the environment, society and community for sustainable business development and stability. In 2015, the revised corporate vision, mission, and goals were disclosed in the Company's website under the "Company Profile" section for use as a code of conduct for directors, management and employees. The Company recognizes the importance of the equitable rights of all stakeholders as well as the compliance with legal framework, corporate rules and regulations, ethical conduct, and the principles of fairness and equality, and requires that all executives and employees possess proper conduct and behavior that are widely accepted by the society, which will meaningfully contribute to the Company's sustainable business growth.

TRC Group launched the policy and guideline to comply with the 8 CSR principles of the Stock Exchange of Thailand as follows:

### 1. Fair business practice

The Company has defined desirable practices that represent the fair business undertakings and the respect for others' property in the Code of Conduct for Management and Employees for 2015 in Chapter 5 "Desirable Practices towards Vendors", Chapter 6 "Desirable Practices towards Business Competitors" and Chapter 7 "Desirable Practices on Intellectual Property or License".

### 2. Anti-corruption

The desirable practices in connection with anti-corruption and complaints handling channels or whistleblowing channels are specified in the Code of Conduct for Management and Employees for 2015 in Chapter 10.

In 2015, there was no reporting of complaints or whistleblowing relating to fraud or corruption to the Audit Committee.

### 3. Respect for human rights

The Company places importance on the respect for human rights and non-involvement in all forms of violation of human rights as well as gender discrimination. The Company hires people with impaired hearing as permanent employees as well as adopts gender-equality-oriented employment policies.

### 4. Fair labour practice

The practices regarding employment, labour, occupational health and safety, and equal opportunities are described in the Code of Conduct for Management and Employees for 2015 in Chapter 1 "Desirable Practices towards the Company" and Chapter 2 "Desirable Practices toward Supervisors, Subordinates, and Colleagues".

The practices regarding effective management system, occupational health and safety and concrete environmental management are described in “10. Corporate Governance”.

### **5. Responsibility for consumer**

At TRC Group, efficient service provision, timely delivery, meeting the needs of every customer, and compliance with the highest standard of safety are at the heart and center of business undertakings and are mentioned in the Code of Conduct for Management and Employees for 2015 in Chapter 4 “Desirable Practices towards Customers”.

The Company undertook Customer Satisfaction Survey every six months. The survey questions can be divided into 10 topics as follows: 1. Disclosure of information before job acceptance 2. Communications 3. Availability of supporting documents 4. Coordination of problem solving and speed of actions 5. Timely delivery 6. Fulfillment of requirements 7. Safety-oriented practices 8. Environmentally friendly practices 9. After-delivery services and 10. Pricing. The assessment results and opinions of the customers will be sent to the management for further use as a guideline to develop and improve services that better suit the customers.

### **6.-7. Environmental protection and community or social development engagement**

The Company recognizes the importance of environmental protection and community or social development engagement activities. This is reflected in the Code of Conduct for Management and Employees in Chapter 8 “Desirable Practices towards Society, Environment and Community”.

CSR and community or social development activities are always considered as part of the job at TRC Group because the nature of its business involves the provision of construction services for the energy and petrochemical industries whereas community safety and environmental protection during the course of construction and after the handover of deliverables are of utmost importance. Moreover, the Company always takes into account the potential impacts on the nearby communities.

The Company publicizes and disseminates knowledge and educates local communities on potential impacts from the implementation of the project on a periodical basis at the beginning, in the middle, and upon the delivery of the project through various means of communications, depending upon specific circumstances and project characteristics.

### **8. Innovation and distribution of CSR innovation** - no information of this item.

## **2. Business against Corporate Social Responsibility**

In 2015, 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 2015, the Company and its subsidiaries conducted the following social and

environmental contribution activities:

1) Donation of table calendars to the Foundation for the Blind in Thailand under the Royal Patronage of H.M. the Queen. This activity was the collaborative efforts of TRC Construction Public Company Limited and Sahakarn Wisawakorn Company Limited, aimed at encouraging employees to donate unused table calendars for use as learning materials for students with impaired vision whereas the teachers may use such calendars as teaching materials for each subject.



2) The Thai Veterans Day Event has been held annually on 3 February in order to commemorate the bravery acts and good deeds of all veterans. Red Poppy flower is used as a symbol for soldiers who have served the country. This is to remind us of the blood which all the soldiers have sacrificed for our country. The event also provides a good opportunity for the general public and employees of TRC Group to extend their appreciation and support for the veterans and their family through the sales of Poppy flower. All the sales proceeds without deduction of expenses will be used to help the veterans through the Foundation to Aid Veteran Families.



3) Blood donation activities by employees and the general public for the Mobile Blood Donation Unit of Rajavithi Hospital. Since 2008, these blood donation activities have been held annually in February at TRC Construction Public Company Limited. This year, on the occasion of 61st Anniversary of Sahakarn Wisawakorn Company Limited, the hospital received the donation of 53 bags of blood in total.





4) Donation of drinking water to support the fasting activity undertaken in the Ramadan Month of 2015 to the masjids in Talingchan Subdistrict, Jana District, Songkhla Province.



5) Mother's Day activity for 2015. The event included the Jasmine flower sales activity by the National Council on Social Welfare of Thailand. The sales proceeds were donated to the United Way of Thailand to assist people in hardship and to support the granting of academic scholarships to children and youth living in poverty and in need nationwide. The event also included the "Write for Mom" activity, in which the employees were allowed to write messages in the cards provided by the Company and send such cards together with Jasmine flower to their mother for free of charge. This activity was intended to promote close ties between employees and families.





6) Co-sponsoring of the local fishing boat race (Fiber-made boat competition no. 1 in 2015). The said activity was aimed to preserve a good tradition as well as to promote relations, love and harmony among people in the community. The competition was divided into 3 categories: Fiber boat with 7-meter length, 6.8-meter length, and 6-meter length. The event took place at the Talingchan Beach, Talingchan Subdistrict, Jana District, Songkhla Province.



7) The Company set out a policy to focus on sustainable business development and returning of profits to society. This is reflected by the launch of the CSR long-term projected called “Back to hometown project” in 2012, which is aimed at restoring and developing the society and community of the homeland of the employees. Concrete actions have been taken since 2013.

In 2015, the Company provided budget support for the restoration of the community being the homeland of the employees for public benefits under the following two projects:

- Provision of water filtering machines to locals at Nong Sra Temple Village. This was because the village’s tap water was contaminated with chemicals and was unconsumable. The Company therefore provided water filtering devices for 96 households to have clean water for consumption. In parallel, the Company donated sports equipment, toys and books to Sra La Man School, Nakorn Sawan Province.



- Donation of cement for the building of the main monastery of Wang Phra Hin Temple, Ban Phot Pisai District, Nakorn Sawan Province. This activity was originated from the fact that the original condition of the surrounding structure of the main monastery consisted of soil and sand, and thus it was difficult for participants of the activities within the monastery to walk on foot into the monastery. Therefore, the Company initiated the project to pour cement around the main monastery to facilitate access to the activities at the temple for locals in the community. Also, the Company donated sports equipment to locals in the community for taking exercise.



8) Father's Day activity for 2015. This year, recognizing the importance of playing sports together with studying and use of free time to do valuable activities, the Company initiated the project "Do D for DAD" to donate sports equipment to Wat Porn Phra Ruang Prasit School which is located in the proximity of the Company's Head Office.



## 12. Internal Audit Control and Risk Management

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

The Board of Directors and the management have direct duties and responsibilities to provide and maintain the internal control systems in various areas including finance, operations, corporate governance, and risk management. The Board of Directors assigned the Audit Committee to have authority and duties to conduct reviews to ensure that the Company and Sahakarn Wisavakorn Company Limited have correct and adequate financial reporting, that internal control and internal audit systems are appropriate and effective, that risk assessment and risk management are appropriate, and that laws on securities and stock exchanges as well as regulations of the Stock Exchange of Thailand and relevant business laws are complied with.

El Business Advisory Company Limited is the internal auditor of the Company and Sahakarn Wisavakorn Company Limited for 2015, having duties and responsibilities to independently audit the internal control systems and to review and ensure that the Company and Sahakarn Wisavakorn Company Limited comply with rules and regulations concerned. Based on the audit and assessment of the internal control systems of the Company and Sahakarn Wisavakorn Company Limited, the internal auditor provided recommendations to the Company and Sahakarn Wisavakorn Company Limited for ongoing internal control system improvement in various aspects.

The Audit Committee attended the meeting to consider the adequacy of the internal control systems of the Company and Sahakarn Wisavakorn Company Limited for 2015 in accordance with the internal control system adequacy assessment form of the Office of the Securities and Exchange Commission. The assessment report was submitted to the Board of Directors Meeting No. 2/2016 held on 24 February 2016. The Board of Directors considered and assessed the adequacy of the internal control systems of the Company in accordance with the five components of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) framework as follows:

- 1) Control environment
- 2) Risk management
- 3) Control activities
- 4) Information and communication
- 5) Monitoring

The Board of Directors was of the opinion that the Company and Sahakarn Wisavakorn Company Limited had appropriate and adequate internal control activities and mechanisms to ensure that business operations comply with related business objectives under applicable laws and regulations, helping prevent the management's misuse or unauthorized use of assets.

## 2. Internal control system of the Company

From 2015, the Company hired the internal auditor to independently audit the operations of various functions within the Company and Sahakarn Wisavakorn Company Limited as well as to issue reports to the Audit Committee meetings. The Audit Committee jointly considered internal audit reports together with the independent internal auditor to provide recommendations necessary for revision of the policy of the independent internal auditor and for improvement of internal control systems of the Company and Sahakarn Wisavakorn Company Limited. The Audit Committee conducted at least 4 meetings per year and issued the report of the opinion of the Audit Committee to the Board of Directors for consideration and for disclosure in the Company's annual report.

### Audit findings for 2015

EY Office Limited, who is the certified public accountant of the Company and Sahakarn Wisavakorn Company, identified audit findings and provided recommendations according to audit report called "Management Letter". Based on the audit of the financial statements for the year ended 31 December 2015, the audit findings can be summarized as follows:

TRC	Sahakarn Wisavakorn
<p><b>1. Income recognition :</b> There should be analysis of the gap between the proportion of work completion as per the project engineer's assessment and the proportion of work completion based on the comparison between the actual construction cost and the budget. The supporting reason for the gap should also be provided in writing.</p> <p><b>2. Construction Cost System :</b> There should be review of the estimated construction cost on a regular basis.</p> <p><b>3. Payroll System :</b> Employee data should be reviewed to ensure correctness before submission to an independent specialist for assessment of obligations under the benefit scheme for employees after their termination of employment.</p> <p><b>4. Other matters :</b> There should be calculation of fees for use of assets of the Company to guarantee credit facilities for related companies. There should be calculation of fees for use of assets of the Company to guarantee credit facilities for related companies.</p> <p>The Company should have supporting documents for transfer pricing between the Company and its affiliated companies.</p>	<p><b>1. Construction Cost System :</b> There should be review of the estimated construction cost on a regular basis in order to ensure that the project cost recognized in the profit and loss statement in each period is correct.</p> <p><b>2. Other matters :</b> Stock certificates should be requested from the companies in which investments were made immediately.</p>

The Board of Directors assigned the management to take actions as recommended above.



### 3. Head of the Company's Internal Audit

The Audit Committee Meeting No. 5/2014 on 4 December 2014 appointed El Business Advisory Company Limited as the internal auditor since 2015 and to be mainly responsible for the internal audit for the Company and Sahakarn Wisavakorn Company Limited.

The Audit Committee considered the qualifications of El Business Advisory Company Limited and opined that the said company was qualified for the performance of the duties as the internal auditor for the Company due to its independence and experience in internal audit.

The Audit Committee also assigned Ms. Sarinthip Laomahamek, Ex-head of Internal Audit of the Company for 2005 – 2014 to assume the position of Secretary to the Audit Committee

The consideration and approval for appointment and removal of the internal auditor of the Company shall be approved by the Audit Committee.

### 13. Connected Transactions

In 2015, the Company and its subsidiaries undertook related party transactions with ASEAN Potash Chaiyaphum Public Company Limited. The Company entered into the aforesaid related party transactions on an arm's length basis and in accordance with the requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The related party transactions were duly reviewed by the Audit Committee and were proposed to the Board of Directors for consideration and approval.

Relationship	Type of Connected Transaction	Total (Baht)	Necessity and reasonableness of the transaction
Mr. Smai Leesakul, Director and Chairman of Executive Committee of TRC Construction Public Company Limited has been appointed to be Director and Chief Executive Officer of ASEAN Potash Mining Public Company Limited since 12 January 2015	<b>TRC's the 5<sup>th</sup> Floor office building rental by APOT</b>		TRC provided it's the 5th floor building to be rented by APOT (450 sqm.) for 3 years (1 Dec 14 - 30 Nov 17) at the equal rental rate which TRC charges to Sinopec-TRC JV.
	o Rental Charge (450 sqm.) 100 Bt./Sq.m.in amount of 45,000 Baht/Month	540,000	Additional Information: the rental rate of TP&T Tower which TRC ever rent (774 sqm.) - Rental Charge: 116 Bt./Sq.m. - Service Charge: 174 Bt./Sq.m.
	o Service Charge (450 sqm.) 200 Bt./ Sq.m. Amount of 90,000 Baht/Month	1,080,000	
	o Electricity Charge 5.40 Bt./Unit	141,394	
	o Chiller Charge at fixed rate of 354,000 BTU/Month 0.10 Bt./BTU	424,800	
	o Car Park Service Charge	4,200	
	<b>Management's fuel expense</b>	10,604	
	<b>Other Income from sales of furniture</b>	175,400	- In the 1 <sup>st</sup> quarter 2015, TRC sold furniture consisting of 46 chairs, 31 file cabinets, 29 desks and 12 meeting tables for APOT. - In the 3 <sup>rd</sup> quarter 2015, TRC sold 6 chairs and 1 table for APOT.

Apart from the above transactions, in February 2015, the Audit Committee Meeting and the Board of Directors Meeting considered and approved all related party transactions with ASEAN Potash Chaiphum Public Company Limited to be undertaken in the future, whether under the ordinary course of business or for business support, subject to prices and conditions on an arm's length basis, worth more than Baht 30 million. In February 2016, the Company was granted the "Letter of Award (LOA)" from ASEAN Potash Chaiphum Public Company Limited, as a result of the Company entering into the bidding for the Bamnet Narong Potash Project Package 2 Surface Processing & Facilities with the project value of Baht 34,089,504,186.

### 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 a 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

Present and future related party transactions are/will be undertaken on the ordinary course of business and on an arm's length basis. There are no transfers of interests between the Company and its subsidiaries and persons with possible conflict of interest. The Company assigns the Audit Committee or the auditor or the independent expert to consider and audit the appropriateness of pricing and reasonableness of related party transactions and requires the disclosure of type, value and rationale of such related party transactions to the shareholders in strict compliance with the requirements of the SEC and the SET. Furthermore, the Company will continuously promote understanding among all operating officers through the holding of meetings to inform concerned parties of updates of regulations and written operating procedures to ensure full compliance therewith transparency and protection of interests of shareholders.

### 1. Operating Results Summary

With the vision to advance as a leading company for total solution in energy and infrastructure industry with sustainable growth, the Company has set the direction and strategy for its operations in 2016 to focus on increasing its potential, strengthen its core business including investment in machinery and equipment and human resource development, to ensure the most efficiency across business processes. The operating results in the year 2015 are summarized below.

Total revenues of the Company and its subsidiaries were Baht 3,955.03 million, increasing Baht 827.86 million or 26.47% comparing with the prior year. Construction service revenues increased Baht 784.83 million, or 25.36%. Most of the revenues were derived from the long-term projects carried over from the last year.

Gross profit margin from construction service was Baht 637.78 million, reflecting an increase of Baht 80.73 million or 14.49%, consistent with an increase in service revenues.

Depreciation increased Baht 25.31 million, comparing to 2014, primarily driven by machinery and equipment investment.

Net profit attributable to equity holders of the parent was Baht 305.96 million, representing an increase of Baht 91.04 million from 2014 or 42.36%. Net profit margin was 7.74%, compared to 6.87% of the previous year.

At year-end, the Company had a backlog from 9 projects valued in total of Baht 6,402.39 million which had not been realized as revenues.

New projects awarded during January - February 2016 are as follows:

1. Preparation and Refurbishment of Existing Decline from ASEAN Potash Chaiyaphum Public Company Limited, valued Baht 143.69 million, with 11-month construction period.

2. Srinakarin to Romklao Road Phase I – Construction of Manholes and Cable Underground Duct Banks and riser pipe, from CAT Telecom Public Company Limited, valued Baht 1.14 million with 17-month construction period, and Srinakarin to Romklao Road Phase I – Construction underground phone line, from TOT Public Company Limited, valued Baht 11.44 million with 24-month construction period.

The Company obtained a Letter of Award for the construction of Turnkey Delivery of APOT Project Package 2, Surface Processing and Facilities, from ASEAN Potash Chaiyaphum Public Company Limited. The project value amounted to USD 142,027,205, EUR 416,000,784 and Baht 12,433,389,522 all of which valued in total of approximately Baht 34,089.05 million with 3-year construction period. The Company expects to sign construction contract within the 3<sup>rd</sup> and 4<sup>th</sup> quarter of 2016.

If including these new projects to the backlog as at 31 December 2015, TRC Group would have had a significant increase of backlog with the total value of approximately Baht 40,636.15 million.

The Company and its subsidiaries continually tender large-scale projects mainly from PTT Group, construction works in energy and petrochemical businesses and utility works from public sectors. The Company is strongly confident to be awarded more large-scale projects in 2016. This will enable its total revenues to reach Baht 8-9 million, in agreement with the 5-year plan targeting the growth of construction service revenues to be not lower than 20% per annum and not less than Baht 10,000 million in the year 2019.

## 2. Operating Results and Profitability

- Revenues
  - Construction Service Income

(Unit: Million Baht)						
Construction Service Income	2016		2015		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
- Pipeline system	1,970.97	50.80	2,551.24	82.42	-580.27	-22.74
- Engineering system	1,534.59	39.55	6.93	0.23	1,527.66	22,044.16
- Civil work	373.51	9.62	507.11	16.38	-133.60	-26.35
- Sales and other services	1.10	0.03	30.06	0.97	-28.96	-96.34
<b>Total</b>	<b>3,880.17</b>	<b>100.00</b>	<b>3,095.34</b>	<b>100.00</b>	<b>784.83</b>	<b>25.36</b>

In 2015, the Company and its subsidiaries had construction service revenues of Baht 3,880.17 million, increased by Baht 784.83 million, or 25.36%, year-on-year. The revenues are primarily derived from the long-term pipeline system projects carried forward from the previous year and 2 new large projects awarded in 2015. Such projects include the 1<sup>st</sup> Transmission Pipeline Life Extension Project 28" Recoating Section from PTT Public Company Limited awarded in February 2015 and the Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province from Provincial Waterworks Authority awarded to Sahakarn Wisavakorn Co., Ltd. in July 2015. In early 2015, Navanakorn-Rangsit Interconnecting Gas Pipeline Project (project value Baht 1,084 million) was completed, resulting in lower backlog of pipeline system service, and subsequently the revenues decreased by Baht 580.27 million, from the previous year. However, the revenues from engineering system construction service of 450 TPD Biodiesel Plant and New Incinerator Project increased. Thus, the total construction service revenues were higher, comparing to the prior year.

### - Interest Income and Other Income

The Company's interest and other revenues in 2015 were Baht 74.86 million, representing an increase of Baht 43.03 million or 135.19% from the year earlier. Interest

income increased Baht 7 million from the investment of excess cash in the funds which providing high yield. Other income was from gain on disposal of property, plant and equipment in the amount of Baht 37 million.

- **Costs of Construction Services**

In 2015, the total costs of construction services were Baht 3,242.39 million, reflecting an increase of Baht 704.10 million, or 27.74% which is in accordance with the construction service revenues. The main costs of the Company and its subsidiaries are raw materials and labor costs.

- **Administrative Expenses and Financial Cost**

In 2015, administrative and financial expenses were Baht 337.02 million, representing an increase of Baht 30.20 million or 9.84% from the prior year. The increasing expenses are mostly contributed by the depreciation of machinery and equipment, furniture and office equipment that were invested in 2015, and employee related expenses, including recruitment for more employees, salary and bonus increases, and financial expenses from issuance of debentures.

- **Income Tax Expenses**

2015 tax expenses were Baht 74.54 million, increasing Baht 5.17 million or 7.45% from previous year, in line with increasing income and taxable net profit. 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)	
	2015	2014	2015	2014
TRC Construction Public Co., Ltd. (TRC)	686.73 19.58%	534.95 22.35%	399.13 11.18%	255.67 10.57%
Sahakarn Wisavakorn Co., Ltd. (SKW)	(69.50) (29.43%)	(15.59) (3.07%)	(67.73) (26.46%)	(45.68) (8.93%)
TRC Middle East LLC (TRCM)	n/a n/a	13.91 8.43%	n/a n/a	(1.53) (0.87%)
TRC Engineering LLC (TRCE)	n/a n/a	23.56 80.42%	n/a n/a	0.86 2.87%
Hydrotek Sahakarn Joint Venture	12.76 9.29%	n/a n/a	9.95 7.24%	n/a n/a
<b>The Company and its subsidiaries</b>	<b>637.78 16.44%</b>	<b>557.05 18.00%</b>	<b>305.96 7.74%</b>	<b>214.92 6.87%</b>

\* Note: Percentage represents gross profit margin and net profit margin

### - Gross profit margin

In 2015, the gross profit margin was 16.44%, lower than the last year at 18%. The gross profit margin of each company was as follows:

- TRC Construction Public Company Limited has gross profit margin of 19.58%, which was higher than the Company's normal level of 15% and down from the previous year of 22.35% due to completion of Navanakorn-Rangsit Interconnecting Gas Pipeline Project which is the large scale project.

- SKW had a gross loss of Baht 69.50 million due to costs of project work modification.

- TRCM and TRCE, the two subsidiary companies in the Sultanate of Oman did not accept further work; hence no gross profit.

### - Net Profit and Segment Profit

In 2015, the Company and its subsidiaries posted a net profit of Baht 305.96 million, increasing by Baht 91.04 million from Baht 214.92 million in 2014. Revenue and profit by segment were shown in Note 33 to the financial statements. Segment revenues in descending order were pipeline system, engineering system, civil work, and sales and other services with proportion of 50.79%, 39.55%, 9.63%, 0.03%, respectively. The Company's net profit was primarily based on pipeline system construction service.

### • Return on Shareholders' Equity

The Company paid dividends from its operating results from 2011 to 2015 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	
2011	1.00	0.12	-	40.25	-	79.51%
2012	0.50	0.050358	0.083336 (6 existing shares per 1 new share)	33.89	56.07	50.93%
2013	0.50	0.05	-	40.82	-	52.85%
2014	0.50	0.003472	0.031250	11.54	103.82	45.63%
2015	0.125	0.01	0.0156250	45.64	71.30	30.48%

Note: The cash/stock dividend payment for 2015 operating results will be proposed to the 2016 Annual General Meeting of Shareholders for approval. The ordinary shares derived from the eight exercise of the ESOP-W2 on 30 March 2016 were entitled to cash/share dividend payment.

### 3. Financial Position Analysis

- **Assets**

As at 31 December 2015, the total assets were Baht 4,571.87 million, increasing by Baht 1,941.26 million or 73.80% from those as at 31 December 2014. Details were as follows:

				(Unit: Million Baht)	
	31 December 2015	December 2014	Increase (Decrease)	%	
Current assets	3,316.06	2,063.91	1,252.15	60.67	
Non-current assets	1,255.81	566.70	689.11	121.60	
Total assets	4,571.87	2,630.61	1,941.26	73.80	

► Current assets were Baht 1,252.15 million. Key items are as follows:

1. Cash and cash equivalents were Baht 1,289.43 million, increasing Baht 628.77 million from last year or 112.55%.

1.1 Net cash flows from operating activities were Baht 511.17 million. The significant changes were from:

- + Profit from operations before changes in operating assets and liabilities Baht 396.61 million
- + Change in advance received from customers under construction contracts Baht 211.91 million
- Cash paid for income tax Baht 115.58 million

1.2 Net cash flows used in investing activities were Baht 628.54 million. The significant changes were from:

- Cash paid for purchase of ordinary shares in ASEAN Potash Chaiyaphum Public Company Limited Baht 405.23 million
- Cash paid for purchase of property, plant and equipment Baht 303.40 million
- + Cash received from disposal of property, plant and equipment Baht 75.87 million

1.3 Net cash flows from financing activities were Baht 798.10 million. The significant changes were from:

- + Cash received from issuance of ordinary shares to private placement investors Baht 726 million
- + Cash received from issuance of debentures Baht 100 million
- Repayment of long-term loans Baht 30.50 million

2. Unbilled receivable increased from Baht 396.20 million to Baht 1,023.20 million or increased by 158.21%. This revenue occurred when the work was completed but the invoice was still not issued until the conditions in the construction contract are met.

- ▶ Non-current assets increased from Baht 566.70 million to Baht 1,255.81 million.

Key items are as follows:

1. Other long-term investment in ASEAN Potash Chaiyaphum Public Company Limited Baht 405.23 million.
2. Investment in property, plant and equipment, net of accumulated depreciation and asset disposal, Baht 251.70 million.

- **Liabilities and Shareholders' Equity**

As at 31 December 2015, the Company and its subsidiaries recorded total liabilities and Shareholders' equity of Baht 4,571.87 million, an increase of Baht 1,932.09 million or 73.45% from the previous year. Details are as follows:

(Unit: Million Baht)				
	31 December 2015	31 December 2014	Increase (Decrease)	%
Current liabilities	1,966.19	1,203.35	762.84	63.39
Non-current liabilities	185.02	49.55	135.47	273.40
Total liabilities	2,151.21	1,252.90	898.31	71.70
Shareholders' equity	2,420.66	1,377.71	1,042.95	75.70
Total liabilities and shareholders' equity	4,571.87	2,630.61	1,941.26	73.79

▶ Current liabilities increased from Baht 1,203.35 million to Baht 1,966.19 million. Key items are as follows:

- Advances received from customers under construction contracts increased from Baht 105.39 million to Baht 320.99 million representing an increase of 204.57%, primarily from the new projects awarded in 2015.
- Unbilled payable increased from Baht 337.90 million to Baht 967.85 million, representing an increase of 186.43%, since the Company recognized the costs based on the deliverables handed over by subcontractors while the subcontractors did not yet send the bills at year-end.
- Unearned construction revenues of Baht 149.40 million was gradually recognized as service revenues.

▶ Non-current liabilities increased from Baht 49.55 million to Baht 185.02 million resulting from the issuance of debentures through private placement for using as working capital amounted to Baht 100 million.

▶ Shareholders' equity increased from Baht 1,377.71 million to Baht 2,420.66 million or 75.04%.



Shareholders' equity opening balance	1,377.71
Issuance of ordinary shares through private placement and exercise of ESOP-W2	758.01
Comprehensive income	303.29
Dividend payment	(11.54)
Dividends paid by subsidiaries to non-controlling interest	(10.64)
Others	3.83
Shareholder's equity closing balance as at 31 December 2015	<u>2,420.66</u>

#### • 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. The Company paid the entire loan amount in 2015. During the long-term borrowing, 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 2015, the Company had the registered capital of Baht 655,358,932 and the paid-up capital of Baht 565,345,762, an increase of Baht 154,038,909 year-on-year. The increase of capital in 2015 was derived from:

- Exercise of the warrants (ESOP-W2) to purchase 71,773,760 ordinary shares
- Issuance of stock dividend for the year 2014 of 830,537,602 shares
- Issuance of new shares through private placement 330 million shares at Baht 2.20 per share

The raising capital was based on the consideration of appropriateness of capital structure as follows:

Year	Debt to Equity Ratio (Times)
2015	0.89
2014	0.91
2013	0.71

The Company's debt to equity ratio of 0.89 time in 2015 indicated that the shareholders' equity was higher than its total liabilities and was lower than the listed companies in construction sector of 2.46 times.

## 4. Liquidity and Fund Adequacy

The sources of funds of the Company and its subsidiaries included operating funds, shareholders' capital, issuance of debentures 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. The Company was able to manage the liquidity efficiently and pay dividends to the shareholders periodically.

In 2015, the Company also obtained funds of Baht 726 million from the issuance of new shares through private placement and Baht 44.88 million from the exercises of ESOP-W2 warrants No. 4-7 for use as working capital.

Capital expenditure in 2015 was primarily from investment in ordinary shares of ASEAN Potash Chaiphaphum Public Company Limited and investment in property, machinery and equipment for business expansion.

Year	Consolidated financial statements		
	Current Ratio (Times)	Cash Ratio (Times)	Increase in cash from operations according to cash flow statements (Million Baht)
2015	1.69	0.32	511.17
2014	1.72	0.61	593.05
2013	2.00	0.04	45.58

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 1.69 times in 2015 compared to 1.72 times in 2014. The cash ratio was 0.32 time in 2015 while it was 0.61 time in 2014. The decrease in the ratio was caused by the decrease in cash flows from operating activities of Baht 81.88 million from Baht 593.05 million in 2014 to Baht 511.17 million in 2015, driven by the key factors as follows:

- In 2014, the Company received a cash refund of withholding tax of Baht 27.19 million.
- In 2015, the Company realized more revenues and received higher service revenues than the prior year, resulting in higher tax payment by Baht 33.92 million.

### 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
2015	4	69	44	29
2014	7	63	43	27
2013	13	51	53	11

The Company's cash conversion cycle was 29 days, comparable to 27 days in 2014.

1. The days' sales in inventory decreased from 7 days in 2014 to 4 days in 2015 or by 3 days. This was resulted from the level of construction supplies prepared for large-scale projects in 2014 slightly higher than 2015.
2. Average collection period in 2015 was 69 days, increasing from 63 days in 2014. This was because in most cases the Company was able to collect debts according to agreed-upon payment terms.
3. Average payment period in 2015 was 44 days, comparable to 43 days in 2014. 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

In 2015, the Company's management adjusted the business strategy of its subsidiaries in the Sultanate of Oman, TRC Engineering LLC and TRC Middle East LLC by reducing operating costs, sales of assets, and transferring specialists back to work in Thailand. The Company will close down and liquidate both subsidiary companies in 2016.

During 2015, TRC Investment Limited had invested in ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (APOT) amounted to 1.78 million shares and invested more during January – February 2016, for 3.56 million shares. TRC Group targets to invest to attain 25% of total shares within the first half of 2016. By acquisition of shares in APOT from 2016 onwards, the Company has to recognize the results of operations by the Equity Method of accounting standards. Currently, APOT is in the process of improving the tunnel to the existing mine for survey to be used for commercial and commencing constructions of underground mining, potash production plant, office building, power plant and other facilities, with the construction period of approximately 3 years. Thus, during this period, net loss will be shown in the operating results of APOT that may affect the Company's financial statements, since the Company has to realize loss from the operations of APOT. However, from the new projects awarded in early 2016, the Company has a high-valued backlog of Baht 40 billion. The Company has planned for the most efficiency in project management to ensure the targets are achieved.

## 15. Financial Statements

### TRC Construction Public Company Limited and its subsidiaries Report and consolidated financial statements 31 December 2015

#### 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 2015, 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.

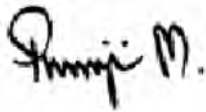
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or 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 2015, 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: 24 February 2016

TRC Construction Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2015

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	1,289,427,603	606,657,464	751,701,030	455,659,376
Current investments		-	36,796	-	36,796
Trade and other receivables	6, 8	636,308,426	876,685,651	534,785,535	724,579,493
Unbilled receivables	9	1,023,022,679	396,199,789	937,257,721	379,839,282
Accounts receivable - retention under construction contracts	9	164,027,050	77,596,740	147,064,107	72,633,202
Advances paid to subcontractors under construction contracts		68,468,479	10,790,902	32,680,133	8,149,747
Construction in progress	9	27,151,379	16,140,252	-	16,106,866
Construction supplies	10	14,323,750	18,653,108	14,323,750	18,653,108
Short-term loans to related parties	6	-	-	498,215,444	36,668,256
Withholding tax deducted at source	11	36,527,392	28,666,178	14,416,694	14,416,816
Other current assets		56,799,968	32,479,465	35,107,932	26,934,275
<b>Total current assets</b>		<b>3,316,056,726</b>	<b>2,063,906,345</b>	<b>2,965,552,346</b>	<b>1,753,677,217</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions	12	36,341,988	34,543,111	3,356,698	13,672,618
Investments in subsidiaries	13	-	-	475,875,637	175,412,221
Investments in joint ventures	14	2,375,587	2,444,856	2,375,587	2,375,587
Other long-term investments	15	455,225,624	50,000,000	-	-
Property, plant and equipment	16	706,700,651	455,000,457	660,582,785	425,450,291
Intangible assets	17	8,023,118	8,832,435	7,404,539	8,519,891
Deferred tax assets	29	38,419,247	11,799,911	9,773,225	8,649,645
Other non-current assets		8,728,533	4,086,196	8,653,733	3,891,759
<b>Total non-current assets</b>		<b>1,255,814,748</b>	<b>566,706,966</b>	<b>1,168,022,204</b>	<b>637,972,012</b>
<b>Total assets</b>		<b>4,571,871,474</b>	<b>2,630,613,311</b>	<b>4,133,574,550</b>	<b>2,391,649,229</b>

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 2015

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Trade and other payables	6, 18	552,784,249	458,390,399	411,672,175	384,015,604
Unbilled payables		967,852,967	337,902,779	952,317,545	310,509,538
Unearned construction revenue	9	-	149,396,081	-	149,396,081
Accounts payable - retention under construction contracts		37,405,074	27,732,191	25,935,678	16,721,663
Advances received from customers under construction contracts	9	320,987,399	105,388,441	92,353,484	105,307,263
Current portion of long-term loans	19	-	26,000,000	-	26,000,000
Provision for liabilities under construction projects	20	20,803,791	34,323,157	12,352,722	19,660,306
Current portion of liabilities under finance lease agreements	21	12,531,806	101,406	8,600,433	-
Income tax payable		1,432,892	8,360,391	571,321	8,360,391
Other current liabilities	22	52,392,866	55,760,464	39,202,355	49,073,270
<b>Total current liabilities</b>		<b>1,966,191,044</b>	<b>1,203,355,309</b>	<b>1,543,005,713</b>	<b>1,069,044,116</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	19	-	4,500,000	-	4,500,000
Debenture	23	100,000,000	-	100,000,000	-
Liabilities under finance lease agreements - net of current portion	21	31,072,138	-	16,230,068	-
Provision for long-term employee benefits	24	33,952,891	25,047,973	31,286,216	23,587,920
Provision for litigation	35.1	20,000,000	20,000,000	20,000,000	20,000,000
<b>Total non-current liabilities</b>		<b>185,025,029</b>	<b>49,547,973</b>	<b>167,516,284</b>	<b>48,087,920</b>
<b>Total liabilities</b>		<b>2,151,216,073</b>	<b>1,252,903,282</b>	<b>1,710,521,997</b>	<b>1,117,132,036</b>

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 2015

(Unit: Baht)					
	NOTE	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
<b>Shareholders' equity</b>					
Share capital	25				
Registered					
5,242,871,458 ordinary shares of Baht 0.125 each (2014: 851,029,737 ordinary shares of Baht 0.50 each)		655,358,932	425,514,868	655,358,932	425,514,868
Issued and paid-up					
4,522,766,096 ordinary shares of Baht 0.125 each (2014: 822,613,706 ordinary shares of Baht 0.50 each)		565,345,762	411,306,853	565,345,762	411,306,853
Share premium	25	1,010,975,808	280,461,204	1,010,975,808	280,461,204
Capital reserve for share-based payment	26	10,461,029	25,956,932	10,461,029	25,956,932
Subscription received in advance from exercise of warrants	26	7,310,526	10,723,061	7,310,526	10,723,061
Retained earnings					
Appropriated - statutory reserve	27				
The Company		56,534,575	41,130,685	56,534,575	41,130,685
Subsidiaries		4,108,018	2,643,872	-	-
Unappropriated		778,265,668	605,991,179	772,424,853	504,938,458
Other components of shareholders' equity		10,842,835	5,587,754	-	-
Equity attributable to owners of the Company		2,443,844,221	1,383,801,540	2,423,052,553	1,274,517,193
Non-controlling interests of the subsidiaries		(23,188,820)	(6,091,511)	-	-
<b>Total shareholders' equity</b>		<b>2,420,655,401</b>	<b>1,377,710,029</b>	<b>2,423,052,553</b>	<b>1,274,517,193</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,571,871,474</b>	<b>2,630,613,311</b>	<b>4,133,574,550</b>	<b>2,391,649,229</b>

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 2015

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Revenues					
Construction services income	6, 9	3,880,171,798	3,095,342,223	3,506,659,619	2,393,920,166
Interest income	6	11,029,496	3,915,645	20,191,924	8,995,298
Other income	6	63,831,087	27,912,267	43,118,545	14,980,203
Total revenues		3,955,032,381	3,127,170,135	3,569,970,088	2,417,895,667
Expenses					
Cost of construction services	6	3,242,393,750	2,538,294,169	2,819,925,685	1,858,968,248
Administrative expenses		332,262,966	303,464,746	262,768,219	225,550,628
Doubtful debt (reversal)		127,330	(563,524)	(13,136,999)	4,119,222
Total expenses		3,574,784,046	2,841,195,391	3,069,556,905	2,088,638,098
Profit before finance cost and income tax expenses		380,248,335	285,974,744	500,413,183	329,257,569
Finance cost	6	(4,753,765)	(3,355,698)	(3,931,497)	(1,617,413)
Profit before income tax expenses		375,494,570	282,619,046	496,481,686	327,640,156
Income tax expenses	29	(74,543,829)	(69,371,596)	(97,355,002)	(71,971,385)
Profit for the year		300,950,741	213,247,450	399,126,684	255,668,771
Profit attributable to:					
Equity holders of the Company		305,963,357	214,923,660	399,126,684	255,668,771
Non-controlling interests of the subsidiaries		(5,012,616)	(1,676,210)		
		300,950,741	213,247,450		
Earnings per share	30	0	0		
Basic earnings per share					
Profit attributable to equity holders					
of the Company		0.07	0.05	0.09	0.06
Diluted earnings per share					
Profit attributable to equity holders					
of the Company		0.07	0.05	0.09	0.06

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 2015

(Unit: Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2015	2014	2015	2014
Profit for the year		300,950,741	213,247,450	399,126,684	255,668,771
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency		3,813,341	(894,407)	-	-
Loss on revaluation of investment in subsidiary		-	(2,955,890)	-	-
Actuarial gains (loss) on employee benefit	24	(1,835,483)	1,579,682	(1,104,941)	-
Income tax effect	29	367,097	(315,937)	220,988	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		2,344,955	(2,586,552)	(883,953)	-
Other comprehensive income for the year		2,344,955	(2,586,552)	(883,953)	-
Total comprehensive income for the year		303,295,696	210,660,898	398,242,731	255,668,771
Total comprehensive income attributable to:					
Equity holders of the Company		309,750,052	212,395,445	398,242,731	255,668,771
Non-controlling interests of the subsidiaries		(6,454,356)	(1,734,547)		
		303,295,696	210,660,898		

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 2015

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from operating activities</b>				
Profit before tax	375,494,570	282,619,046	496,481,686	327,640,156
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	79,401,685	53,761,363	61,841,270	32,456,343
Allowance for doubtful debt (reversal)	127,330	(563,524)	(13,136,999)	4,119,222
Unrealised loss (gain) on exchange rate	15,641,691	(4,760,473)	15,336,169	(5,447,106)
Gain on disposal of property, plant and equipment	(36,362,321)	(8,990,848)	(27,730,902)	(112,148)
Loss on write-off of tools, equipments and intangible assets	533,602	602,362	525,054	446,877
Loss on write-off of withholding tax	-	657,298	-	657,298
Gain from dissolution of joint venture	(34,472)	-	-	-
Expense for share - based payment transactions	3,813,682	25,021,265	3,350,266	22,654,602
Reversal of unbilled payables	(51,122,170)	(7,000,000)	(51,122,170)	(7,000,000)
Provision for liabilities under construction projects	8,940,635	20,429,670	1,053,927	7,800,000
Provision for long-term employee benefits	7,511,967	6,730,211	6,593,355	4,427,781
Interest income	(11,029,496)	(3,915,645)	(20,191,924)	(8,995,298)
Interest expenses	3,690,495	1,229,910	3,336,074	413,424
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>396,607,198</b>	<b>365,820,635</b>	<b>476,335,806</b>	<b>379,061,151</b>
<b>(Increase) decrease in operating assets</b>				
Trade and other receivables	245,417,289	(632,509,871)	195,453,594	(632,543,775)
Unbilled receivables	(621,119,716)	391,270,889	(551,715,265)	323,210,674
Accounts receivable - retention	(86,430,310)	28,225,605	(74,430,905)	28,439,280
Advance paid to subcontractors under construction contracts	(55,735,254)	(1,183,528)	(22,588,064)	(2,030,238)
Construction in progress	(11,011,127)	(13,690,251)	16,106,866	(13,681,522)
Construction supplies	4,329,358	48,692,061	4,329,358	48,692,061
Other current assets	(22,575,097)	4,750,891	(6,429,239)	(2,530,812)
Other non-current assets	(4,642,337)	2,719,136	(4,761,974)	2,464,480
<b>Increase (decrease) in operating liabilities</b>				
Trade and other payables	54,475,393	132,918,166	(15,099,869)	187,620,864
Unbilled payables	681,072,358	248,374,608	692,930,177	252,683,810
Unearned construction revenue	(148,931,097)	115,161,401	(148,931,097)	115,111,209
Accounts payable - retention	9,672,883	11,862,414	9,214,015	9,116,781
Advances received from customers under construction contracts	211,905,264	(88,396,638)	(16,647,473)	(83,657,039)
Provision for liabilities under construction projects	(22,460,001)	(4,509,650)	(8,361,511)	(4,299,122)
Other current liabilities	(3,367,598)	41,301,432	(9,870,915)	38,721,383
Provision for long-term employee benefits	(457,334)	(3,248,129)	-	-
<b>Cash flows from operating activities</b>	<b>626,749,872</b>	<b>647,559,171</b>	<b>535,533,504</b>	<b>646,379,185</b>
Cash received from withholding tax refund	-	27,186,193	-	2,854,277
Cash paid for income tax	(115,584,780)	(81,662,594)	(106,046,541)	(65,196,848)
<b>Net cash flows from operating activities</b>	<b>511,165,092</b>	<b>593,082,770</b>	<b>429,486,963</b>	<b>584,036,614</b>

**TRC Construction Public Company Limited and its subsidiaries**  
**Cash flow statement (continued)**  
**For the year ended 31 December 2015**

	(Unit: Baht)			
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	36,796	(362)	36,796	(362)
Decrease (increase) in restricted deposits at financial institutions	(1,798,877)	48,130,780	10,315,920	33,625,010
Increase in short-term loans to related parties	-	-	(455,063,476)	(237,113)
Cash paid for investing in subsidiary	-	-	(300,000,000)	-
Cash received from dissolution of joint venture	103,741	-	-	-
Cash paid for investments in joint venture	-	(2,375,587)	-	(2,375,587)
Cash paid for purchase of other long-term investment	(405,225,624)	-	-	-
Interest income	7,809,611	10,626,963	16,991,839	6,798,718
Cash received from disposal of property, plant and equipments	75,870,781	9,818,205	65,624,288	112,149
Cash paid for purchase of property, plant and equipments	(303,399,162)	(175,347,715)	(281,271,301)	(166,973,272)
Cash paid for purchase of intangible assets	(1,940,165)	(3,209,390)	(1,577,965)	(3,209,390)
<b>Net cash flows used in investing activities</b>	<b>(628,542,899)</b>	<b>(112,357,106)</b>	<b>(944,943,899)</b>	<b>(132,259,847)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term loans from financial institutions	-	(33,373,389)	-	-
Repayment of long-term loans	(30,500,000)	(19,500,000)	(30,500,000)	(19,500,000)
Cash received from short-term loans from related party	-	-	100,000,000	170,000,000
Repayment of short-term loans from related party	-	-	(100,000,000)	(170,000,000)
Cash received from issuance of ordinary shares	726,000,000	-	726,000,000	-
Cash paid for transaction costs from issuance of ordinary shares	(12,870,000)	-	(12,870,000)	-
Cash received from issuance of debentures	100,000,000	-	100,000,000	-
Subscription received in advance from exercise of warrants	7,310,526	10,723,061	7,310,526	10,723,061
Cash received from increase in capital due to exercise of warrants	37,573,666	18,261,607	37,573,666	18,261,607
Dividend paid	(11,535,246)	(40,815,339)	(11,535,246)	(40,815,339)
Subsidiary paid dividend to non-controlling interests of subsidiary	(10,642,953)	-	-	-
Interest expenses	(2,605,227)	(3,768,966)	(2,250,806)	(2,952,481)
Decrease in liabilities under finance lease agreements	(4,632,841)	(243,374)	(2,229,550)	-
Decrease in non-controlling interests	-	(368,934)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>798,097,925</b>	<b>(69,085,334)</b>	<b>811,498,590</b>	<b>(34,283,152)</b>
Increase (decrease) in translation adjustments	2,050,021	(545,399)	-	-
<b>Net increase in cash and cash equivalents</b>	<b>682,770,139</b>	<b>411,094,931</b>	<b>296,041,654</b>	<b>417,493,615</b>
Cash and cash equivalents at beginning of the year	606,657,464	195,562,533	455,659,376	38,165,761
<b>Cash and cash equivalents at end of the year (Note 7)</b>	<b>1,289,427,603</b>	<b>606,657,464</b>	<b>751,701,030</b>	<b>455,659,376</b>

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 2015

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Supplemental cash flows information</b>				
Non-cash items consist of				
Purchase of fixed assets under financial lease	43,603,944	-	24,830,501	-
Purchase of fixed assets that have yet to be paid	24,934,361	7,029,994	24,920,261	6,952,042
Purchase of fixed assets offset against advance receivable	-	-	7,308,816	-
Interest expenses recorded as cost of project and construction in progress	190,920	2,503,584	190,920	2,503,584
Issuance of stock dividend	103,817,200	-	103,817,200	-
Actuarial gain (loss) on employee benefit	(1,835,483)	1,579,682	(1,104,941)	-

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 2015**

(Unit: Baht)

Consolidated financial statements																		
Equity attributable to the parent's shareholders																		
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Retained earnings					Other comprehensive income			Other components of equity		Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
						Appropriated - The Company	Statutory reserve	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					
Balance as at 1 January 2014		408,293,386	257,908,880	8,239,851	-	38,258,410	2,213,602	433,552,725	214,923,660	1,263,745	-	9,379,714	-	9,379,714	1,157,846,568	(3,988,031)	1,153,858,537	
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	-	-	-	214,923,660	(1,676,210)	213,247,450
Other comprehensive income for the year		-	-	-	-	-	-	-	-	1,263,745	(2,955,890)	(836,070)	(3,791,960)	(2,528,215)	(58,337)	(2,586,552)	(1,734,547)	210,660,898
Total comprehensive income for the year		-	-	(7,304,184)	-	-	-	-	-	216,187,405	(836,070)	-	-	-	-	212,395,445	(1,734,547)	210,660,898
Increase in capital from exercise of warrants	25	3,013,467	22,552,324	-	(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
Decrease in non-controlling interests from change in investment in subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	368,933	(368,933)	-
Appropriated to statutory reserve	27	-	-	-	-	2,872,275	61,337	(2,933,612)	-	(40,815,339)	-	-	-	-	-	(40,815,339)	-	(40,815,339)
Dividend paid	31	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
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	(6,091,511)	1,377,710,029	(6,091,511)	1,377,710,029
Balance as at 1 January 2015		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	(6,091,511)	1,377,710,029	(6,091,511)	1,377,710,029
Profit for the year		-	-	-	-	-	-	305,963,357	5,255,081	-	-	305,963,357	(5,012,616)	300,950,741	2,344,955	(1,441,740)	300,950,741	2,344,955
Other comprehensive income for the year		-	-	-	-	-	-	(1,468,386)	5,255,081	-	5,255,081	3,786,695	(1,441,740)	2,344,955	(6,454,356)	300,295,696	713,130,000	300,295,696
Total comprehensive income for the year		-	-	-	-	-	-	304,494,971	5,255,081	-	5,255,081	309,750,052	(6,454,356)	713,130,000	-	713,130,000	-	713,130,000
Increase in capital	25	41,250,000	671,880,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Increase in capital from share dividend	25, 31	103,817,200	-	-	-	-	-	(103,817,200)	-	-	-	-	-	-	-	-	-	-
Increase in capital from exercise of warrants	25	8,971,709	58,634,604	(19,309,586)	(48,296,727)	-	-	-	-	-	-	-	-	-	-	-	-	-
Subscription received in advance from exercise of warrants		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share-based payment transactions	26	-	-	-	44,884,192	-	-	-	-	-	-	-	-	-	-	44,884,192	-	44,884,192
Appropriated to statutory reserve	27	-	-	3,813,683	-	-	-	-	-	-	-	-	-	-	-	3,813,683	-	3,813,683
Dividend paid	31	-	-	-	-	15,403,890	1,464,146	(16,868,036)	-	(11,535,246)	-	-	-	-	-	(11,535,246)	-	(11,535,246)
Subsidiary paid dividend to non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at 31 December 2015		565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	4,108,018	778,265,668	13,798,725	(2,955,890)	10,842,835	2,443,844,221	(10,642,953)	2,420,655,401	(10,642,953)	2,420,655,401	(10,642,953)	2,420,655,401

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 2015**

Separate financial statements								(Unit: Baht)
	Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Retained earnings		Total shareholders' equity
						Appropriated - Statutory reserve	Unappropriated	
<b>Balance as at 1 January 2014</b>		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 warrants	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)
<b>Balance as at 31 December 2014</b>		411,306,853	280,461,204	25,956,932	10,723,061	41,130,685	504,938,458	1,274,517,193
<b>Balance as at 1 January 2015</b>		411,306,853	280,461,204	25,956,932	10,723,061	41,130,685	504,938,458	1,274,517,193
Profit for the year		-	-	-	-	-	399,126,684	399,126,684
Other comprehensive income for the year		-	-	-	-	-	(883,953)	(883,953)
Total comprehensive income for the year		-	-	-	-	-	398,242,731	398,242,731
Increase in capital	25	41,250,000	671,880,000	-	-	-	-	713,130,000
Increase in capital from share dividend	25, 31	103,817,200	-	-	-	-	(103,817,200)	-
Increase in capital from exercise of warrants	25	8,971,709	58,634,604	(19,309,586)	(48,296,727)	-	-	-
Subscription received in advance from exercise of warrants	26	-	-	-	44,884,192	-	-	44,884,192
Share-based payment transactions	26	-	-	3,813,683	-	-	-	3,813,683
Appropriated to statutory reserve	27	-	-	-	-	15,403,890	(15,403,890)	-
Dividend paid	31	-	-	-	-	-	(11,535,246)	(11,535,246)
<b>Balance as at 31 December 2015</b>		565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	772,424,853	2,423,052,553

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

TRC Construction Public Company Limited and its subsidiaries  
Notes to consolidated financial statements  
For the year ended 31 December 2015

## 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. 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	
			2015 (%)	2014 (%)
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

Company's name	Nature of business	Country of Incorporation	Percentage of shareholding	
			2015 (%)	2014 (%)
Held by the Company's subsidiaries				
CR3 and Sahakarn Joint Venture Company Limited (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	-	-
Hydrotek Sahakarn Joint Venture (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	49.00	-
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	70.00
TRC Engineering LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00

- b) The Company is deemed to have control over an investee or subsidiaries 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.
- c) 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.
- d) 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 2015 and 2014.

- e) 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.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries and joint ventures under the cost method.

### 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 standard that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries’ financial statements. However, some of these standards involve changes to key principles, which are summarised below:

#### **TAS 19 (revised 2014) Employee Benefits**

This revised accounting standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former accounting standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised accounting standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise 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 content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This financial reporting standard changes the principles used in considering whether control exists. Under this financial reporting 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 investees and determining which entities have to be included in preparation of the consolidated financial statements.

This financial reporting standard does not have any impact on the Company's and its subsidiaries' financial statements.

## **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This financial reporting standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This financial reporting standard does not have any impact on the financial statements since the Company and its subsidiaries already apply the equity method to account for the investment in a joint venture.

## **TFRS 12 Disclosure of Interests in Other Entities**

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

## **TFRS 13 Fair Value Measurement**

This financial reporting standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this financial reporting standard if they are required by other financial reporting

standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This financial reporting standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

#### **(b) Financial reporting standard issued during the period and not yet effective**

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards (revised 2015) which are effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### **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) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for 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 - 30 years
Tools and equipment	5 years
Furniture, fixtures and office equipment	3 - 5 years
Motor vehicles	5 years

Depreciation is included in determining income.



No depreciation is provided on land and construction in progress.

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

#### 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.

	<u>Useful lives</u>
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 or loss over the lease period. The property, plant and equipment acquired under financial leases is depreciated over the useful life of the asset.

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

#### 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.

#### **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 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### 4.17 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 judgements and estimates

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

#### Consolidation of subsidiaries that the Company holds less than half of shares

The management of the Company determined that Sahakarn Wisavakorn Company Limited has control over Hydrotek Sahakarn Joint Venture, even though the holding of 49% of shares and voting rights that is less than half of shares and voting rights. This is because Sahakarn Wisavakorn Company Limited is a major shareholder and has the ability to direct the significant activities. As a result, Hydrotek Sahakarn Joint Venture is deemed to be a subsidiary of the Group and has to be included in the consolidated financial statements from the date on which the Company assumed control.

#### Estimated construction project costs

Management applied judgement 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 judgement 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 judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

#### **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

#### **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 judgement 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 judgements 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: Million Baht)
	Consolidated		Separate		Transfer Pricing Policy
	financial statements		financial statements		
	2015	2014	2015	2014	
<b>Transactions with subsidiary companies</b>					
(eliminated from the consolidated financial statements)	-	-	8	-	Cost plus margin
Cost of construction services	-	-	12	6	At rate of 3.5 - 7.0% p.a.
Interest income	-	-	-	1	At rate of 5.5% p.a.
Interest expense					(2014: 3.0% p.a.)
<b>Transactions with related parties</b>					
Construction services income	1,132	462	1,132	462	Cost plus margin
Rental income	3	-	3	-	Contract price

As at 31 December 2015 and 2014, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:



(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Trade and other receivables - related parties</b>				
<b>(Note 8)</b>				
Subsidiary companies	-	-	7,180	5,784
Joint venture	70,134	298,150	70,134	298,150
Shareholder of subsidiary	13,464	24,094	-	-
Related party (related by co-director)	24	-	24	-
Total	83,622	322,244	77,338	303,934
<b>Trade and other payables - related parties</b>				
<b>(Note 18)</b>				
Subsidiary companies	-	-	11,168	5,120
Total	-	-	11,168	5,120

#### Short-term loans to related parties

As at 31 December 2015 and 2014, 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			Exchange rate	Balance as at
		31 December				31 December
		2014	Increase	Decrease	adjustment	2015
TRC Investment Limited	Subsidiary company	1,669	441,126	-	39	442,834
TRC International Limited	Subsidiary company	34,999	50,000	(29,618)	-	55,381
TRC Engineering LLC	Subsidiary company	63,068	-	(6,445)	-	56,623
Total		99,736	491,126	(36,063)	39	554,838
Less: Allowance for doubtful debts		(63,068)	-	6,445	-	(56,623)
Net		36,668	491,126	(29,618)	39	498,215

Short-term loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2014: 3.5% - 7.0% per annum) and due for repayment on demand.

#### Short-term loans from related party

As at 31 December 2015 and 2014, 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			Balance as at
		31 December			31 December
		2014	Increase	Decrease	2015
Sahakarn Wisavakorn Company Limited	Subsidiary company	-	100,000	(100,000)	-

Short-term loans from related party carried interests at rates of 5.5% per annum (2014: 3.0% per annum) and due for repayment on demand.

#### Directors and management's benefits

During the years ended 31 December 2015 and 2014, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)				
	Consolidated		Separate	
	financial statements		financial statements:	
	2015	2014	2015	2014
Short-term employee benefits	35	24	35	23
Post-employment benefits	4	3	4	3
Share-based payment	1	2	1	2
Total	40	29	40	28

#### 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		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Cash	1,724	2,242	723	358
Deposits at financial institutions	659,138	133,208	450,086	91,148
Investment in mutual fund	178,566	171,207	892	114,153
Investment in bill of exchanges	450,000	300,000	300,000	250,000
Total	1,289,428	606,657	751,701	455,659

As at 31 December 2015, deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.25% and 2.07% per annum (2014: between 0.10% and 2.07% per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
<b>Trade accounts receivable - related parties</b>				
Aged on the basis of due dates				
Not yet due	66,313	167,900	66,313	167,900
Past due				
Up to 3 months	-	125,822	-	125,822
<b>Total trade accounts receivable - related parties, net</b>	<b>66,313</b>	<b>293,722</b>	<b>66,313</b>	<b>293,722</b>
<b>Trade accounts receivable - unrelated parties</b>				
Aged on the basis of due dates				
Not yet due	530,901	519,454	436,642	401,630
Past due				
Up to 3 months	16,492	20,780	16,460	12,817
Over 12 months	18,391	17,178	4,383	4,383
<b>Total trade accounts receivable - unrelated parties</b>	<b>565,784</b>	<b>557,412</b>	<b>457,485</b>	<b>418,830</b>
Less: Allowance for doubtful debts	(16,311)	(16,311)	(4,383)	(4,383)
Translation adjustment	(2,081)	(867)	-	-
<b>Total trade accounts receivable - unrelated parties, net</b>	<b>547,392</b>	<b>540,234</b>	<b>453,102</b>	<b>414,447</b>
<b>Total trade accounts receivable - net</b>	<b>613,705</b>	<b>833,956</b>	<b>519,415</b>	<b>708,169</b>
<b>Other receivables</b>				
Advance to related parties	17,309	28,522	6,304	11,525
Interest receivable from related parties	-	-	10,448	11,106
Others	5,421	14,208	4,346	6,198
<b>Total other receivables</b>	<b>22,730</b>	<b>42,730</b>	<b>21,098</b>	<b>28,829</b>
Less: Allowance for doubtful debt	(127)	-	(5,727)	(12,419)
<b>Total other receivables - net</b>	<b>22,603</b>	<b>42,730</b>	<b>15,371</b>	<b>16,410</b>
<b>Total trade and other receivables - net</b>	<b>636,308</b>	<b>876,686</b>	<b>534,786</b>	<b>724,579</b>

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 524 million included in the accounts receivable balance as at 31 December 2015 (the Company only: Baht 503 million) (2014: Baht 690 million, the Company only: Baht 623 million).

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

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2015	2014	2015	2014
Amount of contract revenue recognised as revenue in the year	3,880,172	3,095,342	3,506,660	2,393,920
Aggregate amount of construction costs incurred to date	8,851,110	10,191,382	6,216,857	5,809,755
Adjust with the recognised profits to date	1,637,843	1,725,629	1,424,273	1,292,739
	10,488,953	11,917,011	7,641,130	7,102,494
Sum of progress billings	(9,853,193)	(11,784,342)	(6,796,225)	(6,961,251)
Translation adjustment	93,427	24,887	-	-
	729,187	157,556	844,905	141,243
Gross amount due from customers for contract work consists of				
Unbilled receivable	1,023,023	396,200	937,258	379,839
Construction in progress	27,151	16,140	-	16,107
	1,050,174	412,340	937,258	395,946
Gross amount due to customers for contract work consists of				
Unearned construction revenue	-	(149,396)	-	(149,396)
Advance received from customers	(320,987)	(105,388)	(92,353)	(105,307)
under construction contracts	(320,987)	(254,784)	(92,353)	(254,703)
	729,187	157,556	844,905	141,243
Accounts receivable - retention under construction contracts	164,027	77,597	147,064	72,633

## 10. Construction supplies

(Unit: Thousand Baht)						
	Consolidated / Separate financial statements					
	Cost		Reduce cost to net Realizable value		Construction supplies- net	
	2015	2014	2015	2014	2015	2014
Construction supplies	20,072	24,401	(5,748)	(5,748)	14,324	18,653
Total	20,072	24,401	(5,748)	(5,748)	14,324	18,653

## 11. Withholding tax deducted at source

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Year 2013	14,416	14,416	14,416	14,416
Year 2014	14,250	14,250	-	-
Year 2015	7,861	-	-	-
	36,527	28,666	14,416	14,416

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	
			2015	2014	2015	2014	2015	2014
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	500,000,000 Baht	200,000,000 Baht	99.99	99.99	Baht 620,947,021	Baht 320,483,605
TRC Investment Limited	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32
Total							620,947,053	320,483,637
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							475,875,637	175,412,221

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.

On 16 April 2015, the 2015 Annual General Meeting of Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, passed a resolution approving an increase in the registered capital from Baht 200 million to Baht 500 million, through the issuance of an additional 30 million ordinary shares to be offered to existing shareholders at an offer price of Baht 10 each, representing a total investment of Baht 300 million. The subsidiary received the full payment of additional shares on 13 May 2015 and registered the increase in its paid-up share capital with the Ministry of Commerce on 14 May 2015.

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	
			2015	2014	2015 (%)	2014 (%)	2014 Baht	2014 Baht
Held by Sahakarn Wisavakorn Company Limited								
CR3 and Sahakarn Joint Venture Company Limited	Construction services	Thailand	-	-	-	-	-	-
Hydrotek Sahakarn Joint Venture	Construction services	Thailand	1,000,000 Baht	-	49.00	-	490,000	-
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	70.00	12,322,330	12,322,330
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							26,466,869	25,976,869
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							12,812,363	12,322,363

On 5 March 2015, Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, established CR3 and Sahakarn Joint Venture Company Limited, holding 51% of the new subsidiary's capital and representing an investment of Baht 0.51 million. On 30 March 2015, the Meeting No. 4/2015 of the Company's Board of Directors passed a resolution approving an increase in the registered capital and the issued and paid-up capital of CR3 and Sahakarn Joint Venture Company Limited from Baht 1 million to Baht 500 million through the issuance of an additional 4.99 million ordinary shares to be offered to existing shareholders at an offer price of Baht 100 each, representing a total investment of Baht 499 million, with Sahakarn Wisavakorn Company Limited being entitled to purchase 51% of these, representing an investment of Baht 254.49 million. On 17 April 2015, CR3 and Sahakarn Joint Venture Company Limited arranged the 2015 Annual General Meeting of shareholders to approve the increase in the registered capital and registered the resolution to increase in registered capital with the Ministry of Commerce on 27 April 2015. In May 2015, Sahakarn Wisavakorn Company Limited paid for the new shares of CR3 and Sahakarn Joint Venture Company Limited in the



amount of Baht 5 million. As a result, CR3 and Sahakarn Joint Venture Company Limited had issued and paid-up share capital amount of Baht 6 million. The shareholding of Sahakarn Wisavakorn Company Limited in CR3 and Sahakarn Joint Venture Company Limited increased to 91%. In order to minimise the administrative expenses, the management dissolved CR3 and Sahakarn Joint Venture Company Limited because such company did not bid for works from the State Railway of Thailand and had no plan to continue its business. The liquidation process was completed on 28 December 2015.

On 17 June 2015, Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, entered into joint ventures contract with Hydrotek Public Company Limited under the name of "Hydrotek Sahakarn Joint Venture" in order to bid and execution a new project namely "Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province Phase 1, Part 2" (water pipeline from Don Sak-under the sea-Koh Samui) from Provincial Waterworks Authority. The portion of investment between Sahakarn Wisavakorn Company Limited and Hydrotek Public Company Limited was 49% and 51%, respectively. Later, both parties agree that Sahakarn Wisavakorn Company Limited will be responsible for project execution whereas Hydrotek Public Company Limited will not share any gain and loss as well as damage maybe arisen from this project.

## 14. Investments in joint ventures

Details of investments in joint ventures are as follows:

(Unit: Thousand Baht)									
Joint ventures	Nature of business	Consolidated / Separate financial statements							
		Shareholding percentage		Cost		Carrying amounts based on equity method		Share of loss from investments in joint venture during the year	
		2015	2014	2015	2014	2015	2014	2015	2014
		(%)	(%)						
Held by the Company									
Sinopec-TRC Joint Venture	Construction	30	30	2,376	2,376	2,376	2,376	-	-
Held by Sahakarn Wisavakorn Company Limited									
The Joint Venture of SSP*	Construction	-	40	-	1,092	-	69	-	-
Total				2,376	3,468	2,376	2,445	-	-
Less: Allowance for loss on impairment of investment				-	(1,092)	-	-		
Total investment in joint venture - net				2,376	2,376	2,376	2,445		

\*Registered the dissolution with the Revenue Department on 30 April 2015

The consolidated financial statements for the year ended 31 December 2015 and 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.

## 15. Other long-term investments

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2015	2014	2015 (%)	2014 (%)	2015 Baht	2014 Baht
Asia Africa Energy Limited	Holding company	Hong Kong	USD 64	USD 64	5.00	5.00	2,010	2,010
Rainbow Power Integrated Concept Limited	Development and investment in natural gas sector	Nigeria	USD 6,957	USD 6,957	8.00	8.00	243,518	243,518
ASEAN Potash Chaiphum Public Company Limited	Mining industries	Thailand	Baht 2,060,837,300	Baht 1,685,337,300	8.61	-	355,225,624	-
ASEAN Potash Chaiphum Public Company Limited	Mining industries	Thailand	Baht 2,060,837,300	Baht 1,685,337,300			100,000,000	50,000,000
Total							455,471,152	50,245,528
Less: Allowance for loss on impairment of investment							(245,528)	(245,528)
Total other long-term investments - net							455,225,624	50,000,000

On 6 January 2015, TRC International Limited (TRCI), which is the Company's subsidiary in Hong Kong, increased its investment in ASEAN Potash Chaiphum Public Company Limited (APOT) (Formerly known as ASEAN Potash Mining Public Company Limited (APMC)) by purchasing additional 250,000 ordinary shares from its shareholders at Baht 200 per share, a total of Baht 50 million.

On 16 September 2015, the Meeting No. 9/2015 of the Company's Board of Directors approved TRC Investment Limited, a subsidiary in Mauritius, to acquire additional ordinary shares of ASEAN Potash Chaiphum Public Company Limited at the aggregate of not exceeding 6.3 million shares, at price of Baht 200 per share, total value of Baht 1,260 million

from Thermal Trade and Investment Limited. Subsequently, on 15 October 2015, TRC Investment Limited make the first payment for APOT's shares totaling of Baht 355 million in accordance with terms of payment stipulated in Share Sale and Purchase Agreement ("SPA"). On 30 October 2015, APOT's share certificates of 1.8 million shares were transferred to TRC Investment Limited. As at 31 December 2015, TRC Group's shareholding in APOT increased to 12.25% consisting of 8.61% shareholding of TRC Investment Limited and 3.64% shareholding of TRC International Limited, with current paid-up capital of Baht 2,061 million.

During January and February 2016, TRC Investment Limited made the second and the third payments for the share subscription totaling Baht 710 million. As a result, TRC Group's shareholding in APOT increased to 22.87%, consisting of 20.04% shareholding of TRC Investment Limited and 2.28% shareholding of TRC International Limited, with current paid-up capital as of 3 February 2016 of Baht 2,657 million. The remaining share payment is to be executed no later than 31 March 2016.

## 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
<b>Cost :</b>								
1 January 2014	114,791	56,948	6,520	159,567	59,200	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)
Transfer in (out)	-	193,343	-	56	(56)	-	(193,343)	-
Translation adjustment	-	154	-	91	93	61	-	399
31 December 2014	114,791	220,844	3,341	168,800	89,443	103,303	12,671	713,193
Additions	40,158	375	-	258,959	14,767	16,882	38,298	369,439
Disposals	(12,887)	(25,249)	-	(13,003)	(16,788)	(32,029)	-	(99,956)
Written-off	-	-	-	(295)	(147)	-	-	(442)
Transfers in (out)	-	15,766	-	31,066	108	-	(46,940)	-
Translation adjustment	-	424	-	1,902	1,843	1,080	-	5,249
31 December 2015	142,062	212,160	3,341	447,429	89,226	89,236	4,029	987,483
<b>Accumulated depreciation:</b>								
1 January 2014	-	42,308	6,345	118,413	36,514	37,434	-	241,014
Depreciation for the year	-	7,380	63	15,361	13,091	16,821	-	52,716
Depreciation on disposals	-	(29,601)	-	-	(1,025)	(1,739)	-	(32,365)
Depreciation on written-off	-	-	(3,179)	(295)	(195)	-	-	(3,669)
Transfers in (out)	-	-	-	18	(18)	-	-	-
Translation adjustment	-	168	-	110	129	90	-	497
31 December 2014	-	20,255	3,229	133,607	48,496	52,606	-	258,193
Depreciation for the year	-	8,936	63	39,844	14,413	14,769	-	78,025
Depreciation on disposals	-	(17,709)	-	(7,158)	(16,521)	(18,742)	-	(60,130)
Depreciation on written-off	-	-	-	(251)	(120)	-	-	(371)
Translation adjustment	-	406	-	1,878	1,734	1,047	-	5,065
31 December 2015	-	11,888	3,292	167,920	48,002	49,680	-	280,782
<b>Net book value:</b>								
31 December 2014	114,791	200,589	112	35,193	40,947	50,697	12,671	455,000
31 December 2015	142,062	200,272	49	279,509	41,224	39,556	4,029	706,701
<b>Depreciation for the year</b>								
2014 (Baht 22 million included in cost of sales and construction services, and the balance in administrative expenses)								52,716
2015 (Baht 38 million included in cost of sales and construction services, and the balance in administrative expenses)								78,025

	Separate financial statements							
	Land	Building	Leasehold improvement	Tools and Equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost :</b>								
1 January 2014	113,201	23,027	6,520	65,582	33,663	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)
Transfer in (out)	-	193,343	-	-	-	-	(193,343)	-
31 December 2014	113,201	216,370	3,341	71,169	62,746	72,326	12,671	551,824
Additions	40,158	375	-	225,605	14,733	14,439	38,298	333,608
Disposals	(12,887)	(20,352)	-	(4,521)	(348)	(19,557)	-	(57,665)
Written-off	-	-	-	(274)	(117)	-	-	(391)
Transfers in (out)	-	15,766	-	31,066	108	-	(46,940)	-
31 December 2015	140,472	212,159	3,341	323,045	77,122	67,208	4,029	827,376
<b>Accumulated depreciation :</b>								
1 January 2014	-	10,182	6,345	40,430	20,642	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	48,701	27,712	30,635	-	126,374
Depreciation for the year	-	8,730	63	30,420	10,798	10,509	-	60,520
Depreciation on disposals	-	(12,939)	-	(109)	(258)	(6,466)	-	(19,772)
Depreciation on written-off	-	-	-	(235)	(94)	-	-	(329)
31 December 2015	-	11,888	3,292	78,777	38,158	34,678	-	166,793
<b>Net book value :</b>								
31 December 2014	113,201	200,273	112	22,468	35,034	41,691	12,671	425,450
31 December 2015	140,472	200,271	49	244,268	38,964	32,530	4,029	660,583
<b>Depreciation for the year</b>								
2014 (Baht 17 million included in cost of sales and construction services, and the balance in administrative expenses)								31,454
2015 (Baht 35 million included in cost of sales and construction services, and the balance in administrative expenses)								60,520

As at 31 December 2015, 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 122 million (The Company only: Baht 67 million) (2014: Baht 148 million, the Company only: Baht 59 million).

As at 31 December 2015, the Company and its subsidiary has tools and motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 45 million (The company only: Baht 25 million) (2014: Baht 1 million, the Company only: Nil).

As at 31 December 2015 and 2014, 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 2015 and 2014 is presented below.

(Unit: Thousand Baht)		
	Consolidated financial statements	Separate financial statements
As at 31 December 2015		
Cost	15,094	14,319
Less: Accumulated amortisation	(7,071)	(6,914)
Net book value	8,023	7,405
As at 31 December 2014		
Cost	14,643	14,230
Less: Accumulated amortisation	(5,811)	(5,710)
Net book value	8,832	8,520

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Net book value at beginning of year	8,832	5,804	8,520	5,449
Acquisition of computer software	1,031	4,119	669	4,119
Write-off during year - net book value at write-off date	(463)	(45)	(463)	(45)
Amortisation	(1,377)	(1,046)	(1,321)	(1,003)
Net book value at end of year	8,023	8,832	7,405	8,520

## 18. Trade and other payables

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Trade accounts payable - unrelated parties	429,239	357,265	290,841	294,860
Advances from related parties	-	-	11,168	5,120
Fixed assets payable	26,746	7,939	26,665	7,862
Accrued expenses	96,799	93,186	82,998	76,174
Total trade and other payables	552,784	458,390	411,672	384,016

## 19. Long-term loan

(Unit: Thousand Baht)		
	Consolidated/Separate financial statements	
	2015	2014
Long-term loan from financial institution	-	30,500
Less: Current portion	-	(26,000)
Long-term loan, net	-	4,500

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.



## 20. Provision for liabilities under construction projects

(Unit: Thousand Baht)				
	Consolidated financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2014	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
Increase during the year	12,336	5,000	498	17,834
Decrease from occurrence				
of actual expense	(16,000)	(1,593)	(4,867)	(22,460)
Reversal of provisions	(7,850)	(244)	(799)	(8,893)
As at 31 December 2015	17,397	3,407	-	20,804

(Unit: Thousand Baht)				
	Separate financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2014	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
Increase during the year	7,000	-	498	7,498
Decrease from occurrence				
of actual expense	(7,863)	-	(498)	(8,361)
Reversal of provisions	(6,444)	-	-	(6,444)
As at 31 December 2015	12,353	-	-	12,353

## 21. Liabilities under finance lease agreements

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Liabilities under finance lease agreements	47,275	111	26,464	-
Less: Deferred interest	(3,671)	(9)	(1,634)	-
Total	43,604	102	24,830	-
Less: Current portion	(12,532)	(102)	(8,600)	-
Liabilities under finance lease agreements - net of current portion	31,072	-	16,230	-

The subsidiary have entered into the finance lease agreements with leasing companies for rental of tools and 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 3 and 5 years.

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

(Unit: Thousand Baht)						
	As at 31 December 2015					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	14,270	33,005	47,275	9,545	16,919	26,464
Deferred interest expenses	(1,738)	(1,933)	(3,671)	(945)	(689)	(1,634)
Present value of future minimum lease payments	12,532	31,072	43,604	8,600	16,230	24,830

(Unit: Thousand Baht)						
	As at 31 December 2014					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	111	-	111	-	-	-
Deferred interest expenses	(9)	-	(9)	-	-	-
Present value of future minimum lease payments	102	-	102	-	-	-

## 22. Other current liabilities

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Suspense output VAT	35,206	53,196	28,637	47,008
VAT payable	12,773	-	7,603	-
Others	4,414	2,564	2,962	2,065
Total	52,393	55,760	39,202	49,073

## 23. Debentures

During the year, the Company has issued unsubordinated and unsecured debentures without a debentureholders' representative in the name-registered, as detailed below.

(Unit: Thousand Baht)					
Debentures	Interest rate	Terms	Due date	Consolidated / Separate financial statements	
				2015	2014
Debentures 1/2015	4.68%	2 years	8 July 2017	100,000	-

Details of the Company's debentures are as follows:

The Unsubordinated and unsecured Debentures of TRC Construction Public Company Limited. No. 1/2015, due 2017.

Name of debentures	"Debentures of TRC Construction Public Company Limited No. 1/2015, due 2017"
Amount	Baht 100 million
Term	2 years, starting from date of issuance
Issued date	8 July 2015
Interest rate	interest rate at 4.68% per annum throughout the term of the Debenture
Interest payment schedule	Quarterly on 8 January, 8 April, 8 July and 8 October, starting from 8 October 2015
Principal repayment	On the redemption date of 8 July 2017

## 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	
	2015	2014	2015	2014
<b>Defined benefit obligation at beginning of year</b>	<b>25,048</b>	<b>23,163</b>	<b>23,588</b>	<b>19,160</b>
Included in profit or loss:				
Current service cost	6,896	5,902	6,031	3,671
Interest cost	616	828	562	757
Included in other comprehensive income:				
Actuarial (gain) loss arising from				
Demographic assumptions changes	(3,099)	-	(3,393)	-
Financial assumptions changes	2,836	-	2,767	-
Experience adjustments	2,098	(1,580)	1,731	-
Benefits paid during the year	(457)	(3,248)	-	-
Translation adjustment	15	(17)	-	-
<b>Defined benefit obligation at end of year</b>	<b>33,953</b>	<b>25,048</b>	<b>31,286</b>	<b>23,588</b>

Line items in profit or loss under which long-term employee benefit expenses are recognised are follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Cost of sales	3,404	3,938	2,939	1,841
Administrative expenses	4,108	2,792	3,654	2,587
<b>Total expenses recognised in profit or loss</b>	<b>7,512</b>	<b>6,730</b>	<b>6,593</b>	<b>4,428</b>

The Company and its subsidiaries expect to pay Baht 7 million of long-term employee benefits during the next year (the Company only: Baht 7 million) (2014: Baht 6 million, The Company only: Baht 6 million).

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 8 years (the Company only: 8 years) (2014: 10 years, the Company only : 10 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.55 - 2.93	3.50 - 3.95	2.55	3.95
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age)	0.00 - 21.00	0.00 - 20.00	0.00 - 21.00	0.00 - 14.00

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2015 are summarised below :

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.3)	2.6	(2.0)	2.3
Salary increase rate	2.7	(2.4)	2.4	(2.1)
Turnover rate	0.2	(0.2)	0.2	(0.2)

## 25. Share capital

Movements in the issued and paid-up ordinary share during the year ended 31 December 2015 are summarised as below.

Description	Number of shares (Thousand shares)	Amount (Thousand Baht)	Premium on ordinary shares (Thousand Baht)	Registration date with the Ministry of Commerce
<b>Registered share capital</b>				
At the beginning of the year	851,030	425,515		
Increase in number of ordinary shares due to change in par value	2,553,089	-		6 May 2015
Increase during the year	1,852,943	231,618		8 May 2015
Decrease during the year	(14,191)	(1,774)		7 May 2015
At the end of the year	5,242,871	655,359		
<b>Issued and paid-up share capital</b>				
At the beginning of the year	822,614	411,307	280,461	
Increase in number of ordinary shares due to change in par value	2,467,841	-	-	6 May 2015
Increase in capital from stock dividend	830,537	103,817	-	29 May 2015
Increase in capital from private placement under a general mandate	330,000	41,250	671,880	6 August 2015
Increase due to exercise of warrants				
ESOP-W2 No. 3*	14,156	1,769	13,243	7 January 2015
ESOP-W2 No. 4*	17,540	2,193	16,408	2 April 2015
ESOP-W2 No. 5*	20,511	2,564	14,829	8 July 2015
ESOP-W2 No.6*	19,567	2,446	14,155	6 October 2015
At the end of the year	4,522,766	565,346	1,010,976	

\* After change in par value

On 29 April 2015, the Annual General Meeting of the Company's shareholders passed the following significant resolutions regarding the Company's registered share capital.

25.1 Approved a change in the par value of the ordinary shares, from Baht 0.50 to Baht 0.125 each, increasing the number of registered ordinary shares from 851.0 million shares to 3,404.1 million shares and the number of the issued and paid-up shares from 830.5 million shares (including 4.4 million newly issued shares due to the 4th Exercise of ESOP-W2) to 3,322.2 million shares. The Company registered the change in the par value and number of shares with the Ministry of Commerce on 6 May 2015.

- 25.2 Paid dividend by the Company's ordinary shares up to 830.5 million shares with a par value of Baht 0.125 per share to be distributed at a rate of 1 dividend share for every 4 existing shares, with a total value of up to Baht 103.8 million or equivalent to a dividend of Baht 0.031250 per share.
- 25.3 Approved a decrease in the registered capital of the Company from Baht 425.5 million to Baht 423.7 million by cancelling the 14.2 million ordinary shares with a par value of Baht 0.125 each which had not yet been issued and were exceeding requirements for the exercise of the ESOP-W2. The Company registered the decrease of its registered capital at the Ministry of Commerce on 7 May 2015.
- 25.4 Approved an increase in the registered capital from Baht 423.7 million to Baht 655.4 million through the issuance of an additional 1,852.9 million ordinary shares with a par value of Baht 0.125 each, to be allocated as follows:
- 830.5 million shares to be reserved for the distribution of the stock dividend, as described in Note 25.2.
  - 675.0 million shares to be reserved for the exercise of the warrants.
  - Up to 330.5 million shares with a par value of Baht 0.125 each to be reserved for the additional capital to be issued by private placement under a general mandate.
  - Up to 16.9 million shares with a par value of Baht 0.125 each to be reserved for the support ESOP-W2's rights adjustment due to the distribution of the stock dividend (total 84.7 million shares reserved for exercise of ESOP-W2).

On 8 May 2015, the Company registered with the Ministry of Commerce the increase in its registered capital to Baht 655.4 million, or 5,242.9 million shares, and in its issued and paid-up capital to Baht 415.3 million, or 3,322.2 million shares.

On 29 May 2015, the Company reports to the Stock Exchange of Thailand (SET) the number of 830.5 million ordinary shares actually allocated to the stock dividend and registered with the Ministry of Commerce the increases in its paid-up share capital to Baht 519.1 million, or 4,152.7 million shares. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 4 June 2015.



The Board of Directors' Meeting No.7/2015 held on 24 July 2015 approved the allotment of new shares to 16 specific investors in the amount of 330 million shares with a par value of Baht 0.125 per share at the offering price of Baht 2.20 per share. During 27 July 2015 to 5 August 2015, the Company received the proceeds from the payment of share capital total of Baht 726.0 million with a share premium of Baht 684.8 million and share issued costs of Baht 12.9 million were offset against this share premium.

On 6 August 2015, the Company registered with the Ministry of Commerce the increase in its paid-up share capital to Baht 562.9 million, or 4,503.2 million shares (before newly issued shares due to the 6th Exercise of ESOP-W2). The Stock Exchange of Thailand ("SET") approved the additional ordinary shares as a listed securities as from 11 August 2015.

## 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%.

On 29 April 2015, the Annual General Meeting of the Company's shareholders for the year 2015 passed a resolution to pay a stock dividend totaling 830.5 million shares (after change in par value) and change the par value of the shares, as discussed in Note 25. As a result, the Company had to adjust in accordance to the condition of ESOP - W2 as detailed below.

	Exercise ratio (per 1 unit of warrants)		Exercise price (Baht/share)	
	Existing	New	Existing	New
	1	5	3.03	0.606
ESOP-W2				

During the year ended 31 December 2015, the Company and its subsidiary recorded expenses of the ESOP amounting to Baht 4 million (The Company only: Baht 3 million) (2014: Amounted to Baht 25 million, The Company only: Baht 23 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	21,591,908	Units
Exercised No. 4	(4,384,936)	Units
Exercised No. 5	(4,102,202)	Units
Exercised No. 6	(3,913,412)	Units
Exercised No. 7	(2,412,715)	Units
Cancelled	<u>(262,500)</u>	Units
At the end of the year	<u>6,516,143</u>	Units

As at 31 December 2015, the Company cancelled accumulated 440,395 warrants due to the resignation of employees who were warrant holders. 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 March 2015, the fourth exercise date, the warrant holders exercised 4,384,936 warrants to purchase 4,384,936 ordinary shares at Baht 3.03 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 2 April 2015. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 8 April 2015.

On 30 June 2015, the fifth exercise date, the warrant holders exercised 4,102,202 warrants to purchase 20,511,010 ordinary shares at Baht 0.606 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 8 July 2015. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 10 July 2015.

On 30 September 2015, the sixth exercise date, the warrant holders exercised 3,913,412 warrants to purchase 19,567,060 ordinary shares at Baht 0.606 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 6 October 2015. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 9 October 2015.

On 30 December 2015, the seventh exercise date, the warrant holders exercised 2,412,715 warrants to purchase 12,063,575 ordinary shares at Baht 0.606 each. The Company recorded the total of Baht 7.3 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 2016. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 12 January 2016.

## 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.

### Local 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	
	2015	2014	2015	2014
Salary and wages and other employee benefits	516,382	501,039	433,762	327,458
Depreciation	78,025	52,716	60,520	31,454
Amortisation expenses	1,377	1,046	1,321	1,003
Construction materials and consumables				
used and subcontractors costs	1,952,304	1,703,059	1,574,402	1,260,774
Rental expenses from operating lease				
Agreements	94,840	111,100	85,139	73,794

## 29. Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
<b>Current income tax:</b>				
Current corporate income tax charge	100,796	73,242	98,257	73,557
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(26,252)	(3,870)	(902)	(1,586)
Income tax expense reported in the statement of income	74,544	69,372	97,355	71,971

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2015 and 2014 are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Deferred tax relating to actuarial gain on long-term employee benefits	(367)	316	(221)	-
	(367)	316	(221)	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2015 and 2014 are as follows.

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2015	2014	2015	2014
Accounting profit before tax	375,495	282,169	496,482	327,640
Applicable tax rate	12% - 20%	12% - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	75,861	56,431	99,296	65,528
<b>Effects of:</b>				
Non-deductible expenses	1,688	7,430	1,703	7,303
Additional expense deductions allowed	(2,274)	(1,014)	(211)	(860)
Tax exempted income	-	-	(3,433)	-
Unutilised tax losses	(7,483)	-	-	-
Unused tax losses which may net utilise	6,752	6,525	-	-
Total	(1,317)	12,941	(1,941)	6,443
Income tax expenses reported in the statement	74,544	69,372	97,355	71,971

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 2015	As at 31 December 2014	As at 31 December 2015	As at 31 December 2014
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	1,150	-	1,150	-
Provision for liabilities under construction projects	4,161	6,865	2,470	3,932
Provision for long-term employee benefits	6,790	4,935	6,257	4,718
Unutilised tax loss	26,376	-	-	-
Total	38,477	11,800	9,877	8,650
<b>Deferred tax liabilities</b>				
Asset under finance lease agreements	58	-	104	-
Total	58	-	104	-

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

As at 31 December 2015, the Company has deductible temporary differences totaling Baht 175 million, on which deferred tax assets have not been recognised as the Company believes that it may not utilise the temporary differences in the future.

As at 31 December 2015, the subsidiaries have unused tax losses totaling Omani Rial 2 million, on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

### 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, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the change in par value, the distribution of the stock dividend and the issuance of ordinary shares by private placement under a general mandate in accordance with the resolutions of the Annual General Meeting of the Company's shareholders held on 29 April 2015, as discussed in Note 25. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares, as if the shares comprising such changes had been issued at the beginning of the earliest period reported.

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

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

	Consolidated financial statements					
	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2015	2014	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares (Restated)	Baht	Baht (Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	305,963	214,924	4,306,393*	4,094,506	0.07	0.05
<b>Effect of dilute potential ordinary shares</b>						
Warrants (ESOP-W2)	-	-	62,057	28,815		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	305,963	214,924	4,368,450	4,123,321	0.07	0.05

	Separate financial statements					
	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2015	2014	2015	2014	2015	2014
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares (Restated)	Baht	Baht (Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	399,127	255,669	4,306,393*	4,094,506	0.09	0.06
<b>Effect of dilute potential ordinary shares</b>						
Warrants (ESOP-W2)	-	-	62,057	28,815		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	399,127	255,669	4,368,450	4,123,321	0.09	0.06

\* Included ordinary share for exercise warrant as at 30 December 2015



### 31. Dividends / stock dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from operations of 2014	Annual General Meeting of the shareholders on 29 April 2015	11,535	0.003472
Stock dividend from operations of 2014	Annual General Meeting of the shareholders on 29 April 2015	103,817	0.031250
Total dividend and stock dividend paid in 2015		115,352	0.034722
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

### 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. The contributions for the year 2015 amounting to approximately Baht 6 million (Separate financial statements: Baht 5 million) (2014: Baht 5 million, Separate financial statements: Baht 4 million) were recognised as expenses.

### 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's and its subsidiaries' operating segments for the year ended 31 December 2015 and 2014, respectively.

(Unit: Thousand Baht)							
	For the year ended 31 December 2015						
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	838,679	1,534,586	373,512	1,100	2,747,877	-	2,747,877
Revenues from joint venture	1,132,295	-	-	-	1,132,295	-	1,132,295
Depreciation	(35,631)	(27,742)	(15,239)	(20)	(78,632)	607	(78,025)
Administrator expense	(145,654)	(113,405)	(33,006)	(81)	(292,146)	2	(292,144)
<b>Segment profit (loss)</b>	<b>340,906</b>	<b>58,279</b>	<b>(102,090)</b>	<b>25</b>	<b>297,120</b>	<b>8,395</b>	<b>305,515</b>
Other income							63,831
Interest revenue							11,030
Allowance for doubtful debt							(127)
Interest expense							(4,754)
<b>Profit before income tax expense</b>							<b>375,495</b>
Income tax expense							(74,544)
<b>Profit for the year</b>							<b>300,951</b>

(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
Revenues from external customers	2,088,853	6,930	507,115	30,057	2,632,955	-	2,632,955
Revenues from joint venture	462,387	-	-	-	462,387	-	462,387
Depreciation	(32,782)	(103)	(9,797)	(10,034)	(52,716)	-	(52,716)
Administrator expense	(235,440)	(612)	(31,260)	(5,611)	(272,923)	-	(272,923)
<b>Segment profit (loss)</b>	296,872	77	(52,269)	8,674	253,354	229	253,583
Other income							27,912
Interest revenue							3,916
Reversal of allowance for doubtful debt							564
Interest expense							(3,356)
<b>Profit before income tax expense</b>							282,619
Income tax expense							(69,372)
<b>Profit for the year</b>							213,247

### Geographic information

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

	(Unit: Thousand Baht)	
	2015	2014
<b>Revenue from external customers</b>		
Thailand	2,747,877	2,438,648
Sultanate of Oman	-	194,307
<b>Total</b>	<b>2,747,877</b>	<b>2,632,955</b>
<b>Revenue from joint venture</b>		
Thailand	1,132,295	462,387
<b>Total</b>	<b>1,132,295</b>	<b>462,387</b>
<b>Non-current assets (other than financial instruments and deferred tax assets)</b>		
Thailand	723,452	464,216
Sultanate of Oman	-	3,703
<b>Total</b>	<b>723,452</b>	<b>467,919</b>

### Major customers

For the year 2015, the Company and its subsidiaries have revenue from three major customers in amount of Baht 2,040 million, Baht 968 million and Baht 527 million, arising from pipeline system, engineering system and civil work segments (2014: Baht 1,396 million, Baht

726 million and Baht 129 million, from three major customers, arising from pipeline system and civil work segments).

### 34. Commitments and contingent liabilities

#### 34.1 Purchase construction materials and subcontracted work commitments

As at 31 December 2015, the Company and the subsidiary have outstanding commitments of Baht 1,371 million and USD 2 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 813 million and USD 2 million) (2014: Baht 688 million, USD 1 million and Euro 2 million, the Company only: Baht 621 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, machines, 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	
	2015	2014	2015	2014
Payable:				
In up to 1 year	18	10	18	9
In over 1 and up to 5 years	39	5	38	5

#### 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	
	2015	2014	2015	2014
Guarantee of construction contract and bidding	Baht 1,634 million USD 4 million	Baht 934 million USD 5 million	Baht 1,314 million USD 4 million	Baht 779 million USD 5 million
Guarantee of advance payment bond and retention	Baht 237 million	Baht 279 million	Baht 94 million	Baht 261 million
Guarantee of others	Baht 9 million	Baht 31 million	Baht 6 million	Baht 8 million
Total	Baht 1,880 million USD 4 million	Baht 1,244 million USD 5 million	Baht 1,414 million USD 4 million	Baht 1,048 million USD 5 million

### 34.4 Guarantees

As at 31 December 2015, the Company has commitment from guarantee of liabilities under finance lease agreements of the subsidiary totaling Baht 23 million (2014: Nil).

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

On 20 May 2015, the Central Administrative Court has judged the government agency to return the bank guarantee for a tender, namely the bank guarantee, dated 31 August 2007 in amount of Baht 20 million, provide that the Company and the Bank were jointly and severally liable in amount of Baht 10 million, with interest at a rate of 7.5% per annum from the date of the lawsuit (29 December 2011) until settlement is completed within 60 days since the final judgement. The other suits, has fully dismissed.

On 19 June 2015, the government agency then submitted an appeal to the decision of the Central Administrative Court. Now, to waiting for the Supreme Administrative Court has an order to send a copy of appeal to the Company in order to resolve the appeal within 30 days. However, with circumspection, the Company recognized provision for contingent liabilities in amount of Baht 20 million in the financial statements as of and 31 December 2015 and 2014.

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 July 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 judgement 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.

On 8 July 2015, the subsidiary submitted the petition to submit security according to the Civil Court to suspend the execution. And the Civil Court had an order on 21 July 2015 that the subsidiary had already submitted security according to the report of officer, dated on 8 July 2015. Security consisted of the fixed deposit account and the bank statement certificate of Kasikorn Bank in amount of Baht 15.4 million including title deed and certificate of land utilization (N.S. 3), located at Nongkradon Subdistrict, Muang District, Nakorn Sawan Province, totally 7 pieces of land, total 102 rais 9 ngan and 289 square wah as well as certificate of price appraisal of land from Nakorn Sawan Land Office, dated 3 July 2015, totally Baht 3.1 million. The Civil Court has temporarily suspended the execution until the Appeal Court will have an order to the petition of the suspension of execution.

On 20 October 2015, the Appeal Court rendered judgement that “the Appeal Court ruled to reverse the judgement of the Civil Court which disposed of the case and ordered the plaintiff and the defendant to conduct the arbitration proceedings. The Appeal Court held to withdraw the order of execution” and the Bangkok 1 Legal execution office countermanded an ordered of property attachment on 28 October 2015.

On 12 November 2015, the Court ordered the litigant to return the guarantee and to pay the appeal fees amounting to Baht 0.2 million and the cost to abide the event amounting to Baht 0.3 million to the subsidiary.

The litigant filed an appeal with the Supreme Court on 19 November 2015 and the subsidiary filed the rebuttal against the appeal on 28 January 2016. Since the mentioned suit is not yet finalised. The subsidiary believed that the subsidiary’s the fact and the matter of law can defend against the Party. Therefore, the subsidiary has not yet recognised provision for contingent liabilities in its book of account.

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

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

35.5 On 14 September 2015, the plaintiff (the party) filed a lawsuit against a government unit and 8 co-defendants. The Company is sued as the fifth defendant under the Administrative Court for the damages for loss of income amounting to Baht 60.41 million. The case has not yet been considered by the Administrative Court and the Company is still filing the rebuttal against the cancellation of court fee of the party within 11 March 2016. However, the Company's management believes that there will be no significant losses to the Company as a result of this litigation and so the Company did not set aside provision for contingent liabilities in its books of account.

### 36. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)				
	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment in mutual fund	-	178.6	-	178.6
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	100.3	-	100.3

(Unit: Million Baht)				
	Separate Financial Statements			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment in mutual fund	-	0.9	-	0.9
<b>Liabilities for which fair value are disclosed</b>				
Debentures	-	100.3	-	100.3

### 37. Financial instruments

#### 37.1 Financial risk management

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

#### Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to



trade accounts receivable, unbilled receivable and short-term loans to. The Company and its subsidiaries 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 subsidiaries exposure to interest rate risk relates primarily to its deposits at financial institutions, short-term loans to/from, trade accounts payable, liabilities under finance lease agreements, long-term borrowings and debenture. However, since most of the Company and its subsidiaries' 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 2015				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate
					(% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	450	838	1	1,289	0.25 - 2.07
Trade and other receivables	-	-	636	636	-
Accounts receivable - retention under construction contracts	-	-	164	164	-
Restricted deposits at financial institutions	16	20	-	36	0.10 - 2.38
	466	858	801	2,125	
<b>Financial liabilities</b>					
Trade and other payables	-	-	553	553	-
Accounts payable – retention under construction contracts	-	-	37	37	-
Liabilities under finance lease agreements	44	-	-	44	4.50 - 5.03
Debenture	100	-	-	100	4.68
	144	-	590	734	

(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)
<b>Financial Assets</b>					
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	
<b>Financial liabilities</b>					
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)

Separate financial statements					
As at 31 December 2015					
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate
					(% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	300	451	1	752	0.25 - 1.50
Trade and other receivables	-	-	535	535	-
Accounts receivable - retention under construction contracts	-	-	147	147	-
Short - term loans to related parties	498	-	-	498	3.50 - 7.00
Restricted deposits at financial institutions	-	3	-	3	0.25 - 2.38
	798	454	683	1,935	
<b>Financial liabilities</b>					
Trade and other payables	-	-	412	412	-
Accounts payable - retention under construction contracts	-	-	26	26	-
Liabilities under finance lease agreements	25	-	-	25	4.50 - 5.03
Debenture	100	-	-	100	4.68
	125	-	438	563	

(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
					(% per annum)
<b>Financial Assets</b>					
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	
<b>Financial liabilities</b>					
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	

### Foreign currency risk

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

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

Foreign currency	Consolidated financial statements					
	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2015	2014	2015	2014	2015	2014
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	5,734	2,855	1,194	604	36.0886	32.9630
Euro	-	-	309	234	39.4388	40.5030
SGD	-	-	-	49	25.5195	24.8959

Foreign currency	Separate financial statements					
	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2015	2014	2015	2014	2015	2014
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	5,750	2,871	1,194	604	36.0886	32.9630
Euro	-	-	309	234	39.4388	40.5030
Omani Rial	25	74	-	-	93.7365	85.6182
SGD	-	-	-	49	25.5195	24.8959

### 37.2 Fair values of financial instruments

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, unbilled receivables/payables, accounts receivable/payable - retention, short-term loans to/from, trade and other payables, liabilities under finance lease agreements, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debenture, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the debenture with similar terms and conditions.

During the current year, there were no transfers within the fair value hierarchy. The fair values of the Company and its subsidiaries' financial instruments are estimated to approximately the amounts presented in the statements of financial position, except for the following:

(Unit: Million Baht)					
	Consolidated / Separate financial statements				
	Carrying amount		Fair value		
	2015	2014	2015	2014	
<b>Financial liabilities</b>					
Unsecured debenture	100.0	-	100.3	-	

### 38. 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 2015, the Group's debt-to-equity ratio was 0.89:1 (2014: 0.90:1) and the Company's was 0.71:1 (2014: 0.87:1).

### 39. Events after the reporting period

On 12 January 2016, the Meeting No. 1/2016 of the Company's Board of Directors passed the following significant resolutions :

1. Approved the write-off of investments in Asia Africa Energy Limited and Rainbow Power Integrated Concept Limited due to their long-term business suspension and a lack of further business development plan.
2. Approved the issuance of up to Baht 500 million of Bill of Exchange to be offered to public and/or institutional investors and/or high networth investors and/or private placement. The offer can be divided into single and/or multi tranches offering all at once or offering several times and may be issued and offered separately. The proceeds are to be used as working capital. The Board authorized the executive to determine details of Bill of Exchange issuance and offering. At present, the issuance of Bill of Exchange has not been executed.

### 40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 24 February 2016.



**TRC**

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