

TRC



T - Transparency, Ethics & Integrity ซื่อสัตย์ โปร่งใส ใส่ใจจริยธรรม

R - Respect & Trust เคารพกันและกัน เชื่อมโยงไว้ใจ

C - Commitment มุ่งมั่นสู่คุณภาพ ปลอดภัยทุกเวลา รักษาสิ่งแวดล้อม รับผิดชอบต่อสังคม

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

ANNUAL REPORT 2016



Certificate No. TH07/4254



Certificate No. TH07/4255

TRC CONSTRUCTION PLC
บริษัท ทีอาร์ซี คอนสตรัคชั่น จำกัด (มหาชน)



ปวงข้าพระพุทธเจ้า ขอน้อมเกล้าน้อมกระหม่อม
สำนึกในพระมหากรุณาธิคุณ หาที่สุดมิได้

ด้วยเกล้าด้วยกระหม่อม ขอเดชะ
ข้าพระพุทธเจ้า คณะผู้บริหารและพนักงาน
บริษัท ทิอาร์ซี คอนสตรัคชั่น จำกัด (มหาชน)
และ บริษัท สหการวิศวกร จำกัด

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.



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Message from the Chairman of the Board of Directors



The year 2016 was a year of drastic change caused by a number of internal and external influential factors, unfavorably bringing about the deterioration of economic progress to a large extent in Thailand. Such influential elements include, for example, the volatility in global money markets, increased interest rates announced by Federal Reserve Bank, the world oil still struggling at low price, a decline in domestic household spending. This inevitably led to the stagnation of investment in the industrial sector which encompasses, among others, both state-owned and privatized enterprises in the energy and petrochemical businesses. Several infrastructure projects run by the government have been suspended whereby the bidding schedules of many government projects were postponed and the competition in the industrial sector, particularly the construction service business, became significantly intense than years before. The increasingly fierce competition in the construction business is proven by the presence of both medium-sized companies and construction conglomerates of Thai and non-Thai nationalities in the bidding of construction projects of all sizes, regardless of the contract value. TRC Construction Public Company Limited (“Company”) has recognized the importance of, and undoubtedly paid significant attention to, the management of risks, as evidently seen by the Company’s decision to review and fine tune its business strategies in the face of price war. In early 2016, the Company was granted by ASEAN Potash Chaiphum Public Company Limited (“APOT”) a “Letter of Award” for part of the megaproject named the Potash Mining Construction Project in Bamnet Narong District, Chaiphum Province. The awarded part of this project is called “Surface Processing and Facilities” and worth approximately Baht 34,000 million. In late 2016 the Company’s subsidiary; TRC Investment Limited, invested Baht 1,260 million in APOT shares, making the Company a major

shareholder with 26.22 percent of the ownership interest in APOT as of the end of fiscal year 2016. Due to the urgency in the development of Potash Mining Project for which the mining lease had already been granted since February 2015, APOT during 2016 agreed to subcontract part of the project called Early Works, worth Baht 711 million, to the Company. It is anticipated that the contracts for remaining portions of this project will be finalized and signed within the 3rd quarter of 2017.

With respect to the 2016 operating results, the Company’s construction service income slightly decreased by 4.71% from the previous year to Baht 3,697.30 million, profit attribute to equity holders Baht 290.76 million while its net profit was down 4.97%, gross profit margin and net profit margin was posted at 20.30% and 7.78% respectively. At end of 2016 the Company reported a total backlog of 6 projects and the unrealized project income of Baht 3,679.59 million. The completed projects ready for handing over to clients in early 2017 include:- 1) the Provincial Gas Transmission Pipeline Project to Nakorn Ratchasima of PTT Plc.; this project has been carried out by Sinopec-TRC Joint Venture, 2) Biodiesel Plant Project of Bangchak Biofuel Co., Ltd., and 3) New Incinerator Plant Project of Trans Thai-Malaysia (Thailand) Co., Ltd. If combining the remaining portion of Surface Processing and Facilities Project of APOT worth Baht 32,271 million, the total backlog will reach a record high of approximately Baht 36,050 million. In 2017 the Company sets out to participate in the bidding of a large-scale gas pipeline project owned by PTT Plc. and other state-owned projects of transportation infrastructure e.g. a double track project, electric rail project. The Company definitely does not lose sight of the planned continued investment in several more projects in the energy sector so as to accomplish the Company’s long-term goal earlier set to continually develop at least 4 business investment projects by the end of 2019.



It has been a great pride for the Company that last year our stocks were selected by the Stock Exchange of Thailand to become part of the SET100 Index for the second half of 2016 and, just recently, become qualified for the calculation of sSET Index for the first half of 2017. Ever since 2001, the Company's performance has been yearly assessed by the Purchasing and Material Management Division of PTT Public Company Limited as a "Grade A" vendor for the ISO quality standards for every assessed item. In reviewing the Company's 2016 Business Goals, the Board of Directors remains strongly committed to achieving the total income of Baht 10,000 million and winning the National Total Quality Control Award by 2019. This year we have redefined our corporate core values and subsequently released the official version as follows.

- T - Transparency, Ethics & Integrity
- R - Respect & Trust
- C - Commitment

The Company places importance on the ongoing organizational improvement and development of personnel capabilities; the Anti-Fraud and Corruption Policy was formally issued and the existing Corporate Governance Policy was revised. In addition to the focus on organization and personnel, the Company also stresses the importance of quality and safety in parallel with social and environmental care among employees and all groups of stakeholders. We encourage management and employees at all levels to participate in CSR and safety-related activities and have launched a number of CSR projects associated with educational, social, community and environmental development as well as continuously implemented the long-term CSR projects, i.e. blood donation and "Back to Hometown" program which was first initiated in 2013. With respect to Back to Hometown program, the Company's employees have been given

the opportunity to submit proposals for making improvement to their hometown communities and the winning proposal will be put into action with input and efforts from all employees. Activities associated with the delivery of finished program at the location of the selected hometown will be joined by both executives and employees. In 2016 a new program called "Move for Change" was kicked off, aiming at prompting our staff to realize the benefits of exercise and participate in the sports and workout programs that the Company has specifically organized for employees, e.g. yoga, boxing, fitness class, football, badminton, table tennis, Zumba dancing, and Boxing Burn. In addition to the better health of our staff, this program also helps establish and strengthen the rapport within the organization.

On behalf of the Company's Board of Directors, 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 and trust in our organization throughout the year. The Company is firmly determined to ensure the continual and unfaltering business growth while still adhering to the good corporate governance principles in the best interests of shareholders and stakeholders.

(Mrs. Paichit Rattananon)
Chairman of the Board of Directors
22 February 2017

2016 Report of the Audit Committee

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

In 2016, 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., | Chairman of the Committee | 4/4 times |
| 2. Mr. Arun Chirachavala, | Audit Committee | 4/4 times |
| 3. Mrs. Puangthip Silpasart*, | Audit Committee | 2/3 times |

** On 27 January 2016 Pol.Gen. Jarumporn Suramanee resigned as an independent director and member of the Audit Committee and Mrs. Puangthip Silpasart has been appointed by the Board of Directors meeting as member of the Audit Committee effective on 24 February 2016.*

In 2016, the Audit Committee performed its duties as briefly described below:

Review of Financial Statements and Reports: The Audit Committee reviewed the Company's quarterly and annual financial statements, connected transactions, and the analysis of operating results and financial position of the Company and its subsidiaries. The review was conducted by means of enquiring, and obtaining additional information from, the management and the external auditor particularly on the completeness, accuracy, and adequacy of information disclosure in financial statements. The Audit Committee acknowledged the revised auditing standards regarding the "financial reporting and the auditor's opinion" for which the addition of Key Audit Matters (KAM) is to be made to the Auditors' Report; this revision is applicable to the auditing of financial statements for the accounting period ending on or after 31 December 2016. After the review, the Audit Committee was of the opinion that:- financial statements of TRC Construction Public Company Limited and its subsidiaries were complete, correct, and contained adequate information; the external auditor was independent; the preparation of financial statements by the external auditor was in conformity to the relevant law and the generally accepted accounting principles, reliable, and timely; and the information disclosure was adequate and beneficial to users of the Company's financial statements.

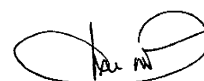
Review of Compliance with Laws: The Audit Committee reviewed the Company's compliance with the law on securities and stock exchange, the regulations of the Stock Exchange of Thailand, and other laws governing the Company's business.

Review of Internal Control System: The Audit Committee together with the external auditor examined a report on internal auditing in order to provide necessary recommendations for the improvement of the Company's and its subsidiaries' internal controls. The Audit Committee received from the external auditor an observatory report which revealed no presence of material issues.

Review of Internal Audit: The Audit Committee conducted the oversight of internal audit functions as follows:- reviewing the internal audit plan, budget, nomination of internal auditor, and scope of audit; providing feedback, including recommendations, on the auditing as well as the internal auditor's performance to ensure that all departments and units across the organization are subject to being properly and strictly audited; and presenting minutes of every Audit Committee's meeting, including key audit findings, to the meeting of Board of Directors for acknowledgement and further improvement of audit performance.

Selection and Nomination of External Auditor, and Audit Fee: The Audit Committee evaluated the prior year's performance of the external auditor on the basis of their reliability and competence in providing auditing service, consultations on accounting standards and auditing, and in making a timely certification of financial statements. The Audit Committee expressed its opinions to the Board of Directors to request from the 2016 Annual General Meeting of Shareholders the approval for the appointment of EY Office Limited as independent auditor of TRC Construction Public Company Limited and Sahakarn Wisavakorn Company Limited. For the year 2016 as well as the approval for the audit fee at the rates of THB 1,000,000 (increased by THB 70,000 from last year) payable by the Company and THB 820,000 payable by Sahakarn Wisavakorn Company Limited. EY Office Limited has also been appointed as independent auditor of ASEAN Potash Chaiyaphum Public Company Limited.

The Audit Committee has performed its duties in a prudent, vigilant, and independent manner. The Audit Committee was of the opinion that:- the 2016 financial statements of the Company and its subsidiaries were correct, reliable, and in conformity to the generally accepted accounting principles; the Company and its subsidiaries conducted business within the confines of proper and efficient internal control and internal auditing and complied with good governance principles; the risk management system adopted by the Company and its subsidiaries was adequate; the Company and its subsidiaries complied with law, rules and regulations, and other regulatory requirements pertinent to business operation; and the Company and its subsidiaries exercised great caution with respect to legal implications of the Securities and Stock Exchange Act, rules and regulations of the Stock Exchange of Thailand, and other laws relating to the Company's business.



(Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM.)

Chairman of the Audit Committee

22 February 2017

2016 Directors' Responsibility Statement in Relation to the Financial Statements

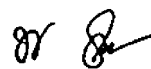
The Board of Directors of TRC Construction Public Company Limited is responsible for TRC and its subsidiaries' financial statements, which were prepared under the financial reporting standards. The appropriate accounting policy was consideration and consistently adhered to and the financial statements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

In 2016 the Company and its subsidiaries complied with the new (and revised 2015) Thai Financial Reporting Standards (TFRSs), including other accounting guidelines issued by the Federation of Accounting Professions, effective for annual accounting periods beginning on or after 1 January 2016. The relevant details are provided in Notes to Financial Statements section, clause 3. The adoption of these new and revised TFRSs did not have any material effect on financial statements of the Company and its subsidiaries. The Company's management believes that further revision of TFRSs that will become effective in the future will not materially affect the Company's and its subsidiaries' financial statements as well. With respect to TAS 27 (revised 2016): Separate Financial Statements which provides the alternative method of accounting entry for investments in subsidiary, affiliate, and joint venture, the management of the Company and its subsidiaries is, at present, assessing the potential effect on financial statements for a period beginning on or after 1 January 2017.

In the Auditor's Report on the Company's 2016 consolidated financial statements, the Company's external certified auditor, or EY Office Limited, has disclosed key audit matters as well as other information as follows:- auditing procedures for recognition of revenue from construction contracts, investments in subsidiaries, other matters, responsibility of the management and other authorized person whose roles involve the oversight of financial statements, and auditor's responsibility regarding the auditing of financial statements.

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

22 February 2017

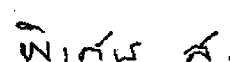
2016 Report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee has been performing duties as assigned by the Board of Directors within the scope of roles and responsibilities as set forth in the relevant Charter governing the nomination and recruitment of qualified candidates to serve as directors. The Remuneration and Nomination Committee is also responsible for considering the matters concerning the remunerations and other benefits payable to members of the Board of Directors as well as the other committees, including remunerations for the Company's top management. The Remuneration and Nomination Committee consists of six members, i.e. four independent directors (Assoc. Prof. Pises Sethsathira, Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM., Mr. Arun Chirachavala, and Mrs. Puangthip Silpasart) 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.

In 2016 the Remuneration and Nomination Committee held three meetings to consider matters as summarized below. The results of the Remuneration and Nomination Committee meetings, together with the Committee's viewpoints and recommendation on certain matters, were also reported to the Board of Directors.

1. Considering the overview report of the 2015 evaluation of the Board of Directors' and other committees' performance; and evaluating work performance of Chairman of the Executive Committee and Chief Executive Officer for the year 2015.
2. Considering the 2016 remunerations of members of the Board of Directors and other committees (consisting of the 2015 bonus of directors and the 2016 remunerations of directors) before proposing it to the Board of Directors and the 2016 Annual General Meeting of Shareholders.
3. Considering the 2015 bonus and the 2016 remunerations of Chairman of the Executive Committee and Chief Executive Officer before proposing it for approval at the Board of Directors meeting.
4. Considering the overview of the 2017 salary increment and 2016 bonus of the Company and Sahakarn Wisavakorn Company Limited.
5. Considering the proposal to the Board of Directors meeting for the reappointment of three directors retiring by rotation to hold their directorship for another term for further proposal to the 2016 Annual General Meeting of Shareholders; considering the proposal to the Board of Directors meeting for the appointment of Mrs. Puangthip Silpasart as independent director, and member of both the Audit Committee and the Remuneration and Nomination Committee, including the appointment of new member(s) to all committees to replace Pol. Gen. Jarumporn Suramaneer who resigned in January 2016; and reviewing, before proposing it to the Board of Directors for approval, Charter of the Remuneration and Nomination Committee to ensure its harmonization with the performance of the Committee's functions and in conformity to good cooperate governance principles.

The Remuneration and Nomination Committee has been performing the entrusted duties in a vigilant, transparent, fair, and independent manner in accordance with good cooperate governance principles and in the best interests of the Company and all sectors of stakeholders.



(Assoc. Prof. Pises Sethsathira)

Chairman of the Remuneration & Nomination Committee

11 January 2017

2016 Report of the Corporate Governance Committee

Formally established by the Board of Director since 2012, the Corporate Governance Committee has been entrusted with the tasks of:- reviewing the Corporate Governance Policy, the Business Code of Conduct, and the policies and guidelines related to corporate social and environmental responsibility; 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 monitoring and keeping the Board of Directors informed of the CSR and environmental activities in order to ensure adherence to the principles of good corporate governance.

In 2016 the Board of Directors appointed Assoc. Prof. Pises Sethsathira, an independent director, as member of the Corporate Governance Committee in replacement of Pol. Gen. Jarumporn Suramane, an independent director who resigned from the Board in January.

In 2017 the Corporate Governance Committee held 2 meetings to consider and review a draft Anti-Fraud and Corruption Policy and the 2016 Corporate Governance Policy. Other matters considered in the Corporate Governance Committee meetings include the preparation of Corporate Governance Manual, Business Ethics and Code of Conduct, and the 2016 Anti-Fraud and Corruption Policy, all of which would then be proposed to the Board of Directors before releasing and making them available to directors, executives, and all employees of both the Company and its subsidiaries. In the meetings, the Committee formally acknowledged CSR activities undertaken in 2016 as well as the CSR plan for the year 2017, and the remedial measures related to corporate governance in order to meet the criteria set forth in the 2016 Corporate Governance Report of Thai Listed Company (CGR).

Recognizing the importance of conducting business based on the principles of good corporate governance, the Company, through the Board of Directors, has approved the revision of the Company's Core Values as illustrated below.

Core Values before Revision	Core Values after Revision
T = Team Work	T - Transparency, Ethics & Integrity
R = Reliability	R - Respect & Trust
C = Commitment	C - Commitment

According to the evaluation of corporate governance performance for the year 2016 by Thai Institute of Directors Association, the Company was rated "Very Good". The Corporate Governance Committee is firmly confident that it could provide an effective mechanism for ensuring that the Company will always conduct business in an ethical manner under the principles of good corporate governance.



(Mr. Arun Chirachavala)

Chairman of the Corporate Governance Committee

11 January 2017

2016 Report of the Risk Management Committee

TRC Construction Public Company Limited has been devoting significant attention to the administrative tasks of risk management due to the fact that the effective risk management will foster the Company's ability to achieve its administration and operational goals, and to enhance corporate value for the sustainable benefit of shareholders and stakeholders in an increasingly competitive, vulnerable business environment and uncertainties. In the meeting of Board of Directors no. 6/2556 on 13 November 2013, the appointment of both independent directors and executive directors to serve as members of the Risk Management Committee was approved. This Committee has been assigned duties to oversee the Company's management of risks in accordance with the ambit of authority and responsibilities as defined by the Board of Directors.

In 2016 the Risk Management Committee held 2 meetings which all Risk Management Committee members attended to consider, review, or acknowledge, as the case may be, key matters as outlined below.

1. To acknowledge the risk management plan and risk management activities undertaken during 2016.
2. To review Risk Management Committee Charter and to consider a draft policy on risk management before proposing it for approval at the Board meeting.
3. To consider and give opinions on the Company's risk factors.
4. To consider the 2017 — 2018 risk management plan.

In 2016 the Company invited instructors with professional expertise in risk management to provide the Company's executives and staff the training on risk management (in continuation from 2015). To ensure the ongoing improvement of risk management performance in multifaceted aspects, the Company and Sahakarn Wisavakorn Company Limited officially released a documented "Risk Management Procedures and Opportunities in Quality Management System" which became in full force in September 2016.

The Risk Management Committee has every reason to believe and feel confident that the Company's risk management functions are and will be carried out with efficiency. The Company's management has a policy to ensure that all executives and employees at all levels are adequately and continually provided with risk management-related knowledge and positively encouraged to adopt the corporate culture and awareness of the risks in order to collectively manage them within the level of risk appetite and, as a result, to achieve the Company's goals and objectives and business sustainability in the end.



(Mr. Arun Chirachavala)

Chairman of the Risk Committee

11 January 2017

The Board of Directors and Managements



Mrs. Paichit Rattananon

Chairman of the Board and Authorized Director

Age : 61 years old

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

Tenure as the director : 11 years 8 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 28.442% (1,460,784,027 shares)
Directly and indirectly holds the shares through KPK 1999 Co., Ltd. in which Mrs. Paichit holds 50.50% of its shares

Family Relationship among Executives : Mother of Mr. Pasit Leesakul, Director and Chief Executive Officer and Ms. Pavita Leesakul, Vice President, Corporate Affairs Division

Education :

Master of Arts in Political Economy, Faculty of Economics, Chulalongkorn University

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
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The National Defense College of Thailand: NDC 48
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Capital Market Academy: Capital Market Academy Leader Program 5 (CMA 5)

Thailand Energy Academy: Energy Academy Leader Program 6 (TEA)
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Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
2005 - present	Chairman

Position in other listed companies : None

Position in other non-listed companies :

Years	Company	Business Type	Position
2015 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Chairman
2013 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Director
2008 - present	TRC International Limited (Hong Kong)	Investment and bidding of new projects	Director
2002 - present	KPK 1999 Company Limited	Property Rental	Managing Director
2004 - 2015	Thai Tokushukai Company Limited	Hospital Activities	Managing Director

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



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

Tenure as the director : 11 years 8 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.092% (4,743,748 shares)

Family Relationship among Executives : None

Education :

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

Training :

Thai Institute of Director Association:
 - Risk Management Committee (RMC) 10/2013
 - Role of the Compensation Committee (RCC) 12/2011
 - Compensation Survey 1/2011
 - Director Accreditation Program (DAP) 35/2005

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
February 2016 - present	Risk Management Committee
2009 - present	Remuneration and Nomination Committee
2005 - present	Independent Director and Chairman of Audit Committee

Position in other listed companies :

Years	Company	Business Type	Position
2011 - present	Stars Microelectronics (Thailand) Public Company Limited	Technology and electronic components wholesale	Independent Director and Audit Committee
	Panjawattana Plastic Public Company Limited	Plastic packaging production	Independent Director and Audit Committee
2010 - present	UAC Global Public Company Limited	Biogas production for electricity generation	Independent Director and Chairman of Audit Committee
2008 - present	GETABEC Public Company Limited	Boiler and Pressure Vessel manufacturer	Independent Director and Chairman of Audit Committee

Position in other non-listed companies :

Years	Company	Business Type	Position
2009 - present	GT Wealth Management Company Limited	Derivatives Representative	Independent Director and Audit Committee
1995 - present	NIDA Business School National Institute of Development Administration	Educational institution	Associate Professor

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mr. Arun Chirachavala

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

Age : 63 years old

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

Tenure as the director : 7 years 6 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.066% (3,375,000 shares)

Family Relationship among Executives : None

Education :

Master of 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

Years	Position
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

Position in other listed companies :

Years	Company	Business Type	Position
2015 - present	Bangkok Bank Public Company Limited	Commercial Bank	Independent Director and Audit Committee
2007 - present	Krungdhep Sophon Public Company Limited	Transportation and Logistics	Director and Nomination and Remuneration Committee
2008 - 2015	United Overseas Bank (Thai) Public Company Limited	Commercial Bank	Independent Director and Chairman of Audit Committee

Position in other non-listed companies :

Years	Company	Business Type	Position
2006 - present	Palang Sophon Company Limited	Petroleum and natural gas production	Director
2009 - 2015	K.W.C. Warehouse Company Limited	Utility services	Chairman
2008 - 2014	Krungdhep Document Company Limited	Host computer rental	Chairman

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mrs. Puangthip Silpasart

Independent Director, Audit Committee
and Remuneration and Nomination Committee

Age : 62 years old



Appointment Date to be TRC's Director : 24 February 2016

Tenure as the director : 10 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : None

Family Relationship among Executives : None

Education :

Bachelor of Arts (B.A.), English Major, Silpakorn University
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Training :

Thai Institute of Director Association:

- Director Certification Program (DCP) 226/2016
- Role of the Chairman Program (RCP) 38/2016

Ministry of Industry: Top Executive Program in Industrial Development and Investment (IBID) 2/2015

Thailand Energy Academy, PTT Public Company Limited: Executive Program in Energy Literacy for a Sustainable Future (TEA) 6/2015

Chula Unisearch, Chulalongkorn University: Power of the Kingdom 2/2014

The Electronic Government Agency (Public Organization) (EGA): E-government Executive Program (CIO) 3/2013

The National Intelligence Agency: National Security Management Course (NSMC) 2/2010

The Office of the Civil Services Commission: The Civil Service Executive Program for Senior Civil Servants
(Visionary Leadership: Program 1) 53/2007

Exploration and Production of Petroleum Training Institute, Paris, France: Organizational Restructuring Program

The Office of the Permanent Secretary, Ministry of Energy: Energy Executive Development Program

Senior Executive Program, Sasin Graduate Institute of Business Administration of Chulalongkorn University

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
February 2016 - present	Independent Director, Audit Committee and Remuneration and Nomination Committee

Position in other listed companies :

Years	Company	Business Type	Position
2015 - present	The Electricity Generating Public Company Limited (EGCO)	Production of electricity Investment	Director and Corporate Governance and Social Responsibility Committee

Position in other non-listed companies :

Years	Company	Business Type	Position
2015 - present	Technical Petroleum Training Institute	Training to workers in the petroleum business in Thailand	Executive Director
2013 - 2014	Department of Mineral Fuels, Ministry of Energy	Government Services	Director-General
2013 - 2014	Department of Mineral Fuels, Ministry of Energy	Government Services	Deputy Director-General
2008 - 2013	Department of Mineral Fuels, Ministry of Energy	Government Services	Director, Central Administration Bureau

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Assoc. Prof. Pises Sethsathira

Independent Director,

Chairman of Remuneration and Nomination Committee
and Corporate Governance Committee

Age : 60 years old

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

Tenure as the director : 11 years 8 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.066% (3,375,000 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

Years	Position
February 2016 - present	Corporate Governance Committee
2009 - present	Chairman of Remuneration and Nomination Committee
2005 - present	Independent Director
2005 - 2013	Audit Committee

Position in other listed companies :

Years	Company	Business Type	Position
2010 - 2014	Siam Commercial Bank Public Company Limited	Commercial Bank	Executive Vice President, Banking Finance 1 and Capital Market Division
1991 - 2012	Thailand Iron Works Public Company Limited	Zinc production	Independent Director and Audit Committee

Position in other non-listed companies : None

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mr. Smai Leesakul

Authorized Director
and Chairman of Executive Committee

Age : 61 years old



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

Tenure as the director : 9 years 7 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.216% (11,071,635 shares)

Family Relationship among Executives : Father of Mr. Pasit Leesakul, Director and Chief Executive Officer and Ms. Pavita Leesakul, Vice President, Corporate Affairs Division

Education :

Master of Management, SASIN Graduate Institute of Business Administration of Chulalongkorn University

Training :

Thai Institute of Director Association:

- | |
|--|
| <ul style="list-style-type: none"> - Financial Statements for Directors (FSD) 18/2012 - Director Accreditation Program (DAP) 64/2007 |
|--|

Thailand Energy Academy: Top Executive Program in Energy (TEA 8)
--

Commerce Academy, University of the Thai Chamber of Commerce: Top Executive Program in Commerce and Trade (TEPCoT 5)
--

Urban Green Development Institute Bangkok: Bangkok Metropolitan Administration Executive Program (Mahanakorn 1)

The National Defense College of Thailand: The Joint State-Private Sector Course (NDC 16)
--

Capital Market Academy: Capital Market Academy Leader Program (CMA 7)

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
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

Position in other listed companies : None

Position in other non-listed companies :

Years	Company	Business Type	Position
April 2016 - present	The Federation of Thai Industries	-	Vice Chairman of the Federation of Thai Industries and Chairman of Institute of Agro-based Industries
2015 - present	ASEAN Potash Chaiphaphum Public Company Limited	Potash mining for fertilizer and chemical production	Director, Chief Executive officer and Managing Director
2011 - present	TRC Engineering LLC (Sultanate of Oman)	Construction Services	Director

Years	Company	Business Type	Position
2010 - present	TRC Middle East LLC (Sultanate of Oman)	Construction Services	Director
2008 - present	TRC International Limited (Hong Kong) and TRC Investment Limited (Mauritius)	Investment and bidding of new projects	Director
2007 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Director
2007 - 2015	Sahakarn Wisavakorn Company Limited	Construction Services	Chief Executive Officer
2014	Thailand Post Distribution Company Limited	Cargo and Warehouse Services	Chairman
2012 - 2014	Thailand Post Company Limited	Postal Services	Vice Chairman
2002 - 2013	The Federation of Design and Construction Services of Thailand (FEDCON)	-	General Secretary

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mrs. Podchanee Phaosavasdi

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

Age : 56 years old



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

Tenure as the director : 9 years 4 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : None

Family Relationship among Executives : None

Education :

Master of Business Administration-Marketing, Ramkhamhaeng 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
- The Institute of Industrial Energy, the Federation of Thai Industries: Energy Symposium 2016

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
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

Position in other listed companies :

Years	Company	Business Type	Position
2013 - present	Aqua Corporation Public Company Limited	Media & Publishing Services	Independent Director, Audit Committee and Remuneration and Nomination Committee

Position in other non-listed companies :

Years	Company	Business Type	Position
January 2016 - present	ASEAN Potash Chaiyaphum Public Company Limited	Potash mining for fertilizer and chemical production	Director
2015 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Executive Committee, Chief Commercial Officer and Vice President, Commercial Division
2011 - present	TRC Engineering LLC and TRC Middle East LLC (Sultanate of Oman)	Investment and bidding of new projects	Director
2006 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Director

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mr. Pasit Leesakul

Authorized Director, Chief Executive Officer,
Chairman of Management Committee,
Remuneration and Nomination Committee,
Risk Management Committee and Executive Committee
Age : 33 years old

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

Tenure as the director : 3 years 9 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.026% (1,350,000 shares)

Family Relationship among Executives : Son of Mr. Smai Leesakul, Director and Chairman of Executive Committee and Mrs. Paichit Rattananon, Chairman and brother of Ms. Pavita Leesakul, Vice President, Corporate Affairs Division

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
Thai Listed Companies Association: - TLCA Leadership Development Program (LDP 4) - TLCA Executive Development Program (EDP 7)
Econ Chula Association, Chulalongkorn University: Ultra Wealth Program 1 (UW 1)
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)
NIDA-Wharton: NIDA Executive Leadership Program (ELP 5)

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
2015 - present	Chief Executive officer, Executive Committee, Chairman of Management Committee, Remuneration and Nomination Committee and Risk 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

Position in other listed companies : None

Position in other non-listed companies :

Years	Company	Business Type	Position
2015 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Chief Executive officer
2014 - present	Thai Investor Relations Club	-	Director
2012 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Director

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mr. Loh Eng Kee
 Director, Executive Committee,
 Management Committee and
 Deputy Chief Operating Officer
 Age : 59 years old



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

17 March 2015 : 1 year 9 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.021% (1,096,312 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

Years	Position
February 2017 - present	Deputy Chief Operating Officer
2015 - present	Director, Executive Director and Management Committee
2013 - February 2017	Project Director

Position in other listed companies : None

Position in other non-listed companies :

Years	Company	Business Type	Position
2005 - 2013	Rotary Engineering Limited, Singapore	Engineering and related technical consulting	Project Director
2005 - 2013	Thai Rotary Engineering Public Company Limited	Engineering and related technical consulting	Managing Director

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mr. Sakda Tantivathanakul

Management Committee and
Deputy Chief Operating Officer

Age : 59 years old



Appointment Date : 1 February 1999

Tenure : 17 years 10 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.008% (421,875 shares)

Family Relationship among Executives : None

Education :

Bachelor of Civil Engineering, Chiang Mai University

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
February 2017 - present	Deputy Chief Operating Officer
2005 - present	Management Committee
2013 - February 2017	Vice President, Operation 1 Division
1999 - 2013	Assistant Vice President, Operation Division

Position in other listed companies : None

Position in other non-listed companies :

Years	Company	Business Type	Position
2015 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Director

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Mr. Chaveng Reesrikitti

Management Committee and
Deputy Chief Operating Officer

Age : 58 years old



Appointment Date : 1 February 1999

Tenure : 17 years 10 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.009% (443,700 shares)

Family Relationship among Executives : None

Education :

Bachelor of Mechanical Engineering, Chiang Mai University

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
February 2017 - present	Deputy Chief Operating Officer
2005 - present	Management Committee
2013 - February 2017	Vice President, Operation 2 Division
1999 - 2013	Assistant Vice President, Operation Division

Position in other listed companies : None

Position in other non-listed companies :

Years	Company	Business Type	Position
2009 - present	Sahakarn Wisavakorn Company Limited	Construction Services	Director

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Ms. Pavita Leesakul

Vice President, Corporate Affairs Division,
Corporate Communication Manager and
Acting Material Management and Logistics Manager
Age : 30 years old

Appointment Date : 1 August 2016

Tenure : 5 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.184% (9,452,900 shares)

Family Relationship among Executives : Daughter of Mrs. Paichit Rattananon, Chairman and Mr. Smai Leesakul, Director and Chairman of Executive Committee and sister of Mr. Pasit Leesakul, Director and Chief Executive Officer

Education :

Master of Arts, International Economics and Finance, Keio University,
Japan and Brandeis International Business School, U.S.A.

Training :

Thai Listed Companies Association: How to Develop a Risk Management Plan (HRP) 11/2016
Thai Listed Companies Association: TLCA Executive Development Program (EDP 16)
The Federation of Thai Industries: Young F.T.I. Elite # 3
Academy of Business Creativity, Sripatum University: ABC Talent: Grooming Rising Professionals

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
October 2016 - present	Acting Material Management and Logistics Manager
August 2016 - present	Vice President, Corporate Affairs
2015 - present	Corporate Communication Manager
2012 - 2015	CSR Officer

Position in other listed companies :

Years	Company	Business Type	Position
2013	Golden Land Property Development Public Company Limited	-	Corporate Communication Officer

Position in other non-listed companies : None

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Ms. Ounruen Sujarittham

Finance & Investor Relations Manager and
Company Secretary

Age : 49 years old



Appointment Date : 8 September 2004

Tenure : 12 years 3 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : None

Family Relationship among Executives : None

Education :

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

Training :

Thai Institute of Director Association: - Director Accreditation Program 113/2014 - Company Secretary Program (CSP) 11/2005
Thai Listed Companies Association; Corporate Secretary Development Program 15/2007

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
2013 - present	Finance & Investor Relations Manager
2007 - present	Company Secretary
2004 - 2013	Corporate Finance Manager

Position in other listed companies : None

Position in other non-listed companies :

Years	Company	Business Type	Position
July 2016 - present	UAC Advance Polymer and Chemicals Company Limited	Manufactures and supplies chemicals, with latex emulsions and latex polymer as the main product for various industries	Independent Director and Audit Committee
2015 - present	ASEAN Potash Chaiyaphum Public Company Limited	Potash mining for fertilizer and chemical production	Company Secretary
2013 - present	Thai Packaging Industry Public Company Limited	Packaging products and corrugated fiberboard	Independent Director and Audit Committee

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

The Board of Directors and Managements



Ms. Rewadee Ardham

Accounting Manager

Age : 48 years old



Appointment Date : 1 July 2000

Tenure : 16 years 5 months (until December 2016)

Shareholding in TRC as at 31 December 2016 : 0.019% (969,375 shares)

Family Relationship among Executives : None

Education :

Master of Business Administration-Management, Eastern Asia University

Working Experience in the last 5 years :

TRC Construction Public Company Limited

Years	Position
2000 - present	Accounting Manager

Position in other listed companies : None

Position in other non-listed companies : None

Position in the rival company/related to the company : None

Criminal offense record during the past 10 years : None

1.

Financial Highlights

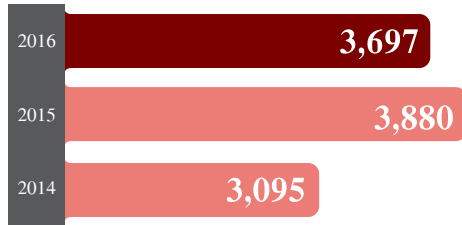
Statements of Financial Position and Income Statements (Million Baht)	2016	2015	2014
Total assets	5,003.16	4,571.87	2,630.61
Total liabilities	2,319.31	2,151.21	1,252.90
Shareholders' equity	2,683.85	2,420.66	1,377.71
Services income and sales	3,697.30	3,880.17	3,095.34
Total revenues	3,736.90	3,955.03	3,127.73
Gross profit	750.65	637.78	557.05
Profit before share of loss from investments in associate	433.42	380.25	285.97
Finance cost	(32.94)	0.00	0.00
Share of loss from investment in associate	(17.03)	(4.76)	(3.36)
Income tax expenses	(98.34)	(74.54)	(69.37)
Net income after tax	285.11	300.95	213.25
Minority interests of the subsidiaries	(5.65)	(5.01)	(1.67)
Net profit attributable to equity holders of the Company	290.76	305.96	214.92
Earnings before interest, tax, depreciation and amortization	399.33	379.19	283.85
Financial Ratio			
Gross profit margin	20.30%	16.44%	18.00%
Net profit margin	7.78%	7.74%	6.87%
Return on equity	11.39%	16.11%	16.98%
Return on assets	6.07%	8.50%	9.33%
Debt to equity (Time(s))	0.86	0.89	0.91
Interest-Bearing Debt-to-Equity Ratio (Time(s))	0.16	0.06	n/a
Debt-Service Coverage Ratio (Time(s))	3.99	28.27	253.59
EBITDA Margin	13.74%	11.60%	10.80%
Information about Common Shares			
Par value per share (Baht)	0.125	0.125	0.50
Dividend per share (Baht)	0.0218571*	0.0256250	0.03472
Dividend payout ratio	30.01%	29.31%	45.12%
Earnings per share (Baht)	0.06	0.06	0.05
Book value per share (Baht)	0.52	0.54	1.67
Number of issued and paid-up ordinary shares (Shares)	5,135,985,760	4,522,766,096	822,613,706
Closing market price at the end of December (Baht per Share)	1.43	1.97	4.14
Market capitalization (Million Baht)	7,344.46	8,909.85	3,405.62

* The dividend payment for the 2016 operating performance of Baht 0.0218571 per share will be proposed to the 2017 Annual General Meeting of Shareholders for approval on 28 April 2017.

Financial Highlights

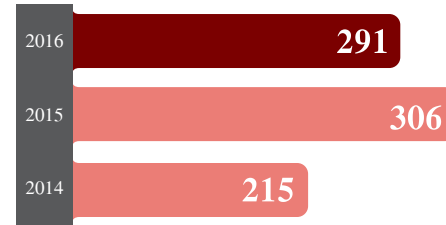
Services Income & Sales

Unit : Million Baht



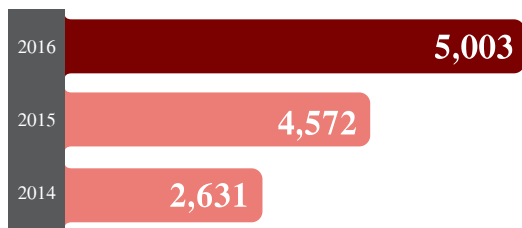
Net Profit

Unit : Million Baht



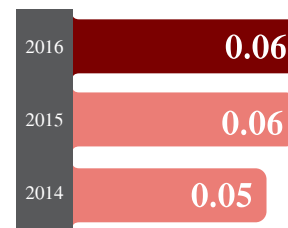
Total Assets

Unit : Million Baht



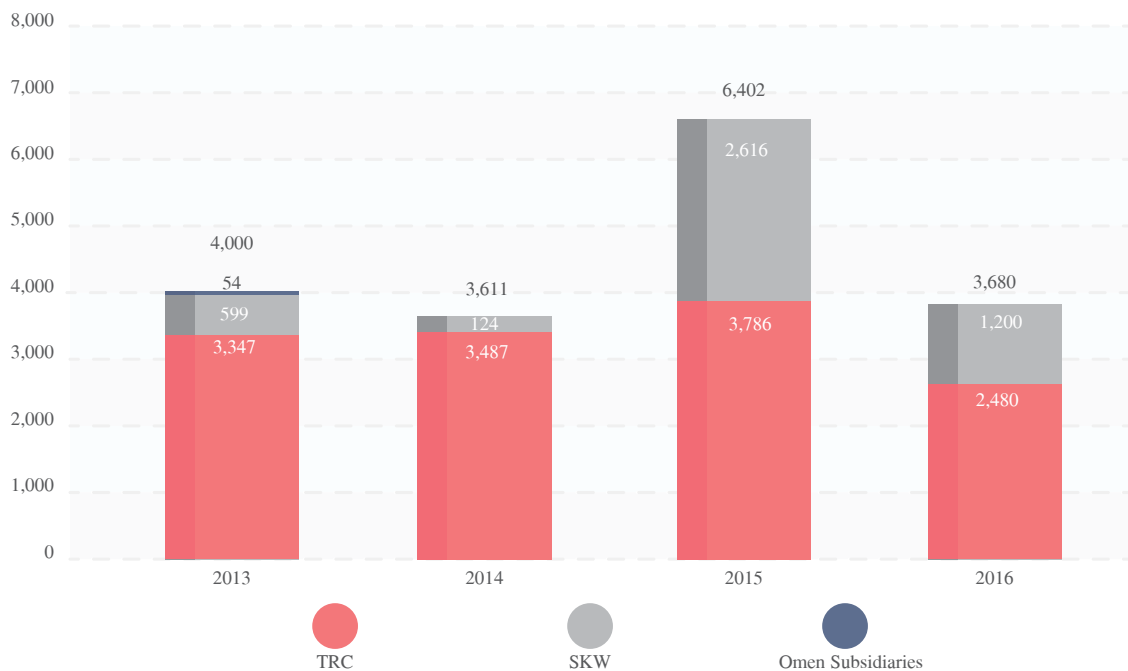
Earnings per Share

Unit : (Baht/Share)



Backlog on Hand as at 31 December 2016 (3,680 Million Baht)

Unit : 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 reviewed by the 7/2016 Board of Directors Meeting on 9 November 2016

● 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.

● Corporate Value

T - Transparency, Ethics & Integrity

R - Respect & Trust

C - Commitment

2. Change and Major Developments

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

2012

● The Company and subsidiaries were awarded for the following 3 significant projects:

1. The Company was awarded for the designing, procurement and construction of the 28''Ø transmission pipeline project with 21 kilometer in length and Metering Station to serve Uthai Power Plant which is the large power plant in Rojana Industrial Estate (GUT Gas Pipeline Project) from Gulf JP UT Co., Ltd. with work value of Baht 1,547 million.
2. Sahakarn Wisavakorn was awarded for the construction of reinforced building and infrastructure or Civil works for ABS VI/Green ABS Expansion Project from Thai ABS Co., Ltd. with work value of Baht 280 million.

3. TRC Middle East LLC, a subsidiary in Sultanate of Oman was extended the period of contract for Construction of Flow Line Rima Satellites 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.

- Sahakarn Wisavakorn Co., Ltd. was awarded for 3 projects;

- 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

- 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 2 (ESOP-W2) to directors and/or employees as follows:

- Approved change of the ordinary share par value from Baht 1 to Baht 0.50.
- Cancelled the general mandate and decrease the registered capital reserved for the captioned mandate and ESOP-W1.
- Approved an increase of registered capital from Baht 336,585,589 to Baht 425,514,868.50 by issuing 177,858,559 new ordinary shares at par value of Baht 0.50 to support the dividend payment, ESOP-W2 exercising and the capital increase by right offering to existing shareholders according to their shareholding proportion.

- The Company issued the number of 112,146,533 stock dividends and 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 1st 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 by Hydrotek Sahakarn Joint Venture. 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. Hydrotek Public Company Limited agree that the subsidiary will be responsible for project execution of Hydrotek Sahakarn Joint Venture whereas Hydrotek Public Company Limited will not share any gain and loss as well as damage maybe arisen from this project.
- 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.

2016

● In February 2016, the Company obtained the Letter of Award from ASEAN Potash Chaiphum Public Company Limited (“APOT”) for Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities worth USD 142,027,205, EUR 416,000,784, and Baht 12,433,389,522, or Baht 34,089,504,186 in total. In May, the Company received from ASEAN Potash Chaiphum Public Company Limited a Notice to Proceed for the Early Works Engineering, Site Preparation, TRC Site Facilities as well as the Site Investigation; these are part of the Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities and worth altogether EUR 10,200,000 and Baht 294,938,000, or Baht 711,358,100 in total. APOT has secured an underground mining lease since February 6, 2015.

● In March 2016, the Board of Directors Meeting No. 3/2559 passed a resolution approving the dissolution of TRC Middle East LLC and TRC Engineering LLC by December 31, 2016. The dissolution of these subsidiaries is currently underway.

● The 2016 Annual General Meeting of Shareholders passed several resolutions in relation to the Company’s registered capital and debentures to be issued and offered for sale as follows:

- A resolution approving the issuance and private placement of up to 675,000,000 warrants to persons subscribing for the Company’s debentures worth up to Baht 2,000 million.
- A resolution approving the reduction of registered capital from Baht 655,358,932.25 to Baht 570,665,282.63.
- A resolution approving the increase of registered capital from Baht 570,665,282.63 to Baht 726,373,442.88, or up Baht 155,708,160.25. The increased capital was intended for:
 - a) the distribution of 570,437,860 shares of stock dividend;
 - b) the private placement of warrants to the subscribers to 675,000,000 debentures; and

c) the amendment to rights of ESOP-W2 warrants equivalent to 227,422 shares.

● In May 2016, the Company executed transactions in connection with its ordinary shares as follows.

- Reduction of registered capital to Baht 570,665,282.63.
- Increase of registered capital to Baht 726,373,442.88.
- Issuance of 570,436,077 shares of stock dividend.

● During 2016 the Company made additional investments, through TRC Investment Limited, in ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited ("APOT"). After the second, third, and fourth payments for these shares totaling Baht 905 million, a total of 2,750,000

APOT shares was transferred to the Company, making the TRC Group's stake in APOT as of the end of 2016 increase to 26.22 percent whereby TRC Investment Limited and TRC International Limited respectively held 23.43% and 2.79% with current paid-up capital of Baht 2,688.31 million.

● The Company's stocks were qualified to become part of the SET100 index for the period starting from 1 July to 31 December 2016.

● Directors, executives, and employees had their warrants converted to ordinary shares in the 8th and 9th (the last) exercise of rights under ESOP-W2 program. The number of additional shares resulting from the 7th to 9th exercise of warrants was 42,783,587 (the conversion rate was 1:5), consequently making the Company's registered capital and paid-up capital as of 31st December 2016 worth Baht 726,373,442.88 and Baht 641,998,220 respectively.

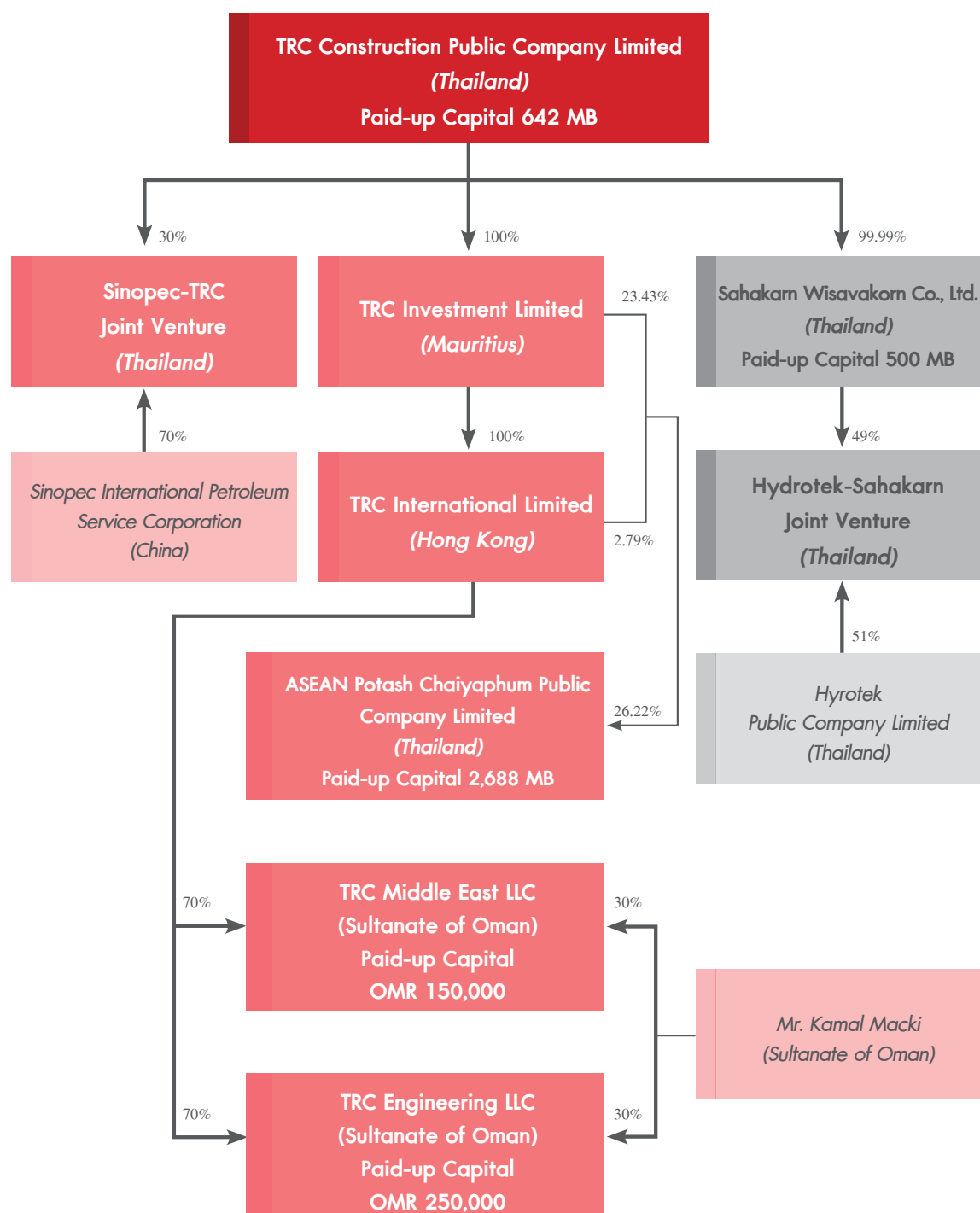
3.

TRC Group Structure

● TRC Group Structure Overview

As at 31 December 2016, 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



● **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 642 million	Public Utility and General Construction Service Business	-
Subsidiaries:			
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	HKD 10	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)
Associates:			
ASEAN Potash Chaiyaphum Public Company Limited	Baht 2,688 million	Potash Mining for fertilizer and chemical production at Bamnet Narong District, Chaiyaphum Province	26.22% (holding through TRC International Limited 2.79% and TRC Investment Limited 23.43%)

4.

Nature of Business

The Revenue Structure of the Company and its subsidiaries

Revenue	Operated by	Percentage of Share Holding	2016		2015		2014	
			Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
1. Services income and Sales	TRC		1,240.08	33.18	838.68	21.21	1,923.84	61.52
1.1 Revenue from Pipeline System Construction	TRC Middle East	70%	-	-	-	-	165.02	5.28
	TRC Engineering	70%	-	-	-	-	-	-
	TRC-Sinopec Joint Venture	30%	132.98	3.56	1,132.29	28.63	462.38	14.78
	Hydrotek Sahakarn Joint Venture	49%	423.35	11.33	137.39	3.47	-	-
Total			1,796.41	48.07	2,108.36	53.31	2,551.24	81.58
1.2 Revenue from Engineering System Installation and Factory Construction for Energy and Petrochemical Business	TRC		650.15	17.40	1,534.59	38.80	6.93	0.22
	SKW	99.99%	508.39	13.60	-	-	-	-
Total			1,158.54	31.00	1,534.59	38.80	6.93	0.22
1.3 Revenue from Civil Work Construction	TRC		272.63	7.30				
	SKW	99.99%	469.72	12.57	236.12	5.97	507.12	16.22
Total			725.35	19.87	236.12	5.97	507.12	16.22
1.4 Revenue from Other Services	TRC		-	-	1.10	0.03	0.77	0.02
	TRC Engineering	70.00%	-	-	-	-	29.29	0.94
Total			-	-	1.10	0.03	30.06	0.96
Total services income			3,697.30	98.94	3,880.17	98.11	3,095.35	98.98
2. Interest income			3.20	0.09	11.03	0.28	3.91	0.13
3. Other income			36.40	0.97	63.83	1.61	27.91	0.89
Total revenues			3,736.90	100.00	3,955.03	100.00	3,127.17	100.00

1. Nature of Business

● TRC Construction Public Company Limited

TRC Construction Public Company Limited is a contractor whose works engage with pipeline system construction, and engineering system installation and factory construction in energy and petrochemical industries, as well as project development and investment business in real estate, power plant and petrochemical. TRC has its subsidiaries; Sahakarn Wisavakorn Co., Ltd., the over 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.

During 2015 and 2016, the Company invested, through two of its subsidiaries named TRC Investment Limited and TRC International Limited, in ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited ("APOT"). Of

the total investment in these shares, TRC Investment Limited held 6,300,000 shares and TRC International Limited held 750,000 shares, accounting for 23.43% and 2.79% respectively and making the Company's overall percentage of shareholding in APOT stand at 26.22% as of 31st December 2016. The paid-up capital of APOT was Baht 2,688,308,700.

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 and oil pipeline.

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. The Company has made a joint investment in ASEAN Potash Chaiphum Public Company Limited through its subsidiaries, namely TRC International Limited, and TRC Investment Limited with a view of enhancing the opportunity to win several more construction projects and getting investment return in the long run in form of dividend and/or potential profit from selling shares in the future.

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.

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. 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 has been registered and classified as a first class and special class contractor by many public entities such as Department of Highways, Department of Rural Roads, Bangkok Metropolitan Administration, Royal Irrigation Department, Metropolitan Waterworks Authority, Provincial Waterworks Authority, Provincial Electricity Authority, Marine Department, Department of Water Resource, Ports Authority of Thailand and National Housing Authority. 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 years (The aforesaid projects were completed and handed over to the customers since 2014).

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

The Board of Director Meeting No. 3/2559 dated March 10, 2016 has approved the dissolution of TRC Middle East LLC and TRC Engineering LLC; the subsidiaries based in the Sultanate of Oman, in which TRC International Limited held 70% stake. The dissolution of these companies was made based on the fact that TRC Middle East LLC had already finished the construction work and handed over the completed project to the owner, or Petrogas Rima LLC, coupled with the worsening situation of continually declining oil price which has put both subsidiaries in an unfavorable position to take on further projects since 2015. At present both entities are in the process of officially registering the dissolution and liquidation which is anticipated to complete not later than mid 2017.

Projects on Hand

As of 31 December 2016, 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	3	2,479.93
Sahakarn Wisavakorn Co., Ltd.	3	1,199.66
Total	6	3,679.59

- TRC Construction Public Company Limited

Project Name	Type ⁽¹⁾	Client	Project Value ⁽²⁾ (MB)	Value of Uncompleted Work (MB)	Project Period
1. 1 st Transmission Pipeline Life Extension Project: 28" Recoating Section	E,P,C	PTT Public Company Limited	3,725.00	1,897.52	Feb 15 - Oct 18
2. LNTP for Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities (Project value 294.94 MB and Euro 10.20 Million)	E,P,C	ASEAN Potash Chaiphum Public Company Limited	711.36	514.88	May 16 - Sep 17
3. Preparation and Refurbishment of Existing Decline	E,P,C	ASEAN Potash Chaiphum Public Company Limited	143.69	67.53	Jan 16 - Jun 17
Total 3 Projects			4,580.05	2,479.93	

- Sahakarn Wisavakorn Company Limited

Project Name	Type ⁽¹⁾	Client	Project Value ⁽²⁾ (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	855.67	294.86	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	829.29	320.90	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	381.68	Jul 15 - Jul 17
		Metropolitan Electricity Authority	229.17	176.46	Oct 15 - Jul 17
		Metropolitan Waterworks Authority	32.79	17.53	Nov 15 - Jul 17
		TOT Public Company Limited	11.44	7.09	Feb 16 - Jul 17
		Communication Authority of Thailand	1.14	1.14	Jan 16 - Jul 17
Total 3 Projects			2,787.26	1,199.66	

Notes:

- (1) E = Engineering P = Procurement C = Construction
- (2) The value of uncompleted works for the foreign currency using Fx at Baht 37.3791 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

Marketing strategies adopted by the Company and its subsidiaries are as follows:

1. Maintaining domestic customer base. The Company has the largest market share in the natural gas pipeline

construction industry. Several leading domestic clients in Thailand e.g. PTT Public Company Limited and other entities under the umbrella of PTT Group has put their trust and confidence in the Company chiefly for reasons of the Company's dedication to quality of work and its ability to meet the schedules for completing and delivering work to clients and to ensure that the delivered works satisfy the specifications laid out by clients. Regarding the quality aspect, the Company has adopted the quality assurance practices and has been certified to ISO since 2007 while one of the Company's subsidiaries; Sahakarn Wisavakorn Co., Ltd, has also been certified to ISO since 2009.

2. Business expansion into petrochemical and renewable energy industries. In connection with the government policies and strategies under the Alternative Energy Development Plan, the Company has gained experience in the construction of manufacturing plants which involve the production of alternative energy e.g. the bioethanol and biodiesel plants and several projects were already delivered to the owners. At present the Company is fully equipped with a team of engineers whose expertise and talents are specifically in the engineering design as well as a construction team with in-depth knowledge and expertise in the construction of the above production process, thus presenting a good opportunity for the Company to offer its expanded scope of services in this area to the prospective clients.

3. Expansion of customer base. The following are varied packages of service the Company has continually developed in order to best offer to clients the customized total solution in the field of energy and infrastructure.

- Engineering + Procurement + Construction (EPC)
- Engineering + Procurement + Construction + Commissioning (EPCC)
- Engineering + Procurement + Construction + Finance (EPCF)

In addition to the above, the Company provides the Operation and Maintenance (O&M) service as well. The Company's efforts in tailoring different kinds of service are purposefully intended to better meet different aspects of customer needs and to enhance its opportunity to secure new

target groups of customers in both Thailand and neighboring countries in the wake of freer trade in goods and services envisaged by AEC.

4. Building networks of strategic alliances. To strengthen its capabilities and potential to serve both domestic and international customers, the Company has sought and built, at every possible opportunity, networks of business alliances. The Company's current active alliances include corporations based in Germany, China, Denmark, etc. whose business relationships with the Company will be certainly to the advantage of the Company in terms of its ability to take on projects from domestic and offshore clients as well as the overall competitiveness of TRC Group.

5. Improving customer satisfaction. For each project, the Company ensures that the customer satisfaction surveys be conducted periodically throughout the course of project, the results of which will be analyzed in order to improve the Company's quality of service and elevate the customer satisfaction level in the hope that clients will be more than willing to spread the word about their good experiences of working with the Company and/or let the Company provide them the service again for any subsequent projects in the future.

6. Building and maintaining corporate reputation. Under the administration of the Company's highly competent management team with extensive experience specifically in running the construction business, the Company's professional reputation became widely recognized, particularly in the construction industry, as proven by the Company being presented with two awards, namely the Outstanding Company Performance Awards and the Outstanding Investor Relations Awards, from the Stock Exchange of Thailand in 2015. The Company is firmly determined to maintain and live up to its reputation by implementing such measures as the enhancement of personnel's talents and skills required for performing their tasks effectively, retention of the skilled, quality workforce by, among other things, ensuring that such employees feel contentment about their work. Employee satisfaction at work will entail the high level of efficiency in providing services to customers and, in the end, contribute to the optimal benefits of all segments of stakeholders.

Competitiveness

The Company's mainstream business in pipeline civil work has limited number of domestic competitions due to the fact that the business nature which involves handling and lining of large and long industrial pipes requires extensive experience and professional expertise, not to mention one of the bidding requirements commonly demanding from bidders the solid credentials of past accomplishments which, in this respect, the Company, given quite a few years of vast experience in large-scale industrial pipelining, is doing fairly better than many other players in the same industry. Furthermore, the Company's strategic alliance networks and good relationship with its business partners helps improve the Company's eligibility to enter the bidding for large-scale projects that require highly specialized know-hows. The offshore corporations with which the Company has been establishing business networks and relationship are reputable for their long experience and their exceptional business performance is well known in many countries such as China, Italy, etc.

With respect to the energy and petrochemical plant construction segment, the Company has upgraded its service to EPC and highlighted the importance of personnel skills reinforcement, particularly those working in engineering and having key roles in construction design. Apart from the development of personnel potentials, the Company has also improved the efficiency of procurement system in response to customers' increasing needs of turn-key service.

With respect to the segment of civil works and basic infrastructure e.g. roads and bridges construction, there are a large number of domestic competitors and the Company has assigned this business segment to its subsidiary, or Sahakorn Wisavakorn Co., Ltd., which has been shortlisted by several state agencies and private organizations as one of the first-class contractors. The selection of projects is made based on the Company's expertise and the profit margin of each project. In case of infrastructure megaprojects requiring specialized know-how, the Company will enhance its competitive position by liaising with the selected foreign partners whose experience and reputation is widely accepted.

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

Economy Situation

In 2016 a growth of Thai economy improved from the year before and stood at 3.2 percent. The contributing factors of the 2016 growth encompassed the expansion of export, the recovery in the agricultural sector and improved agricultural income base, continually high level of public investment, and the sustainable momentum of tourism sector's income. Based on the information released in February 2017 by the Macroeconomic Strategy and Planning Office in relation to the 2017 Thai economic trend, it is anticipated that the export will grow at 2.9%, the private consumption at 2.7%, and the total investment at 5.3%.

The country's economic growth and prosperity is essentially driven by, most important of all, the energy-related

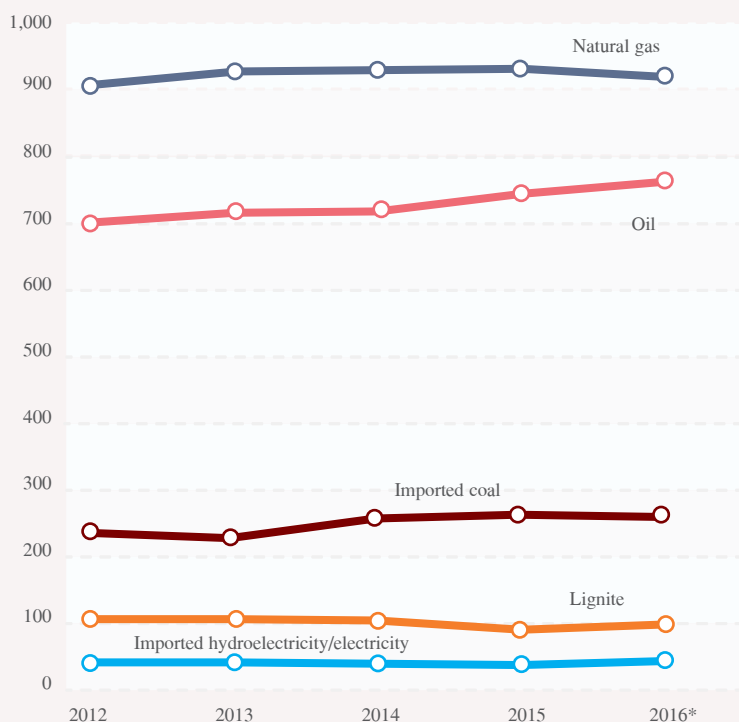
factor. Not only the fulfillment of most basic human needs but also the principal driving force of the production sector which consist of the industrial, agricultural, labor, social, and household segments is absolutely dependent on energy. The Ministry of Energy has developed and implemented the Energy 4.0 Policy to ensure that the national economy is driven forward under the key concept of efficiency reinforcement of energy resources and proper use of innovations for energy development. This must encompass the whole energy system ranging from the production process, supply and conversion, to the consumption based on the categories of energy, namely fuel, natural gas, and electricity. In the development of fuel segment, the focus is on the readiness of required infrastructure. The planning involves the expansion of pipeline system in order to improve efficiency and security in oil transportation, and lower the costs of oil transportation via road which will have a positive impact on the retail oil price structure. As a result, the retail oil prices in far distant provinces will be closer to those in Bangkok area and the vicinity.

Demand and Use of Energy

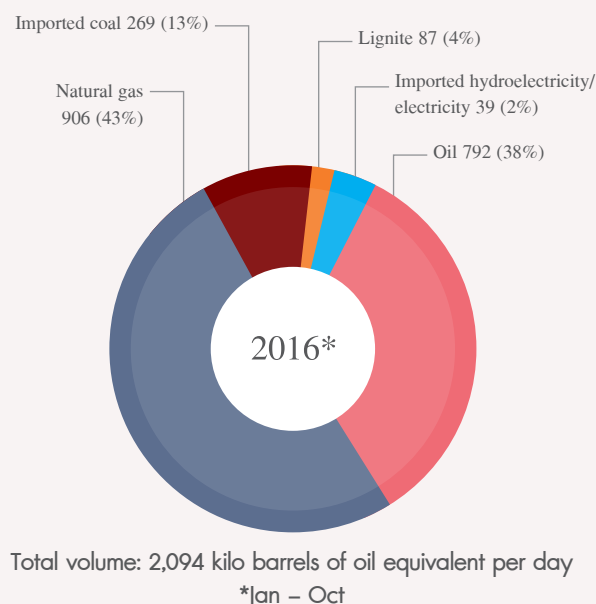
According to the report by the Energy Policy and Planning Office (EPPO), Ministry of Energy, the level of primary commercial energy consumption during the first 10 months of 2016 stood at 2,094 kilo barrels of oil equivalent per day, increasing 1.3% from the previous year. Of the total volume of the aforesaid energy consumption, the natural gas represents the largest proportion equal to 43%, falling from last year's percentage of 44. The second largest proportion at 38% comes from oil which increased from last year's level of 38%. The remaining portion of energy consumption consists of imported coal, lignite, and imported hydropower/electricity. The breakdown of energy consumption compared with prior year's levels is graphically illustrated below.

Breakdown of primary commercial energy consumption

in kilo barrels of oil equivalent per day



Breakdown of primary commercial energy consumption



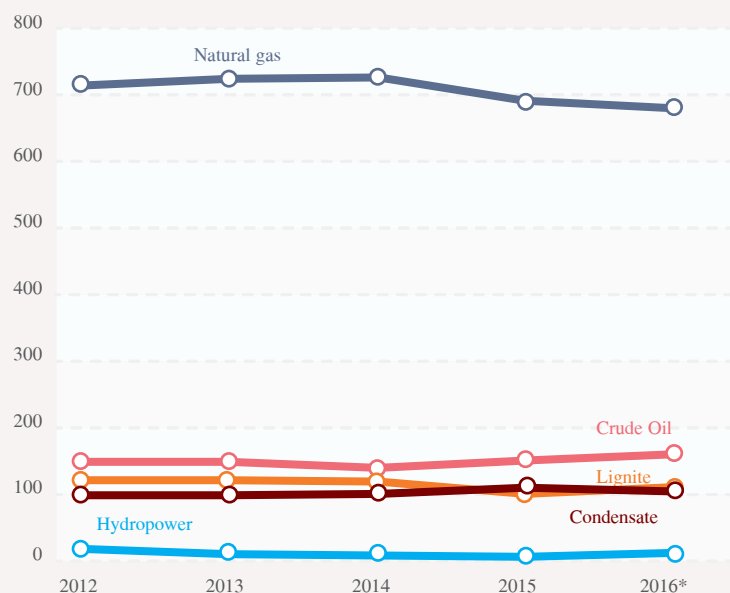
Primary energy consumption 1.3%

The production of primary commercial energy during the first 10 months of 2016 stood at 1,023 kilo barrels of oil equivalent per day, falling 1.0% from the previous year. Of the

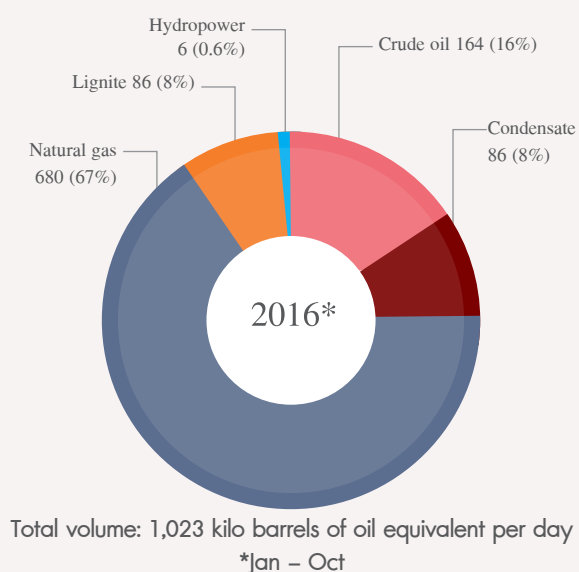
total volume of the aforesaid energy production, the natural gas which is presently a major resource of energy used in the country's industrial sector, as shown in graphics below, represents 67%.

Breakdown of primary commercial energy consumption

in kilo barrels of oil equivalent per day



Breakdown of primary commercial energy consumption



Primary energy production 1.0%

Trends

The Council of Ministers passed a resolution to acknowledge the National Energy Policy Council's endorsement of the natural gas infrastructure and transmission system plan for the energy security which involves 2 projects under the investment master plan, part 1 (Natural Gas Transmission Network), phase 2 as follows:- Route-5 Onshore Natural Gas Transmission Pipeline Project; and Onshore Natural Gas Transmission Pipeline from Ratchaburi-Wangnoi#6 (RA#6)

Block Valve Station to Ratchaburi Province Project. The investment in these projects was intended to entail the energy security and to meet the increasing natural gas consumption demand in the future.

It was planned that this new transmission system will be in full operation within 2021 and PTT Public Company Limited has been assigned to take charge of these 2 projects.

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

(Unit: Million Baht)							
Business	2017	2018	2019	2020	2021	Total	%
Infrastructure	20,647	36,847	35,970	9,935	40,882	144,308	43%
Investment Plan and 100% share-holding in subsidiaries investment	47,265	51,975	14,313	13,944	7,551	135,048	40%
Oil and International Trading	10,376	9,036	7,265	7,785	6,736	41,198	12%
Natural Gas	4,556	3,887	2,382	2,066	2,304	15,195	4%
Head Office and others	817	510	556	597	620	3,100	1%
Total	83,661	102,282	60,486	34,327	58,093	338,849	100%

Source: PTT's news reported to the Stock Exchange of Thailand on 16 December 2016

Most of the PTT's investment is in two business categories, namely the infrastructure, and oil which are also the core businesses of PTT and the fundamental areas of investment are the construction of natural gas transmission system and the improvement of service stations. PTT has also invested, by means of joint venture and direct investment, in its subsidiaries/affiliates in which PTT has 100% shareholding, for example the investment in the expansion of LNG import to meet the increasing domestic consumption of natural gas. Further, the integration into ASEAN Economic Community (AEC) has also played a significant part in the escalation of natural gas demand in ASEAN region. Following the adoption of policy to promote energy-related collaboration among ASEAN members, the ASEAN-member countries put their efforts in the tangible development of Trans-ASEAN Gas Pipeline (TAGP) and ASEAN Power Grid (APG) projects and signed a TAGP-related deal in 2002. Thereafter, the additional agreement on LNG pipeline was finalized in order to construct the cross-border LNG transmission system and to promote the LNG free trade via this secured transmission system. According to the plan, at least one LNG pipeline-related project will be materialized within 2020 in order to support the projected rise of gas consumption in the region. With interconnected infrastructure in place, the

cross-border energy trading will be more convenient, spur more investment in the energy industry, and reinforce the ASEAN region's position in terms of energy security. In the face of trade liberalization among ASEAN-member countries allowing free movement of goods and services, capitals, and labor, it presents a good opportunity to broaden channels of investment in the sector of natural gas transmission pipeline construction in not only Thailand but other ASEAN-member countries also.

Taking into account such factors as the energy-related situation as mentioned above, the long-term demand for secured infrastructure, and clearly outlined investment plan, an outlook of the pipeline construction industry seems promising. With the optimistic views of what the future holds for the energy sector, the Company has been regularly taking part in bidding the energy-related projects.

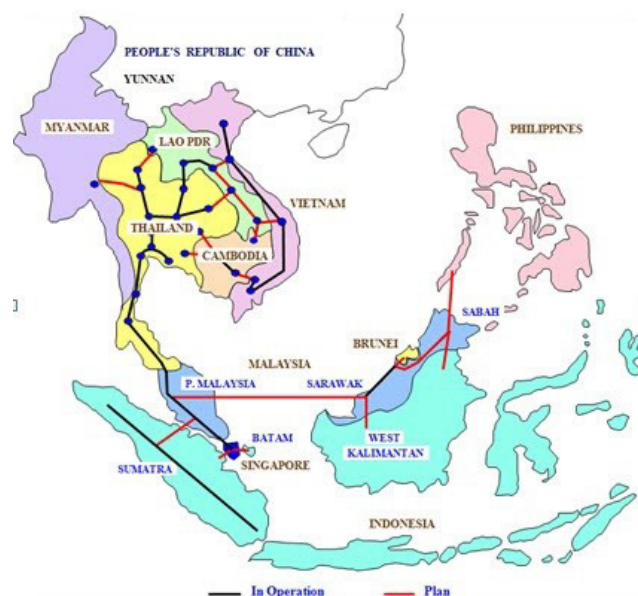
An integration into ASEAN Economic Community (AEC) in 2016 has brought about a policy on the promotion of energy-related collaboration among ASEAN members and the collaboration efforts subsequently led to key projects in 7 areas as follows:

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

ASEAN-member countries put their efforts in the tangible development of Trans-ASEAN Gas Pipeline (TAGP) and ASEAN Power Grid (APG) projects. With interconnected infrastructure in place, the cross-border energy trading will be more convenient, spur more investment in the energy industry, and reinforce the ASEAN region's position in terms of energy security. For Thailand and other countries in ASEAN, this definitely presents a positive prospect; that is, a better opportunity in terms of trade and investment, cost reduction, and more confidence in the region's economic progress. Trade liberalization among ASEAN-member countries allowing free movement of goods and services, capitals, and labor leads to higher demand for energy, especially in the industrial sector that needs energy to support the upcoming economic expansion and to enhance the competitiveness within ASEAN region.

With respect to the electricity which is key to the production of goods and services, it is important for each country to ensure adequate supply of electricity at a competitive cost. The ASEAN Power Grid which is part of ASEAN Vision

2020 first took off since 2000 and went through a series of project studies and selection process. This project had first started as a bilateral agreement on the power grid connection between 2 countries before the project scope was expanded to include other neighboring countries into the power grid network and, in the end, to interconnect the power grids of all countries within ASEAN, as shown in the figure below. For Thailand, the power grid project that has already been completed and in operation consists of the power grid connection between Thailand and the Lao People's Democratic Republic (Lao PDR) and the grid connection between Thailand and Malaysia. Presently Thailand buys a total of 1,800 GWh of electricity from Lao PDR and plans to buy additional 4,000 GWh within 2019. With respect to the project of grid connection between Thailand and Malaysia which has been completed for years, the trading volume of electricity is currently at 385 MW and the construction of additional phase is underway in order to accommodate the rising volume of electricity of 100 MW to be traded between 2 countries. The linking of power grids with ASEAN countries other than the ones mentioned above is currently in the process of construction. Furthermore, Thailand has already extended the collaboration concerning the power grid connection with 6 countries in the Greater Mekong Sub-Region (GMS) consisting of the People's Republic of China, Cambodia, Lao PDR, the Republic of the Union of Myanmar, Thailand, and Vietnam. At present, it is in the process of drafting, by the GMS Regional Power Trade Coordination Committee (RPTCC), Grid Code governing the electricity trading.



Source: <http://www.egat.co.th>

With respect to the natural gas pipeline connection among ASEAN-member countries, the agreement was officially signed since 2011, in which the LNG pipeline was later included. The purpose of this agreement is to build a natural gas transmission system that all countries' pipelines are interlinked with one another and to promote free trade of gas via secured transmission system. In 2015 there were 13 pipeline connection projects completed and now in full operation. The cross-border pipeline network under these projects covers 6 countries with a total distance of 3,673 kilometers. At present there are 4 onshore locations of LNG stations with storage tanks capable of converting liquid LNG into gaseous form. The total storage capacity of these tanks is 17.8 million tons. According to the decision of the ASEAN Council on Petroleum, at least one project for the construction of additional LNG pipeline has to be finalized within 2020 in order to meet the rising demand for gas. It has been forecasted that the gas consumption of all ASEAN countries combined will increase from 14,500 million cubic feet per day in 2013 to 23,000 million cubic feet per day in 2035.

Furthermore, there are other projects, which require the investment of over two hundred billion baht, to be included in the 2017 Action Plan. These projects are currently undergoing the consideration to ensure their alignment with the 20-Year Strategic Plan for Transportation Infrastructure earlier endorsed by the Prime Minister. These projects are regarded

the continuation of the prior investment already finalized in 2016, partly consisting of the 4-route high-speed trains, and the 1,493-km, 7-route double-track railway, phase 2. The routes of these rails, together with the information on distance and investment capital, are as follows:- Paknampho - Denchai (285 km, Baht 56,056.80 million), Jira - Ubon Ratchathani (309 km, Baht 35,836 million), Khon Kaen - Nongkhai (174 km, Baht 26,057 million), Chumphon - Suratthani (167 km, Baht 23,379.05 million), Suratthani - Songkha (324 km, Baht 51,818 million), Hat Yai - Padangbesar (45 km, Baht 7,940 million), Denchai - Chiang Mai (189 km, Baht 59,916.79 million), Denchai - Chiang Khong (217 km, Baht 76,980 million), and Banphai - Nakhon Phanom (355 km, Baht 60,353 million). Projects for these new railway routes will be submitted to the Council of Ministers for approval within 2517. After completing the construction of these projects in 2020 - 2021, Thailand will become the first country in ASEAN region to have a complete network of double-track railway. With respect to the electric railway system, the project covers 4 lines as follows:- Green Line (Samut Prakarn - Bang Pu, 7 km, Baht 9,529 million), Green Line (Khu Khot - Lum Luk Ka, 7 km, Baht 9,326 million), Blue Line (Bang Khae - Buddha Monthon Sai 4, 8 km, Baht 21,120 million, and Western Orange Line (Thailand Cultural Centre - Talingchan, 16.4 km, Baht 85,288 million). Other non-rail projects of infrastructure include Nakhon Pathom - Cha Am Motorway (119 km, Baht 80,600 million), Rama 3 - Dao Khanong Expressway (19 km, Baht 32,000 million), and

Bidding Progress of Transportation Projects in 2016 (Thai)



Source: Thai Contractors Association Under H.M. The King's Patronage (www.prachachat.net)

the renovation of regional airports e.g. Krabi Airport. Even so, as the 2017 master plan for investment in infrastructure has not been officially finalized, there may be 2 more projects, namely, Laem Chabang Port - Phase 3 (Baht 88,284 million) in alignment with the Eastern Economic Corridor (EEC) Development Plan, and Baggage Conveyor Belt system in Suvarnabhumi Airport (Baht 3,200 million), subsequently annexed to the master plan.

Considering the prospect of the industry sector, the construction industry is seemingly capable of growing without any potential disruption, as evidenced by the responsible state agencies accelerating the budget disbursement during the last quarter of 2016 up to the second quarter of 2017 in an attempt to ensure the continual investment in the infrastructure in areas of public utility, domestic transportation, and the network of transportation routes connecting all ASEAN countries together in accordance with the policy on the promotion of collaboration among ASEAN member countries. This will eventually entail the connection among ASEAN member countries in all respects in harmony with the goal of trade liberalization and will also prove member countries' commitment in the integration into one community with a common goal of making ASEAN a single market and production base characterized by free flow of goods, services, investments, labors, skills and talents, and capitals. In expectancy of long-term economic growth after the integration into AEC, many ASEAN member countries have been busily engrossing in designing and launching a number of schemes to handle capital influx from foreign investors, revising laws and regulations governing trade and investment, developing and improving infrastructure, logistics and transportation systems, regulating zoning for industrial and agricultural use, and ensuring the national readiness in terms of human resources, labor, and education.

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 and 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.

In 2016, the proportion of domestic and international materials procurement of the Company and Sahakarn Wisavakorn Co., Ltd. are 45:58, respectively.

5.

Risk Factors

1. Risks Related to Business Operation

1.1 Risk specific to the Company's nature of business and ability to secure new contracts

As the Company and its subsidiaries are in the construction business, the timing of revenue realization is essentially relative to the project life cycle. Generally, the initial and final stages of project have usually seen low volume of construction work since most of the activities during these intervals are for the preparation of construction site before mobilization of equipment and labor to the site, and doing some touch-up before handing over the complete work to clients; only the phase in-between during which a substantial proportion of construction work physically takes place presents a spike of realized revenues that can be recorded on the Company's books. Briefly speaking, the Company's operating results vary with the phases of construction and schedules as specified in each contract. In addition to the above, the operating results also depend on the continuation of awarded contracts. Unfortunately, it is not possible for the Company to foresee exactly whether and when a new contract will be finalized and signed since the acquiring of new projects is, more often than not, through bidding. The process of selecting qualified contractors by project owners usually takes several months and, as it happened before, the bidding of some projects which had been within the planning of the Company was unexpectedly postponed. Thus far, the possibility of the Company securing new projects depends on many factors, including the market condition and the owner's sources of capital.

Owing to the above-mentioned circumstances, the TRC Group's operating results are likely to vary year by year. In case of Sahakarn Wisavakorn Co., Ltd. (a subsidiary) which is, to a certain degree, dependent on contracts with state agencies for, for example, public utility works, the political uncertainty which has put many state-run projects on hold adversely affected the operating performance of Sahakarn Wisavakorn. Whatever the case, the focus of the Company

and its subsidiaries is to carry out business within the policy framework, that is, the services offered to clients must be of high quality; the delivery of work to clients must be timely and meet the customer satisfaction; and the existing customer base in both government and private sectors must be well-maintained. All of this is to ensure that clients have high regard and confidence in the TRC Group and will award many more contracts to us in the future. It is also the policy of the Company to mitigate risk by making additional investments in other promising projects with potentials of long-term, consistent revenue.

1.2 Risk arising from increasingly competitive market

In 2016 the competition was highly intense. There were foreign contractors participating in the bidding of megaprojects and consequently defeating other bidders, including the Company, for a reason of low price. The Company, in its attempt to mitigate the threat of price war, released a number of measures which include:- strengthening the market positioning, seeking new prospect clients, improving long-term relationship with the existing clients in both state and private sectors in order to create better opportunity to continually secure projects in the future, maintaining the standard of quality service within the acceptable budgetary constraints, ensuring timely delivery of work, enhancing quality and efficiency of workforce by helping them develop necessary skills and capabilities, and, for the upcoming bids for new projects, focusing more on cost management planning and greater efficiency in project management in order to get a more competitive price against other bidders.

1.3 Risk arising from reliance on business alliance

The owners of some large-scale projects may specify extensively high qualifications for bidders such as size of assets, work experience, past performance, specific skills or know-hows, etc., such that the Company were occasionally not qualified for bidding. Hence, the Company had to find business alliances to form a joint venture and/or a new company 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 terms and conditions of the construction contract or is unable to pitch in the required amount of investment capital which necessitate the use of the Company's capital or additional service to fulfill the gap for its partner.

To mitigate the risk above, the Company has established procedures for selecting business alliance primarily based on the qualifications as set by the project owners, including the operational performance and financial standing of the intended alliance. To date, however, the Company's exposure to this category of risk is considerably lessened. As the Company, in partnership with foreign business alliances, had acquired extensive experience in handling several large-scale projects for so many years that our name became acceptable and well-received in the market, we are now, with a long list of references of large-scale projects in our pocket, in a much better position to engage in bidding on our own.

1.4 Risk arising from a limited number of clients

According to the breakdown of the Company's revenue, the major source of revenue was from the natural gas pipeline construction service rendered to the energy and petrochemical businesses, particularly those companies within PTT Group; a leading energy conglomerate in Thailand. Recognizing the risk of heavily relying on a small number of clients, the Company decided to expand the scope of pipeline construction as well as the diversity of service to cover the water pipeline system, petrochemical transmission pipelines, installation of engineering system and plant construction for petrochemical and renewable energy clients, e.g. the biodiesel and ethanol production plants. The Company has also expanded the customer base to include, for example, the power plant, transportation and utility system providers (percentages of the Company's and its subsidiaries' revenue from pipeline construction service in 2014, 2015, and 2016 are 82 : 56 : 48 respectively).

1.5 Workforce risk

The Company's core business of contracting construction generally needs workforce with specialized expertise and knowledge and the loss or shortage of qualified workforce will adversely affect the Company's ability to efficiently conduct business as well as its competitiveness

in the market. In addition, managing workforce planning in construction business is relatively difficult due to uncertain timing of new project acquisition. If the bidding is unsuccessful or any project is delayed, the Company may bear the redundant cost of underutilized workforce. To reduce the workforce risk, the Company has adopted the following approaches:- vigilantly planning the amount of personnel resources based on the volume of backlog and incoming projects; adjusting the engagement of subcontractors to best match the timing; designing an attractive incentive package as part of the corporate policy on human resources management; and regularly providing trainings to develop and strengthen skills as well as work attitude of staffers.

As part of its efforts to retain personnel resources, the company approved in 2013 the Employee Stock Option Plan 2, or ESOP-W2, to issue to the directors and employees of the Company and its subsidiaries the warrants that can be exercised and converted into ordinary shares from June 2014 to June 2016. This stock option plan is aimed not only to reward employees but to keep up the staff morale by letting them take part in the ownership of the organization as well.

1.6 Compliance risk

As the Company is principally engaged in the provision of large-scale construction services for the energy and petrochemical industries and also a publicly listed company in the Stock Exchange of Thailand, the Company is required to comply with specific sets of law and regulatory requirements e.g. laws governing labor protection, environmental impact, and safety, the Public Limited Company Act, rules and regulations, including official announcements, of the Stock Exchange of Thailand as well as the Securities and Exchange Commission, and so forth. At present, the trend of legal oversight in the construction industry is toward stringent laws and regulations. In response to this trend, the Company manages the above potential legal risk by setting up a department/division whose one of the primary functions is to ensure that all activities performed in the name of the Company are in full compliance with relevant laws, rules and regulations.

2. Operational Risks

2.1 Risk arising from construction project delay

With respect to the construction projects, the Company generally enters into a lump-sum type of contract with clients,

under which the fixed contract price is acknowledged by both contracting parties as early as the date of contract execution. This means the Company will achieve profitability as planned, or better than planned, depends on its ability to manage project costs against the budget. Any delay in the construction of project will undoubtedly incur incremental costs of the project, adversely affecting the Company's operating results and professional reputation.

In case of events of delay caused by project owners, e.g. late handover of the construction site, late approval for construction-related matters, the Company is exposed to a risk of being held accountable for the incremental costs arising from such events which include, among others, labor cost, utility costs. The measures taken by the Company in order to manage this risk involve:- effectively managing headcount of workforce and project costs; closely cooperating and communicating on a regular basis with project owners and the involved state authorities to ensure the timely progress of the project as mutually agreed earlier, and negotiating to include in the contracts the terms and conditions specifically governing the imposition of liquidated damages upon project owners in case of the occurrence of the above events.

For the risk arising from the delay on the part of the Company or any of its subcontractors which could lead to the Company being claimed for damages, the preventive measures taken by the Company include:- ensuring that every part of the construction process and deployment of necessary resources for the project is well planned and ready; hiring subcontractors based on experience and past performance; closely monitoring and overseeing works of subcontractors; ensuring that contractual provisions entitling the Company the right to claim damages, in case of breach of contract, from subcontractors is present; and making the submission of performance bond to the Company part of the subcontractors' contractual obligations.

2.2 Risk related to supply of construction materials

The Company has both domestic and overseas sources of suppliers. Procurement and delivery of some items of construction materials is subject to long lead time. Delay in material delivery will directly affect the project accomplishment. To mitigate such risk, the Company makes a separate list of materials that require long lead time to ensure

the purchase of all items in the list are made timely in advance to avoid any delays. Before joining any bidding on construction project, the Company will gather the information on key items of materials from vendors/suppliers to ensure, at the earliest, the availability of such items in the intended quantity. Other measures taken to minimize the risk related to the supply of materials include:- negotiating the price with vendors/suppliers in advance for better bid planning such that the tender price proposal is profitably proportionate to cost estimates; and determining the estimate contingency at the earliest step of tender in order to mitigate the risk arising from the volatility of material prices and/or changes in currency exchange rates.

Furthermore, it is important for the Company to make sure that payments to vendors/suppliers are strictly within the negotiated credit term. The Company is committed to doing business with suppliers in a straightforward manner. Suppliers' trust and confidence in the Company essentially entails the reliability and punctuality of shipment/delivery of ordered items.

3. Financial Risks

3.1 Risk arising from default in payment and/or delay in interim payments

The construction business is basically exposed to the risk of not being paid or delay in payment owing to the fact that oftentimes the collection of due payment depends on the progress of construction work on each project. This type of risk certainly affects the liquidity and working capitals of the contractors. Fortunately, most of the Company's clients are either large companies with good reputation and strong financial basis or governmental agencies, thus curbing the overall risk in this category to an acceptable level. In case of new clients, the Company will do in-depth research into their historical information i.e. business background, type of business, names of their management, and financial statements. In some cases, negotiation with certain clients for advance payment before the commencement of the construction might be necessary. With respect to the state-enterprise and government agency clients, the risk of default in payment is minimal, yet there is a risk of late payment due to the complications inherent in bureaucracy. The Company thus resolves to counterbalance the risk associated with clients' payments by determining the optimal proportions of contracts signed with governmental agencies against those with non-government entities, taking

into account all other influential factors surrounding payment-related risk exposure.

3.2 Foreign currency exchange risk

As certain portions of the Company's and its subsidiaries' revenue and project costs are in foreign currencies, the Company and its subsidiaries are inevitably exposed to foreign currency exchange risk; any change in the pertinent exchange rates will have impact on the Company's costs and operating results. The Company has managed such risk by estimating costs of to-be-imported equipment/materials prior to entering the tender based on the exchange rates set higher than the rates applicable at the time of cost assessment in order to buffer the adverse effects of the potential fluctuation in exchange rates. For any large-scale project which usually requires the import of expensive materials and equipment, the Company may discuss with the project owner to allow certain portions of the contract price to be quoted in one currency and, for the remaining part being priced in other currency, the Company has managed the risk by matching flows of income and expenses of the same currency through the use of foreign currency deposit (FCD) account(s) for purpose of deposit and withdrawal of foreign currency funds receivable/payable with respect to the pertinent project. Other instruments used in mitigating foreign exchange risk include the forward contract and the FX Link.

In 2015, there were 3 projects of which income was in both Thai baht and foreign currencies, i.e. (1) Provincial Gas Transmission Pipeline Nakhon Ratchasima; a project awarded to Sinopec-TRC Joint Venture by PTT Plc., (2) New Incinerator Plant awarded by Trans Thai-Malaysia (Thailand) Limited, and (3) the supply, installation, and commissioning of cigarette making machinery and equipment used in the dry-ice expanded tobacco (DIET) process; this project was awarded to Sahakorn Wisavakorn Co., Ltd. by Thailand Tobacco Monopoly, the Ministry of Finance.

3.3 Risk arising from insufficient working capital

The Company's heavy industrial contracting business necessitates the massive amount of working capitals to be spent on construction equipment, materials, and labor. Should the

payment of any projects be delayed; by nature of construction business, the contractor usually collects each interim payment only after the employer's taking-over of work associated with such payment, or should the Company's working capitals are managed poorly, the milestone achievement of all projects in progress is likely to suffer. To mitigate this risk, the Company decided to make it a corporate policy to negotiate stricter terms of payment, including the requirement of advance payment, with the owners. The Company has also adopted other measures to manage its liquidity, that is, carefully planning the timing of interim payments receipt from owners against the payment term agreed with each supplier in order to minimize the possibility of temporary capital shortage that undermines the Company's liquidity. The Company's other sources of capital, in alignment with its corporate investment policy as well as business expansion planning, include loans from financial institutions, issuance of debentures, etc.

4. Risk affecting the rights or investments of securities holders

Risk of having a major shareholder with above 25 percent of controlling interest

As of 31 December 2016, KPK 1999 Company Limited held 1,453,284,277 shares of the Company, accounting for 28.296% of the company's paid-up shares (50.50% of KPK 1999 Co., Ltd.'s shares are owned by Mrs. Paichit Rattananon, Chairman of the Company's Board of Directors). This situation presents the risk that, whenever the number of shareholders attending any meeting of shareholders represents less than half of all shares issued, KPK 1999 Co., Ltd. may be able to dominate the resolution of the meeting for the agenda that requires a majority of votes, though the matters which the law or the Company's Articles of Association specifically require not less than three-fourths of attending shareholders' votes in resolving are unlikely to be affected by KPK 1999's current shareholding percentage in the Company. Therefore, other minor shareholders may not be able to conduct check-and-balance on the matters proposed by the major shareholder, or KPK 1999, if they fail to gather sufficient number of opposing votes.

6.

General Information

Name	:	TRC Construction Public Company Limited
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 726,373,442.88
Paid-up Capital	:	Baht 641,998,220.00
Number of Issued Ordinary Shares	:	5,135,985,760 Shares
Par Value	:	Baht 0.125

References

Share Registrar	:	Thailand Securities Depository Company Limited
Address	:	No. 93, The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand
Telephone	:	+66 2009 9000
Facsimile	:	+66 2009 9991
Auditor	:	EY Office Limited
Address	:	Lake Ratchada Complex, 33rd Floor, 193/136-137 Ratchadaphisek Road, Bangkok 10110, Thailand
Telephone	:	+66 2264 0777, +66 2661 9190
Facsimile	:	+66 2264 0789-90, +66 2661 9192

Companies in which TRC holds at least 10% stakes

● Subsidiaries

Name	:	Sahakarn Wisavakorn Co., Ltd. (“SKW”)
Portion of Share Holding	:	99.99%
Nature of business	:	Public Utility and General Construction Service Business
Head Office Address	:	No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	:	0105497000257
Website	:	www.sahakarn.com
Telephone	:	+66 2022 7777
Facsimile	:	+66 2022 7788
Registered Capital	:	Baht 500,000,000
Paid-up Capital	:	Baht 500,000,000
Number of Issued Ordinary shares	:	50,000,000 shares
Par Value	:	Baht 10

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

Name	:	TRC International Limited
Portion of Share Holding	:	100% (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
Registered Capital	:	HKD 10,000
Paid-up Capital	:	HKD 10
Number of Issued Ordinary Shares	:	1 share
Par Value	:	HKD 10

Name	:	TRC Engineering LLC
Portion of Share Holding	:	70% (Shareholding through TRC International Limited)
Nature of business	:	Construction Service Business in Sultanate of Oman
Head Office Address	:	Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O.Box 659, Mina Al-Fahal, Muscat P. Code 116
Registration Number	:	1108601
Registered Capital	:	Oman Rial 250,000
Paid-up Capital	:	Oman Rial 250,000
Number of Issued Ordinary Shares	:	250,000 shares
Par Value	:	Oman Rial 1

Name	:	TRC Middle East LLC
Portion of Share Holding	:	70% (Shareholding through TRC International Limited)
Nature of business	:	Construction Service Business in Sultanate of Oman
Head Office Address	:	Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O. Box 659, Mina Al-Fahal, Muscat P. Code 116
Registration Number	:	1070009
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	:	Sinopec-TRC Joint Venture
Portion of Share Holding	:	TRC 30% (Sinopec International Petroleum Service Corporation 70%)
Nature of business	:	Construction Service transmission pipeline from Saraburi to Nakhon Ratchasima
Head Office Address	:	No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	:	0993000315361
Telephone	:	+66 2022 7761

Name	:	Hydrotek Sahakarn Joint Venture
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 th floor, Soi Vibhavadi Rangsit 19, Chatuchak District, Bangkok 10900
Registration Number	:	0993000342674
Telephone	:	+66 2936 1661-2

● **Others**

Name	:	ASEAN Potash Chaiyaphum Public Company Limited
Portion of Share Holding	:	23.43% (shareholding through TRC Investment Limited, Mauritius) 2.79% (shareholding through TRC International Limited, Hong Kong)
Nature of business	:	Potash mining for fertilizer and chemical production at Bamnet Narong District, Chaiyaphum Province
Head Office Address	:	No. 8, TRC Building 5 th 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 2,688,308,700
Number of Issued Ordinary Shares	:	26,883,087 shares
Par Value	:	Baht 100

7.

Shareholding Structure and Management

Major Shareholders

The top 10 largest shareholders as of December 31, 2016 were as below:

Name	No. of Shares	Shareholding
1. Mrs. Paichit Rattananon's Group	1,460,784,027	28.45%
- Mrs. Paichit Rattananon	7,499,750	0.15%
- KPK 1999 Co., Ltd. ⁽¹⁾	1,453,284,277	28.30%
2. SMPR Holding Pte. Ltd.	252,562,500	4.92%
3. Thai NVDR Company Limited	145,560,215	2.83%
4. CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LDN BRANCH A/C CLIENT NRBS IPB BLIENT SEG ⁽²⁾	139,206,912	2.71%
5. Mr. Sangchai Wasunthara	136,791,775	2.66%
6. Samlee Corporation ⁽³⁾	100,000,000	1.95%
7. Mr. Anonchai Weeraprawat	93,937,494	1.83%
8. Mr. Somphop Tingthanathikul	51,000,000	0.99%
9. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH	49,297,140	0.96%
10. Mr. Titanon Nakasiri	37,133,875	0.72%
11. Others	2,669,711,822	51.98%
Total Issued and Paid-up Shares	5,135,985,760	100.00%

Note:

1. KPK 1999 Co., Ltd. is the company of which 50.50% shares are held by Mrs. Paichit Rattananon, Chairman.
2. CITYBANK NOMINEES SINGAPORE PTE LTD UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG is the Custodian of Broker Shkhotai Fund)
3. The Ultimate Shareholder of Samlee Corporation is Mr. Somchai Damrongsoontornchai (shareholding in Samlee 100%)

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 are as follows:

	2015	2014	2013
Net profit margin	Baht 399.13 million	Baht 255.67 million	Baht 81.33 million
Net profit attributable to equity holders of the Company and its subsidiaries	Baht 305.96 million	Baht 214.92 million	Baht 126.36 million
Annual statutory reserve	Baht 15.40 million	Baht 2.87 million	Baht 4.10 million
Net profit of the Company after statutory reserve	Baht 383.73 million	Baht 252.80 million	Baht 77.23 million
Dividend Type	Stock dividend and Cash dividend	Stock dividend and Cash dividend	Cash dividend
The number of shares entitled to receive dividend payment	4,563,502,886 shares (8 shares per 1 shares ¹)	830,537,606 shares (4 shares per 1 shares ¹)	816,586,773 shares
Dividend payment	Cash dividend of Baht 45.64 million (Baht 0.010000 per share ¹) Stock dividend of Baht 71.30 million (Baht 0.015625 per share ¹)	Cash dividend of Baht 11.54 million (Baht 0.003472 per share ¹) Stock dividend of Baht 103.82 million (Baht 0.031250 per share ¹)	Cash dividend of Baht 40.82 million (Baht 0.05 per share ²)
Ratio of dividend payment to net profit after statutory reserve	30.48%	45.63%	52.85%

Note:

1. The 2014 and 2015 cash/stock dividends were based on the par value at Baht 0.125 per share
2. The 2013 cash dividends 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 2016, 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 Committee	Corporate Governance Committee	Risk Committee	Executive Committee	Management Committee
1. Mrs. Paichit Rattananon*	Chairman	☑						
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director	✓	☑	✓		✓		
3. Mr. Arun Chirachavala	Independent Director	✓	✓	✓	☑	☑		
4. Mrs. Puangthip Silpasart	Independent Director	✓	✓	✓				
5. Assoc. Prof. Pises Sethsathira	Independent Director	✓		☑	✓			
6. Mr. Smai Leesakul	Director and Chairman of Executive Officer	✓					☑	
7. Mr. Pasit Leesakul	Director and Chief Executive Officer	✓		✓		✓	✓	☑
8. Mrs. Podchanee Phaosavasdi	Director and Chief Commercial Officer	✓		✓	✓	✓	✓	✓
9. Mr. Loh Eng Kee	Director and Deputy Chief Operating Officer	✓					✓	✓
10. Mr. Amnuay Laimai	Project Advisor							✓
11. Mr. Nithitat Tip-anuntasakul	Material Management & Logistics Advisor							✓
12. Mr. Sakda Tantivathanakul	Deputy Chief Operating Officer							✓
13. Mr. Chaveng Reesrikitti	Deputy Chief Operating Officer							✓
14. Ms. Pavita Leesakul	Vice President, Corporate Affairs Division							✓
15. Mr. Wison Aekthamkul	Vice President, Operation Division							
Total		9	3	6	3	4	4	9

☑ Chairman ✓ Committee

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

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.

Ms. 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 2016 Board of Directors Meeting**

Name-List of Board of Directors	Attendances in 2016 (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	7/7	Not be a member	Not be a member	Not be a member	Not be a member	Not be a member	Not be a member
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	1/1	7/7	4/4	3/3	Not be a member	2/2	Not be a member	Not be a member
3. Mr. Arun Chirachavala	1/1	5/7	4/4	2/3	2/2	2/2	Not be a member	Not be a member
4. Mrs. Puangthip Silpasart*	1/1	4/5	2/3	1/1	Not be a member	Not be a member	Not be a member	Not be a member
5. Assoc. Prof. Pises Sethsathira	1/1	6/7	Not be a member	3/3	2/2	Not be a member	Not be a member	Not be a member
6. Mr. Smai Leesakul	1/1	7/7	Not be a member	Not be a member	Not be a member	Not be a member	2/2	Not be a member
7. Mr. Pasit Leesakul	1/1	7/7	Not be a member	3/3	Not be a member	2/2	2/2	15/15
8. Mrs. Podchanee Phaosavasdi	1/1	7/7	Not be a member	3/3	2/2	2/2	2/2	14/15
9. Mr. Loh Eng Kee	1/1	6/7	Not be a member	Not be a member	Not be a member	Not be a member	2/2	7/15

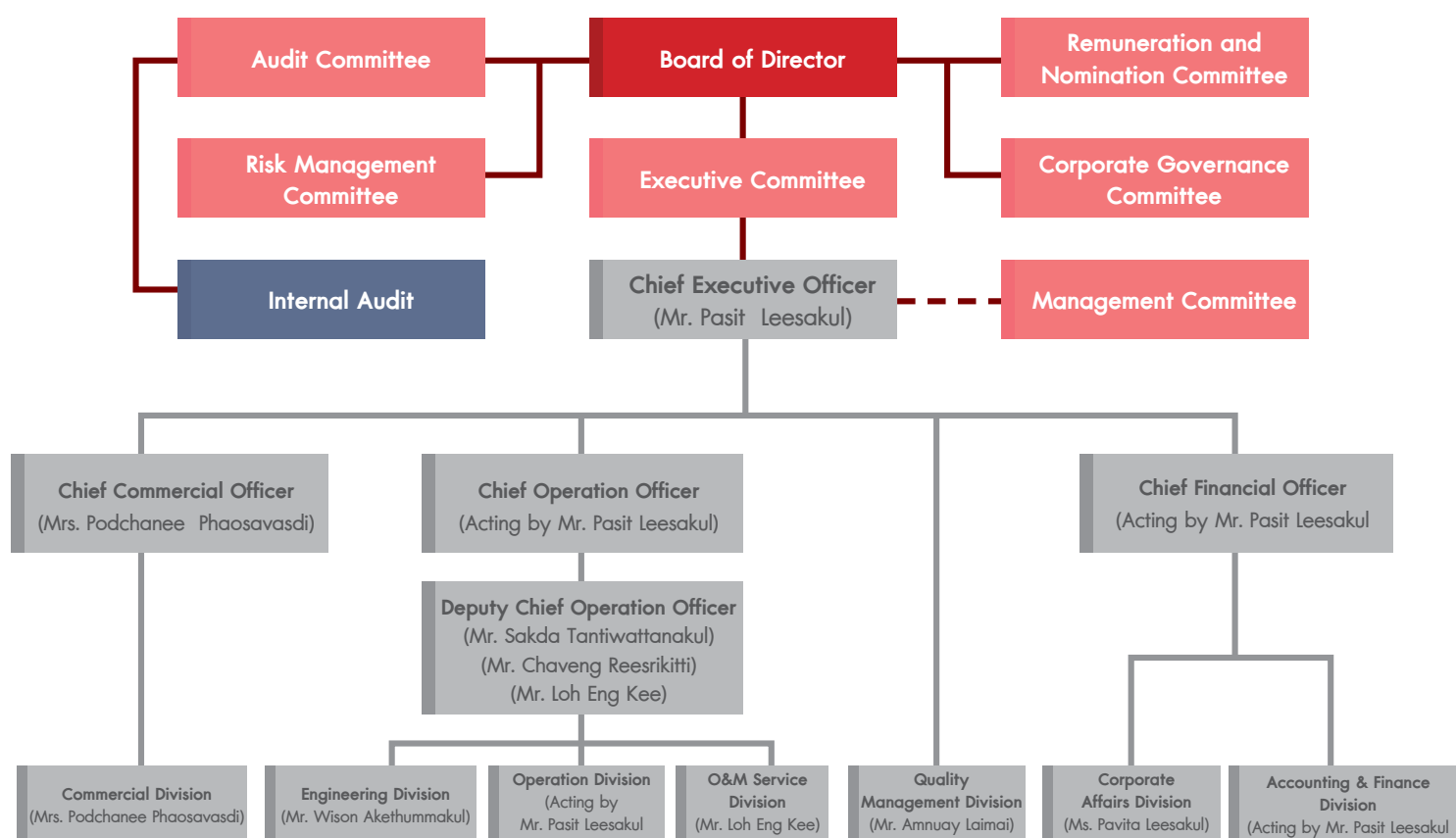
* Mrs. Puangthip Silpasart was appointed to be Independent Director and Audit Committee on 24 February 2016 instead of Pol. Gen. Jarumporn Suramanee who has resigned on 27 January 2016

● Summary of Director Appointment

Name	Appointed Year	Latest Appointment	Type of Directorship	Nomination/ Appointment in 2016	Next Appointment
1. Mrs. Paichit Rattananon	2005	2016	Chairman of the Boards	✓	2019
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	2005	2015	Independent Director	-	2018
3. Mr. Arun Chirachavala	2009	2016	Independent Director	✓	2019
4. Mrs. Puangthip Silpasart	2016	-	Independent Director	-	2017
5. Assoc. Prof. Pises Sethsathira	2005	2015	Independent Director	-	2018
6. Mr. Smai Leesakul	2007	2014	Executive Director	-	2017
7. Mr. Pasit Leesakul	2013	2014	Executive Director	-	2017
8. Mrs. Podchanee Phaosavasdi	2007	2015	Executive Director	-	2018
9. Mr. Loh Eng Kee	2015	2016	Executive Director	✓	2019

2. Executives

The Company's Organization Chart as of 31 December 2016



As of 31 December 2016, 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 | Deputy Chief Operating Officer |
| 4. Mr. Sakda Tantivatthanakul | Deputy Chief Operating Officer |
| 5. Mr. Chaveng Reesrikitti | Deputy Chief Operating Officer |
| 6. Ms. Pavita Leesakul | Vice President, Corporate Affairs Division |
| 7. Ms. Ounruen Sujaritttham | Finance and Investor Relations Manager and Company Secretary |
| 8. Ms. Rewadee Ardarn | Accounting Manager |

Scope of duties and responsibilities of Chief Executive Officer

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

submitting proposals and administrating fundraising records and documentation

7. To perform any other duties as delegated by the Board of Directors.

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

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 Sujaritttham as the Company Secretary since 8 November 2007.

Education :	Master Degree of Administration - Finance, NIDA
	Bachelor Degree of Faculty of Commerce and Accountancy - Accountancy, Chulalongkorn University

Working Experiences :	as shown on "The Board of Directors and Managements"
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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 2016

In 2016, 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.

2. Special remuneration or bonus: the 2016 Annual General Meeting of Shareholders resolved the director remuneration for 2015 operating result to 5 independent directors, totally Baht 1,860,000 to as following directors;

- Chairman at the rate of Baht 660,000
- 3 Independent Directors (Consists of Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM., Mr. Arun Chirachavala and Assoc. Prof. Pises Sethsathira) at the rate of Baht 300,000 each totally Baht 900,000
- Pol. Gen. Jarumporn Suramane, Ex-Independent Director who resigned from TRC's director in January 2016 at the rate of Baht 300,000

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

For subsidiaries, in 2016, 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					Sahakarn Wisavakorn's Director Remuneration	Total of Remuneration
	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	1,260,000	None	None	None	None	120,000	1,380,000
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	600,000	40,000	30,000	None	20,000	None	690,000
3. Mr. Arun Chirachavala	540,000	40,000	20,000	20,000	20,000	None	640,000
4. Pol. Gen. Jarumporn Suramane*	320,000	-	10,000	-	-	None	330,000
5. Mrs. Puangthip Silpasart	204,000	20,000	10,000	None	None	None	234,000

(Unit: Baht)

Name-Surname	TRC Director Remuneration					Sahakorn Wisavakorn's Director Remuneration	Total of Remuneration
	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		
6. Assoc. Prof. Pises Sethsathira	540,000	None	30,000	20,000	None	None	590,000
7. Mr. Smai Leesakul	120,000	None	None	None	None	120,000	240,000
8. Mr. Pasit Leesakul	120,000	None	None	None	None	120,000	240,000
9. Mrs. Podchane Phaosavasdi	120,000	None	None	None	None	120,000	240,000
10. Mr. Loh Eng Kee	120,000	None	None	None	None	None	120,000
11. Mr. Sakda Tantivatthanakul	Not a Director of TRC					120,000	120,000
12. Mr. Chaveng Reesrikitti	Not a Director of TRC					120,000	120,000
Grand total of 2016 Directors' Remuneration	3,944,000	100,000	100,000	40,000	40,000	720,000	4,944,000

* Pol. Gen. Jarumporn Suramane, Ex-Independent Director and Audit Committee, has resigned on 27 January 2016.

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

Remuneration	2015		2016	
	Persons	Amount (MB)	Persons	Amount (MB)
Salary	8*	26.70	7	29.67
Bonus	8	5.39	8	6.20
Totally		32.09		35.87

- Note :
1. In 2015, there are 8 managements consists of Mr. Smai, Mr. Pasit, Mrs. Podchane, Mr. Loh Eng Kee, Ms. Jongkolnee, Mr. Sakda, Mr. Chaveng and Ms. Pavita. In 2016, Ms. Jongkolnee has resigned from Vice President, Accounting and Finance Division.
 2. 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 2016 totally Baht 58,500) life & group accident insurance, health insurance, car, driver and fuel.

(B) Other remuneration of executives

Provident Fund

Allowance	2015		2016	
	Persons	Amount (MB)	Persons	Amount (MB)
Provident Fund	7	1.84	5	1.29

(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 st - 3 rd)	(9,565,897) Units
Cancelled in 2014	(440,395) Units
At the end of the year 2014	21,591,908 Units
Exercised in 2015 (4 th - 7 th)	(14,813,265) Units
Cancelled in 2015	(262,500) Units
At the end of the year 2015	6,516,143 Units
Exercised in 2015 (8 th - 9 th)	(6,098,518) Units
Cancelled in 2016	(417,625) Units
At the end of the year 2016	0 Units

5. Employees

As of 31 December 2016, the Company and Sahakarn Wisavakorn Co., Ltd. had the total number of 1,207 staffs consisting of 525 permanent ones and 682 temporary ones as follows:

Division/Department	Number of employees	
	2015	2016
Permanent staffs		
Management (from Vice President upwards)	8	7
Operation and Engineering Div.	237	449
Corporate Affairs Div.	26	32
Accounting & Finance Dept.	15	19
Marketing and Project Development and Investment Div.	13	18
Total	299	525
Temporary staffs	1,046	682
Grand total	1,345	1,207

● **The Employee’s Remuneration:** In 2019, the Company and Sahakarn Wisavakorn paid the employee’s remuneration of Baht 519.16 million consisting of salary, overtime, bonus, social security funds and counterpart for provident funds, etc.

(Unit: Million Baht)		
Remuneration	2015	2016
Permanent staffs	306.94	347.71
Temporary staffs	161.91	171.45
Total	468.85	519.16

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 2016, the Company and Sahakarn Wisavakorn Co., Ltd. paid contributions totaling Baht 57.85 million and Baht 2.04 million respectively to the Provident Fund (Information as at 31 December 2016).

● Employees Development Policy

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

The human resource management and development are as follows:

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

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

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

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

2.3 The provident funds for their employees has been established since 2005 in order to allow employees to reserve their funds after retirement for which the Company has paid a counterpart amount for them based on a number of their working years as required by a relevant law. 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. Employees’ Development Plan has been continuously arranged to develop their knowledge and skills including specialized fields and general knowledge as follows:

4.1 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.

4.2 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;

Non-exhaustive list of training courses and programs provided to supervisory-level staff

- “Organizational Strategy and Key Performance Indicators”. The course aimed to provide the organization with forward looking direction and the operational planning, at both division and department levels, and the support for achieving corporate vision and mission in an effective, efficient, and sustainable manner.

- “Risk Management and risk Response Plan”. It was anticipated that after training the participants would have a good understanding in COSO Enterprise Risk Management Framework, be able to identify risks and their causes and to assess the risks’ impact and the Company’s ability to handle the identified risks, and capable of establishing an action plan for managing such risks in an effective and efficient manner.

- “Scope of Work for PM & CM”. The purpose was to review and sharpen the knowledge, skills and proficiency of project and construction managers, plus reminding them of their roles, responsibilities, scope of work, and task performance standards so as to improve the Company’s overall capabilities, efficacy, and efficiency in managing construction projects and engineering service to sustain the projected growth.

- “How to Manage Risks in the Quality Management System to Enhance Efficiency at Work”. The training program provided the participants with knowledge on risk analysis, how to avoid the potential risks, how to apply the risk analysis knowledge to improve work efficiency of the staff and the overall performance of their departments for the ultimate purpose of the organizational risk management efficiency. The Company also organized a program titled “Upgrade Work Standards toward Excellence”, aiming to enhance employees’ understanding in ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007 and how to apply these standards to their tasks. Both training programs were part of the quality management system (ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007) for which the certification is underway.

- “Coaching Techniques”. This program was designed to provide knowledge about coaching, competences

and skills for employees being assigned as coaching staff to ensure that the process of coaching will be carried out systematically and all aspects of knowledge and the Company’s technical expertise and skills are uninterruptedly transferred to the newly recruited employees. This program was also used in preparing apprentices (under the co-operative education and internship programs) who might embark on a career with the Company.

- “Team Management toward Success”. This program is concerned with the team management concept and method for creating in team members the motivation, incentive, and positive thinking as a meaningful input to the teamwork, aiming at efficient management of human resources by team leaders.

- “Safety Personnel in Management Level (Managerial Safety Personnel)”. This program dealt with the roles and responsibilities of the managerial safety personnel in accordance with the labor law and the relevant occupational health and safety guidelines.

Non-exhaustive list of training courses and programs provided to non-supervisory staff:

- “Communicative English at Work”. This course aimed at preparing employees with English language skills, improving their English competence, and ensuring that they would be able to effectively communicate business with foreigners in the face of full integration of AEC which entails borderless free trade and investment.

- “Procurement Guidelines and Construction-Related Rules and Regulations Field Administrative Officers Should Know”. The focus of this program was on the Company’s procurement process, regulations and guidelines, and the law relevant to the Company’s construction business. After participating this training session, the field administrative officers would be able to perform their duties more efficiently.

- “Secretary...A New-Age Executive Assistant”. This program provided the new-age skills and techniques for the secretaries preparing themselves to become efficient assistants to the Company’s executives.

- “Compensation & Benefits”. This program dealt with the motivational compensation package to attract and retain talents by giving full support and encouragement for the improvement of employees’ work performance so that they will have a better opportunity to get promoted in accordance with the corporate policy on compensation and reward and the Company will, in return, benefit from the employees’ improved performance and morale in terms of the sustainability of business and competitiveness in the marketplace.

- “Knowledge Management for Operational Level Staff”. In this program, the participants would have a better understanding in the process of knowledge management, their roles in making the knowledge management a success, and the importance of their engagement in applying the concept of knowledge management to their operational functions to achieve higher work efficiency.

- “Working Safely in Confined Space”. The purpose was to provide the training participants with knowledge and skills for safely working in a confined space, the awareness of the potential hazards if they fail to follow the safety procedures and measures adopted by the Company, and the actual experience of working in a confined space through practice.

- “Electrical Installation Standards and Safety Guidelines for Building Technicians”. After the training, the participating building technicians were expected to be capable of applying the materials received from this training session to their job and be equipped with knowledge and skills to safely work with the installation of electrical appliances/system.

- “Assets Account”. This course dealt with the management of assets, the asset-related accounting process which encompasses the asset acquisition and control, the writing-off from a register of assets, and bookkeeping of assets, as well as the reinforcement of accounting-related work principles on the basis of integrity, vigilance, and accuracy, and the proper skills needed for the efficient performance of accounting functions and for the auditing of the Company’s assets.

- “Safety Instructors”. This training topic was to ensure that the Company had sufficient in-house safety instructors capable of organizing and delivering safety-related training sessions for new hires and the teaching skills of these instructors were reinforced so that they could navigate the class and practice sessions with confidence.

- “Auto Accident and Steps to Follow after Accident”. This program explained how to prevent car accident while driving and steps to follow after an accident happens.

- “Basic Microsoft Excel”. The participating employees were expected to be able to apply what they had learned from this class to their work in order to improve work performance.

- “Crane Operators, Signalers, and Riggers”. This course was to ensure that employees whose job involved the use of crane were aware of and familiar with the requirements and guidelines on the use of crane in accordance with law on occupational health and safety, including the relevant rules and regulations. These employees had to attend the mandatory session of practical training as required by law.

- “Administering Windows Server 2012 R2 Active Director Domain”. This course aimed at the development and enhancement of the computer system officers’ technical skills to meet the constantly changing technology.

- “Industrial Drawing Tool — CADWorx Design Package”. This course’s participants were expected to apply the knowledge and materials provided in the training in order to upgrade the Company’s designing and drawing system for purpose of continual advancement and efficiency so that the Company could sustainably maintain its competitiveness in area of design.

- “Structural Design and Analysis Software: MIDAS GEN”. This course’s participants were expected to apply the knowledge and materials provided in the training in order to upgrade the Company’s system of structural design and analysis for purpose of continual advancement and efficiency so that the Company could sustainably maintain its competitiveness in area of design.

- “Assessors of ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007”. This course explained how to prepare reports, carry out tasks and functions, and assess the internal audit findings efficiently.

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)	2015		2016	
	Internal training	External training	Internal training	External training
Staff level	250	516	271	678
Supervisory level	129	210	465	708
Total training hours	379	726	736	1,386

5. 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:

5.1 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.

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

5.3 Birthday card for each and every employee

5.4 “Move for Change” campaign. This aimed to make employees recognize the health benefits of exercise and sports.

5.5 Varied clubs have been established e.g. yoga club, music club, badminton club, football club.

5.6 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.

6. 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.

7. 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.

8. 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 2019. 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

Having recognized the importance of corporate governance and its contribution to the Company's business value and sustainable growth, the Company has developed and documented the Corporate Governance Policy, the Business Code of Conduct, and the Ethics and Code of Conduct for the Management and Employees; all of which are intended to collectively be a pillar of business ethics and conduct for directors, executives, and employees of the Company and its subsidiaries in the best interests of all stakeholder sectors, within confines of law and the Company's regulations, and on the basis of integrity, fairness, and equality. Briefly speaking, the chief purpose of the above policy and ethics-related corporate documents are to provide directional guidelines on socially acceptable good conduct which will contribute to the Company's sustainable business growth.

In 2016 the Corporate Governance Committee and the Board of Directors revised and amended the Corporate Governance Policy as well as other relevant guidelines in accordance with the criteria for survey of Thai listed companies' corporate governance project. The Corporate Governance Policy and the Ethics and Code of Conduct for the Management and Employees are disclosed to the public on the Company's website and have been annexed to the documented Work Rules given to all employees.

According to the 2016 corporate governance assessment conducted by the Thai Institute of Directors Association (IOD), the Company's overall score was 87% ("Very Good"), down from last year's score of 88%, yet surpassing both the average level of 78% and the average score in every category of assessment based on the survey of 601 listed companies. Furthermore, the Company was rated "Excellent" in the following categories: 1) Shareholders' Rights 2) Equitable Treatment of Shareholders 3) Information Disclosure and Transparency, and was ranked in the top quartile for the

companies with market value in the range of Baht 3,000 - 9,999 million.

2. Subcommittees

In 2016, 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 2016

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

- | | |
|--|--|
| 1. Mrs. Paichit Rattananon | Chairman,
a representative from KPK 1999 Co., Ltd.,
the Major Shareholders |
| 2. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. | Independent Director |
| 3. Mr. Arun Chirachavala | Independent Director |
| 4. Mrs. Puangthi Silpasart | Independent Director |
| 5. Assoc. Prof. Pises Sethsathira | Independent Director |
| 6. Mr. Smai Leesakul | Executive Director |
| 7. Mr. Pasit Leesakul | Executive Director |
| 8. Mrs. Podchanee Phaosavasdi | Executive Director |
| 9. Mr. Loh Eng Kee | Executive Director |
| Ms. Ounruen Sujariththam | 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. Mr. Pasit Leesakul | Director |
| 4. Mrs. Podchanee Phaosavasdi | 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. Podchane Phasavasdi 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 2016, the Audit Committee consists of 3 independent directors as follows:

1. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.
Chairman of the Audit Committee
2. Mr. Arun Chirachavala Audit Committee
3. Mrs. Puangthip Silpasart Audit Committee
- Ms. Rewadee Ardham 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 2019.

The Charter of the Audit Committee consisting of the objective of the Audit Committee appointment, scope of duties and responsibilities, qualification, term, meeting, quorum,

remuneration, responsible unit and the quality control of the Audit Committee is as disseminated in the Company's website.

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

1. To review and ensure that the disclosure of information in financial statements is accurate and adequate by cooperating with the Company's external auditor and management who is responsible for the quarterly and annually financial statements. Also, to recommend the external auditor to review or audit any transactions deemed significant during the auditing period;
2. To review the internal control system and internal audit system to ensure appropriateness and effectiveness and consider independence of internal audit as well as approve the appointment, transfer, reward and termination for head of internal audit;
3. To review the Company's internal control system and internal audit system to ensure appropriateness and effectiveness and consider the independence of the internal audit function as well as approve the appointment, transfer, recognition, and termination of the Head of Internal Audit and the change of internal auditor in the case of using an outsourcing service.
4. To review and ensure that the Company's operations are in compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand, as well as relevant laws;
5. To consider, select and nominate the external auditor and also propose the external auditor's remuneration including attend the meeting with the external auditor without participation of the Company's management at least once per year;
6. To consider the connected transactions or transactions that may lead to any conflict of interest and non-compliance with the laws and the Stock Exchange of Thailand's regulation to ensure that those transactions are reasonable and bring highest benefit to the Company;
7. To perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee such as

reviewing the financial management and risk management policy, compliance with business ethic of the management and review with the management the important reports required for disclosure to the public according to the laws i.e. Management's report and analysis, etc.;

8. To prepare the corporate governance report of the Audit Committee for disclosure in the company's Annual Report in which has been signed by the Chairman of the Audit Committee and consisting of at least

- 8.1 Comment on appropriateness and completeness and reliability of the Company's Financial statements
- 8.2 Comment on sufficiency of the Company's internal control system
- 8.3 Comment on compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand as well as relevant laws
- 8.4 Comment on appropriateness of the auditors
- 8.5 Comment on connected transactions
- 8.6 A number of Audit Committee Meetings and attendances of each member
- 8.7 Comment or overview observation from which the Audit Committee has been gained after performing in compliance with the charter
- 8.8 Any reports which deem appropriate to be reported to the shareholders and other general investors under the scope of works and responsibility as assigned by the Board of Directors;

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

- 9.1 The Audit Committee's Minutes of Meetings clearly specifying the committee's comment in various issues
- 9.2 The report of the Committee's comment on financial statements, internal audit and internal audit process
- 9.3 Any report which deem appropriate for acknowledgement of the Board of Directors;

10. During performing their duties, if the Committee finds any doubtful transactions or behaviors as shown below which may cause a significant impact to the Company's financial status and operating result, the Committee should report to the Board of Directors for further improvement as deem appropriated:

- 10.1 Conflict of interest transactions
- 10.2 Any suspicion or presumption of corruption, paradox or default which are significant for internal audit system
- 10.3 Any suspicion that there are non-compliance with the rules and regulation of the Securities Exchange Commission and the Stock Exchange of Thailand or relevant laws

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

11. In case that the auditor finds any doubtful acts which are noncompliance with the laws done by director, manager or any person who are responsible for the Company's operating and the matters of fact has been reported to the Committee for acknowledgement and prompt inspection. The Committee should then report the outcome of preliminary inspection to the Securities Exchange Commission, the Stock Exchange of Thailand and the auditor for acknowledgement within 30 days after getting the auditor's report. Any doubtful acts required to be reported including the procedure to gain the matters of fact should be in line with the Capital Market Commission's regulation;

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

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

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

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

3. Remuneration and Nomination Committee

As of 31 December 2016, the Remuneration and Nomination Committee consists of 4 independent directors and 2 executive directors total 6 members as follows:

1. Assoc. Prof. Pises Sethsathira
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. Mrs. Puangthip Silpasart
Remuneration and Nomination Committee
5. Mr. Pasit Leesakul
Remuneration and Nomination Committee
6. Mrs. Podchane Phaosavasdi
Remuneration and Nomination Committee

Ms. Ounruen Sujarittam
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, meeting, report of their performance result and assess performance 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 the appropriateness and fairness of the remuneration packages and criteria for directors, Chairman of the Executive Committee, and Chief Executive Officer based on their tasks,
2. Nomination of directors
 - 2.1 To set the qualifications of director candidate in terms of knowledge, experience, and expertise in alignment with the Company's requirements.

responsibilities, and performance, as well as the rates offered by other businesses within the same industry.

- 1.2 To take part in determining the performance evaluation criteria for Chairman of the Executive Committee and Chief Executive Officer; and to perform the annual evaluation of Chairman of the Executive Committee and Chief Executive Officer before presenting the evaluation results to the Board of Directors for acknowledgement.
- 1.3 To determine the appropriate thresholds and budget for annual salary increase and bonus based on the Company's overall operating results.
- 1.4 To determine the annual remuneration rates for members of the Board of Directors and other committees, Chairman of the Executive Committee, and Chief Executive Officer before proposing only the rates for Chairman of the Executive Committee and Chief Executive Officer to the Board of Directors for approval while the rates for members of the Board of Directors and other committees are to be approved by the meeting of shareholders after being presented to the Board of Directors for preliminary consideration.
- 1.5 In case of public offering of securities or offering of warrants to directors and employees under the Employees Stock Option Program (ESOP), the Remuneration and Nomination Committee is responsible for considering the appropriateness of conditions and criteria for issuance and allotment of warrants to ensure fairness to both employees and shareholders and, in case where the warrant allotment to directors exceeds 5 percent of all warrants offered, giving endorsement to the transaction. In any circumstances, no members of the Remuneration and Nomination Committee shall be allowed to obtain warrants in a quantity larger than 5 percent.

Any individual to be nominated as director shall be able to dedicate his/her time and effort to the fulfillment of directorship duties.

- 2.2 To select and nominate the candidate(s) to:
- The Board of Directors for consideration in case of vacancy due to expiration of term and/or addition of director; after the Board's consideration, the nominated candidate will be presented to the meeting of shareholders for official appointment; or
 - The meeting of Board of Directors for official appointment in case of vacancy due to resignation or inability to serve as director.

The Remuneration and Nomination Committee is, in addition to the above, responsible for performing other tasks as assigned by the Board of Directors. The Board of Directors has authority to make changes to the responsibilities and the scope of duties of the Remuneration and Nomination Committee, as the Board considers necessary or appropriate.

4. Corporate Governance Committee

As of 31 December 2016, the Corporate Governance Committee consists of 2 independent directors and 1 executive director total 3 members as follows:

1. Mr. Arun Chirachaval
Chairman of Corporate Governance Committee
 2. Assoc. Prof. Pises Sethsathira
Corporate Governance Committee
 3. Mrs. Podchancee 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, meeting, report of their performance result and assess performance 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 and responsibilities of the committee as deemed necessary or appropriate.

5. Risk Management Committee

As of 31 December 2016, the Risk Management Committee consists of 2 independent directors and 2 executive directors total 4 members as follows:

1. Mr. Arun Chirachavala
Chairman of Risk Management Committee
 2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.
Risk Management Committee
 3. Mr. Pasit Leesakul
Risk Management Committee
 4. Mrs. Podchancee Phaosavasdi
Risk Management Committee
- Ms. Pavita Leesakul
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, report of their performance result and assess performance that are disseminated in the Company's website.

Scope of duties and Responsibilities of the Risk Management Committee are as follows:

1. To formulate a risk management policy as well as a framework for managing the Company's overall exposure to a range of significant risks e.g. bid risk, risk related to supply of materials/equipment, construction risk, financial risk, personnel risk, etc. and to provide to the Board of Directors and the management the consultation, advice and recommendations in relation to risk management.

2. To develop a risk management plan and to ensure the proper implementation of the plan.

3. To oversee the undertaking of tasks related to risk management and to develop a strategy in alignment with the corporate vision, mission, and goals.

4. To oversee, support, and encourage the cooperation of all units across the organization in managing risks and to review, on a regular and continual basis, the adequacy of the risk management system to ensure optimal efficiency.

5. To report and update the following matters to the meeting of Board of Directors:- a list of significant risks, risk assessment, risk management, impacts on business operation, preventive and remedial measures, and other events that materially affect the Company (this last matter must be brought to the Board of Directors' attention without delay).

6. The Risk Management Committee has the authority to establish a working group responsible for executing risk management and reporting to the Risk Management Committee.

7. To perform other tasks as assigned by the Board of Directors.

6. Executive Committee

As of 31 December 2016, 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 2016, 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	Deputy Chief Operating Officer
4. Mr. Sakda Tantivathanagul	Management Committee	Deputy Chief Operating Officer
5. Mr. Chaveng Resrikitti	Management Committee	Deputy Chief Operating Officer
6. Ms. Pavita Leesakul	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. Mr. Wison Aekthummakul	Management Committee	Assistant Vice President, Engineering Division

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.

(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	2016 Audit Fee
TRC Construction Public Company Limited	EY Office Limited	Baht 1,000,000
Subsidiaries;		
Sahakarn Wisavakorn Co., Ltd	EY Office Limited	Baht 820,000
TRC International Limited	Simon W.F. Ng & Co., Hong Kong	USD 3,000
TRC Investment Limited	S.C.Ng Fuk Chong, FCCA Mauritius Republic	USD 1,500
TRC Middle East LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200
TRC Engineering LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200
Joint Venture:		
Sinopec-TRC Joint Venture	EY Office Limited	Baht 300,000
Hydrotek Sahakarn Joint Venture	EY Office Limited	Baht 400,000

- Non-Audit Fee

Travelling expenses of the auditors for 2016 audit tasks

- TRC Construction Public Company Limited

Baht 32,927

- Sahakarn Wisavakorn Company Limited

Baht 14,385

as well as encourages the Board of Directors, management and independent auditors to unanimously participate in the meeting.

In 2016, there was only one meeting held for Annual General Meeting of Shareholders on 27 April 2016 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:

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

● Prior to the Annual General Meeting of Shareholders day

On 14 October 2015, 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, item "Investor Relations") to propose the meeting agenda for the 2016 Annual General Meeting of Shareholders and nominate the qualified person to be a director. The information can be proposed during 15 October 2015 — 31 January 2016 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 25 March 2016 both in Thai and English languages through the Company's website which was 30 days prior to the 2016 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 2016 Annual General Meeting of Shareholders enclosed with supporting information of each agenda to the shareholders not less than 14 days prior to the meeting date 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 2016 Annual General Meeting of Shareholders was attended by 9 directors. 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 and auditors for acknowledgement of attending shareholders. The Company Secretary 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 Company Secretary 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 and the auditor 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 2016 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 11 May 2016 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 28 March 2016, on which the shareholders register book was closed to determine entitlements to attend the 2016 shareholders meeting, the Company's shares held by retail shareholders (free float) accounted for 74.36%.

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. 2535 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 communicated its vision, mission, and targets to employees at all levels, placed importance on human rights and fair treatment to labor, and has been implementing policies in relation to human resources to ensure that its employees are knowledgeable, competent, and skillful in their tasks, and that their livelihood is well taken care of through fair and equal treatment in terms of compensation, welfare, quality of life, and safety. Work functions and performance of each business unit have been linked with the Company's goal and the corporate policy on compensation was designed to best reflect the Company's operating results. The tangible approach of employee treatment is disclosed in "Employee Development Policy" under "Section 9. Management Structure".

- **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 whose tasks involve the making of transaction-related decisions, 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. 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 Company Limited 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.

● **Anti 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**

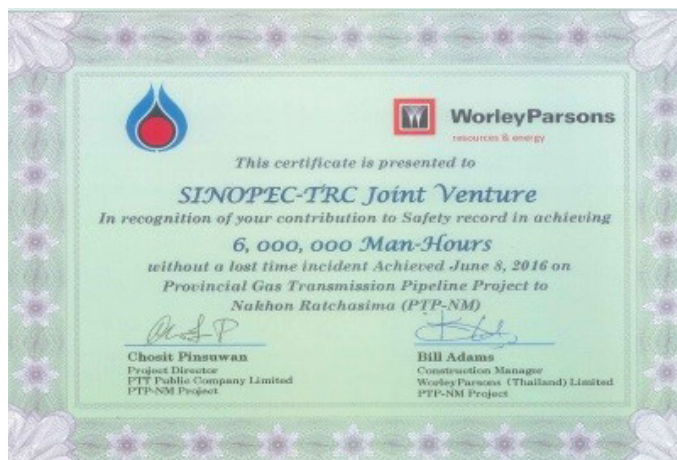
The Company announced on September 20, 2016 its policy on quality, security, safety, occupational health, environment, and social responsibility in order to enhance the organizational potential to the maximum efficiency. The Company ensures full integration of management tools via such quality management system and makes it known to all employees that they need to strictly and continually observe the above policy so as to turn the practices of quality, security, safety, occupational health, environment, and energy management (QSSHE) into a corporate culture in combination with the delivery of quality, productivity and services to customers and welfare to employees. This policy has been formulated within the confines of law, the organizational requirements, the relevant industrial standards, as well as the internationally standardized managerial and administrative frameworks. The management at all levels is to lead by example by giving subordinates full support, pushing forward, following up, reviewing and refining the operation on a continual basis in order to ensure earnest implementation, understanding, and collaboration of all members across the organization, as well as the sustainable and material accomplishment of policy goals.

In 2016 the Company and Sahakarn Wisavakorn Co., Ltd implemented the quality, occupational health, safety and environmental management system with concrete results as follows:

1. The Company's ISO 9001:2008 certification has been renewed after being audited for the extension of ISO 9001:2008 certification in January and July 2016.
2. The Company had a project to upgrade its ISO9001: 2008 to ISO9001:2015, and adopt the environmental management system (ISO 14001:2015) and the occupational health and safety management system (OHSAS 18001:2007) as well. The implementation of the latter two started in May 2016 and was expected to receive certification in July 2017. The integration of these 3 systems would be within the responsibility of the Quality Management Division consisting of the Quality Management System Department and the Occupational Health, Safety, and Working Environment Department.
3. In July 2016 the Company issued safety-related rules and regulations to raise awareness among all staff, including any individuals working within the Company's premises, of the safety, occupational health, and environmental concern.
4. The Company launched several campaigns to promote safety, occupational health concern and safe environment at workplace. The accomplishment and success of these campaigns were as follows.

The Board of Directors sets it as a corporate policy that the Company must conduct its business operation strictly in accordance with ISO 9001:2008 quality assurance standards. Each of the Company's business units will undergo, twice a year, the process of audit and assessment of the unit's operational performance, as jointly conducted by the Company's Quality Management Committee and the certification body which is an independent agency, to ensure that all business-related activities and functions are carried out in compliance with ISO 9001:2008 standards at all times.

- On-Land Natural Gas Transmission Pipeline Project - Nakhon Ratchasima had successfully operated for 6 million man-hours without a lost time incident on June 8, 2016 and was awarded for this achievement a certificate from PTT Public Company Limited and Worley Parsons (Thailand) Company Limited.



- The New Incinerator Project (TTM) in Amphoe Chana, Songkhla Province. Activities were organized to campaign for safety at workplace. Following the achievement of safety targets, 4 prizes of 500-baht Lotus Gift Vouchers were awarded, as a message of appreciation from the Company, to the staff who regularly participated in 'Behavior Based Safety' activities every month. The purpose of these activities was to reinforce the awareness of safety, occupational health, and safe environment.



- Extension of Route 1 On-Land Natural Gas Pipeline's Useful Life Project in Amphoe Ban Bueng, Chon Buri Province. The activities and projects to promote safety included:

- Outstanding Staff Award in Safety. This project aimed to boost morale of personnel.



- Monthly meeting between managerial-level and operational-level staff. The meeting was to provide a forum for discussion, exchanging of information, and organizing safety-related activities.



- Walk-Through Safety Inspection. This was to be conducted jointly with the client on a weekly basis for further improvement.



- Staff representatives joining the National Labor Day event in Chon Buri Province.



- Meeting with people in the community to advertise the Company's activities.



- A project to promote hygienic health and environment e.g. cleaning activities.



White Workplace Project. Activities to campaign against drugs and to promote free-drug workplace were as follows.

- Extension of Route 1 On-Land Natural Gas Pipeline's Useful Life Project in Amphoe Ban Bueng, Chon Buri Province organized the following activities.
 - Installing anti-drug signboards and promoting the use of personal safety gear at the entrance to the project office in Ban Bueng, Chon Buri.
 - Doing drug screen through field narcotic test.



- Conducting random alcohol breath test before working every day to ensure that the staff was not under the influence of alcohol on the job.

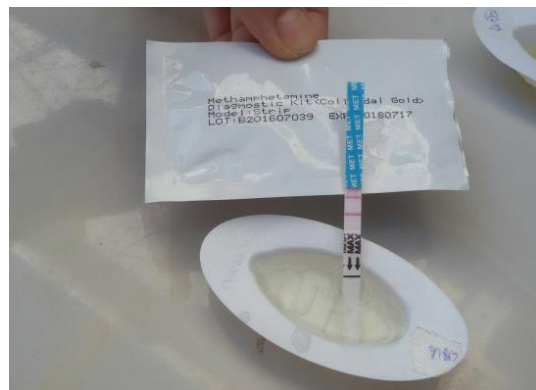


- Preparation & Refurbishment of Decline Project in Chaiyaphum Province. Activities held at this project site were as follows.

- Installing anti-drug and safety campaign signboards at the project site's entrance and exit.
- Conducting alcohol breath test before working.



- Conducting narcotic test on the field.



5. Big Cleaning Day for Mom activities held in August 2016 at the Company's head office, consisting of:

- The opening of first aid room



- Activities to campaign for garbage and waste sorting. Both executives and staff joined these activities.



6. The Company in collaboration with Bang Khen District Disaster Relief Unit organized, at the Company's head office, a seminar and training session of basic fire extinguisher use, class 1 on June 28, 2016 and class 2 on November 23, 2016. The Company's staff working in the building and the security officers participated in both theory and practice training sessions.



7. Seminars for executives and staff on safety, occupational health, and environment, as shown below, in accordance with the mandatory courses imposed by law.

7.1 A course for supervisory-level security officers (2 classes) on March 30-31, 2016 and April 20-21, 2016.



7.2 A course for the Occupational Health and Safety Committee on April 27-28, 2016.



7.3 First aid course on May 24, 2016.



7.4 Safety Instructor Techniques course held on September 27-29, 2016. The seminar speaker was from Safety and Health at Work Promotion Association (Thailand).



7.5 A course for safety personnel in management level (1 class) on October 26-27, 2016.



● **Anti-corruption**

TRC encourages personnel at all levels to conduct its business with integrity and transparency as well as compliance with good practices in accordance with Corporate Governance Policy and Ethics and Code of Conduct. Directors, executives and employees shall in no case corrupt or support the corruption and will strictly comply with the anti-corruption measures include review to ensure good corporate governance practices in the Company that are in line with the relevant policies, regulations, and laws.

In 2016, the Company has announced the Anti-corruption Policy officially. A person who commits the corruption is equivalent to misconduct in the Company's Ethics and Code of Conduct will disciplinary action against those who are in breach of such policies and procedures.

● **Anti-corruption framework**

The Company has clearly defined in its Anti-Corruption Policy the following anti-corruption framework that each and every director, executive, and employee is required to observe. The Board of Directors, the Management Team, and TRC's staff in every level must follow with Anti-corruption Policy

1. TRC Personnel shall not commit or involve in the Corruption; in both directly and indirectly forms of providing and accepting; and comply with the Anti-Corruption Policy, Corporate Governance, Ethical and Code of Conduct, regulations and relevant articles

2. TRC staff shall not be negligent in any corruption conditions involved directly with TRC. All staff must notify such act to supervisors or responsible person, including collaborate with investigation.

3. To stress the attention on processes which incur a high risk in corruption, the Board of Directors, the Management Team, and staff must conform carefully in the following course of action.

- Be careful in terms of offering and/or receiving gifts, entertainment and other expenses. However, providing and receiving gifts and hospitality must have business or custom objective. The value of such gifts and hospitality must be appropriate and approval.

- Donation to charity organizations, either in the forms of money, items or assets, to any activity or project, the name of TRC must be specified. Such offering must be conducted with the purpose to promote the businesses as well as maintain the good image of the Company or its subsidiaries. Furthermore, this must be carried out in a transparent and lawful manner through the specified procedures of the Company. In addition, it must also be traced and monitored to ensure that such donations will not be used as excuses for bribery.

- Any operations in regard to business relations or procurement with both public and private sectors must be carried out in a transparent and honest manner in accordance

with applicable laws. Do not give or accept briber to conduct business with suppliers. They include any contacts with officials in both public and private sectors including those involved in business operations of TRC, both domestically and internationally.

In additional, there are in place the applicable measures to prevent and suppress the corruption as follows:

- Support and encourage its personnel at all levels to realize the importance of countering corruption and raise their awareness in this respect.
- All complaints related to corruption will be presented urgent to the Executive Committee. In case of significant or urgent issue which may cause corruption that report the Audit Committee and the Board of Directors respectively.

- TRC will ensure fairness and provide protective measures to complainants or whistleblowers for collaboration in reporting malpractice and corruption. The complaints will be hold confidential.

- A person who commits the corruption is equivalent to misconduct in the Code of Conduct. This means such person is needed to consider discipline followed by TRC' standard. Conviction on laws may be applied in case such act violates the laws.

- Training regards Anti-Corruption Policy will be conducted regularly to directors and all employees.

● 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 channel, the Company Secretary is responsible for receiving reports or complaints and to further submit to the Chairman of the Audit Committee. The Chairman of the Audit Committee will further investigate; gather data and documents to be reporting to the Board of directors. The Company recognizes the importance of maintaining confidentiality of the complaints received,, the procedures for handling complaints and conducting investigation are set up. The complaints shall be limited to be disclosed to only relevant parties.

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 2016, Directors' and Managements' have any changes in relation to shares transaction as following;

Name	Position	Shares as at 31 Dec 2015	Acquire during the year ⁽¹⁾	Disposal during the year	Shares as at 31 Dec 2016 (Paid up capital Baht 641,998,220)	
					Share	%
1. Mrs. Paichit Rattananon	Chairman	1,472,000 (In the name of Mrs. Paichit)	6,027,750	-	7,499,750	0.146
		1,134,741,580 (In the name of KPK 1999 Co., Ltd.) ⁽²⁾	318,542,697	-	1,453,284,277	28.296
				Total	1,460,784,027	28.442
2. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director and Chairman of Audit committee	3,466,665	1,277,083	-	4,743,748	0.092
3. Mr. Arun Chirachavala	Independent Director and Audit committee	2,250,000	1,125,000	-	3,375,000	0.066
4. Mrs. Puangthip Silpasart	Independent Director and Audit committee	-	-	-	-	-
5. Assoc. Prof. Pises Sethsathira	Independent Director	2,250,000	1,125,000	-	3,375,000	0.066
6. Mr. Smai Leesakul	Director and Chief Executive Officer	5,535,898	5,535,737	-	11,071,635	0.216
7. Mr. Pasit Leesakul	Director and Executive Vice President	450,000	900,000	-	1,350,000	0.026
8. Mrs. Podchanee Phaosavasdi	Director and Chief Commercial Officer	1,125,000	921,875	(2,046,875)	-	-
9. Mr. Loh Eng Kee	Director and Deputy Chief Operating Officer	668,375	427,937	-	1,096,312	0.021
10. Mr. Sakda Tantiwattanakul	Deputy Chief Operating Officer	375,000	796,875	(750,000)	421,875	0.008
11. Mr. Chaveng Reesrikitti	Deputy Chief Operating Officer	750,000	843,750	(1,150,050)	443,700	0.009
12. Ms. Pavita Leesakul ⁽³⁾ (appointed to be Director on 1 August 2016)	Vice President, Corporate Affairs Division	8,952,900	500,000	-	9,452,900	0.184
13. Ms. Ounruen Sujarittham	Finance and Investor Relations Manager	1,875,000	937,500	(2,812,500)	-	-
14. Ms. Rewadee Ardhan	Account Manager	650,000	749,375	(430,000)	969,375	0.019
Total as at 31 December 2016		Including shares held by LTD. KPK 1999 Excluding shares held by LTD. KPK 1999			1,497,083,572 43,799,295	29.149 0.853

Noted: (1) The acquisition of the above shares by means of trading in the securities market, the exercise of ESOP-W2 warrants, and the stock dividend.

(2) KPK 1999 Co., Ltd. is the company of which 50.50% shares are held by Mrs. Paichit Rattananon, Chairman.

(3) Ms. Pavita Leesakul took office on 1 August 2016. The declared number of shares is the quantity carried over as of the date of office-taking onward up to the end of 2016.

● 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, Executive Vice President, Ms. Pavita Leesakul, Vice President, Corporate Affairs Division and Ms. Ounruen Sujarittam, Finance & Investor Relations Manager and Company Secretary, as focal points of investor relation to communicate with investors, shareholders, analysts, media, and other organizations concerned. Investors can access all information relating to the Company by contacting the Company Secretary at Tel. +66 2022 7777 ext. 3201, Email Address: ounruen@trc-con.com or via website: www.trc-con.com, item “Contact us” or via Investor Relations Division consists of;

1. Ms. Ounruen Sujarittam, Finance and Investor Relations Manager and Company Secretary, Tel. +66 2022 7777 ext. 3201 Email Address: ounruen@trc-con.com

2. Ms. Pachara Srivichupong, Finance Supervisor and Investor Relations, Tel. +66 2022 7777 ext. 3213 Email Address: pachara.s@trc-con.com

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

In 2016, 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 2015 and the 1st - 3rd quarter of 2016.

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
- Print Media: - Bangkok Business News
- Forbes Thailand Magazine
- Biz Focus Magazine
- Radio: - FM 97.0 Mhz.
- Road show: - The SET Thai Corporate Day 2016 co-hosted by the Stock Exchange of Thailand and CIMB Securities (Thailand) Public Company Limited at Anantara Siam Bangkok Hotel, Bangkok, in March.
- The Road Show hosted by Krungsri Securities Public Company Limited at Phatra Securities Public Company Limited in May.
- The Thailand Focus 2016: A New Growth Strategy hosted by Phatra Securities Public Company Limited at Grand Hyatt Erawan Bangkok Hotel in September.

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 2016, Company’s news, management interviews via printing media, video of management interview via television channels, acting as a guest speaker for events and presentation in the Opportunity Day.

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"> - Merchant Partners Securities Public Company Limited - Kasikorn Securities Public Company Limited - UOB Kay Hian Securities Thailand Public Company Limited - CIMB Securities (Thailand) Company Limited - Country Group Securities Public Company Limited - Trinity Securities Company Limited - KTB Securities (Thailand) Public Company Limited - Phillip Securities (Thailand) Public Company Limited - Maybank Asset Management (Thailand) Company Limited 	<ul style="list-style-type: none"> - Bualuang Securities Public Company Limited - DBS Vickers (Thailand) Company Limited - Thanachart Securities Public Company Limited - Securities Company Limited - Finansia Syrus Securities Public Company Limited - Apple Wealth Securities Public Company Limited - Globlex Securities Company Limited - Krung Thai Asset Management Public Company Limited - Brooker Group Public Company Limited

5. A site visit was organized for investment analysts and investors at the potash mining site of ASEAN Potash Chaiphum Public Company Limited in Chaiphum Province.

● **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 2016, 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 2016, the Board of Directors reviewed the 2014 version of corporate vision, mission and targets and amended Corporate Governance Policy which were cascaded down to employees at all levels. It is the policy of the Company to review its corporate vision and mission every year.

● **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 2016, the Company used the form issued in February 2015 with the additional information for certain topics to support the assessment of the directors. 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, 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 2016, the entire Board of Directors achieved the performance rating of above 90% or “Very Good”.

● Performance Appraisal for Chairman of Executive Committee and 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 six committees of which their members are the Company’s directors and executives to carry out specific tasks as assigned. Those six committees are the Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee, Risk Management Committee, Executive Committee and Management Committee. Duties and responsibilities of each committee were clearly defined in writing and disclosed in the Company’s Annual Report. These committees 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 2016, the Committee convened three meetings to consider the overall framework regarding salary and bonus increase of the

Company and its subsidiaries. Also, the 2016 salary and the 2015 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 including reviewed the Remuneration and Nomination Committee Charter.

- 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 2016, the committee held two meetings to do the following:- to acknowledge the 2016 CSR performance and planning; to define “Responsibilities of the Board of Director” section, as part of the Corporate Governance Policy, concerning the policy on business oversight of the Company and its subsidiaries and the policy governing the Chief Executive Director and other directors holding the position of director in other companies; to acknowledge the assessment results of the Sustainability Development for listed companies disclosed by the Securities and Exchange Commission Office, the results of the 2016 Thai listed companies’ corporate governance survey, and the CGR 2016 criteria which is in progress/not yet commenced; and to review the Corporate Governance Committee Charter.

- Risk Management Committee

Risk Management Committee consisting of 2 independent directors and 2 executive directors to perform their duties according to the charter approved by the Board of Directors. In 2016, there were two meetings to appoint the Management Committee to act as the Risk Management working team including reviewed the Risk Management Committee Charter.

- Executive Committee

Executive Committee consisting of 4 executive directors is responsible for developing plans, policies, direction, business strategies, and management structure for the Company’s core business operation; considering the Company’s performance in terms of profit/loss, and the interim or annual dividend payment

before proposing it to the Board of Directors; and performing other tasks as assigned by the Board of Directors.

- 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 prepared in accordance with the generally accepted accounting standards, and responsible for ensuring the adequate disclosure of significant information in the notes to financial statements. The Board of Directors appointed the Audit Committee, consisting of independent directors, to oversee the quality of the Company’s financial reports as well as the internal control system. The Audit Committee’s opinion toward such reports and the internal control will be disclosed in the Annual Report’s “Report of the Audit Committee” section. Report on the Board of Directors’ Responsibilities for Financial Statements is to be proposed to the Board of Directors meeting and disclosed in the Annual Report as well.

● **Succession Plan**

To prevent the potential detrimental impact on the Company's business operation, the Board of Directors has approved the policy on the nomination of Chief Executive Officer and the policy on succession of executive positions in case of emergency or retirement.

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

As of 31 December 2016, 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.

In 2016, director and executive participation in the training courses and seminars are as follows:

- Mrs. Puangthip Silpasart, Independent Director and Audit Committee participated in the seminar of Director Certification Program (DCP) No. 226/2016 and Role of the Chairman Program (RCP) No. 38/2016 organized by Thai Institute of Directors.

- Mr. Pasit Leesakul, Director and Chief Executive Officer participated in the seminar of TLCA Leadership Development Program (LDP 4) organized by Thai Listed Companies Association.

- Mrs. Podchancee Phaosavasdi, Director and Chief Commercial Officer participated in the seminar of Energy Symposium 2016 organized by the Institute of Industrial Energy, the Federation of Thai Industries

Having recognized the importance of self-development of the Company's directors and executives, the Company has organized training courses and programs for directors and executives, most of which were led by the instructors who are specialists in particular fields and were specifically hired by the Company to cultivate necessary knowledge and skills that the directors and executives could apply to their management tasks and prepare the organization for the incoming 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. In 2016 the Corporate Governance Policy set forth that in accordance with the corporate governance

principles, in any Board of Directors meeting, the presence of not less than two thirds of the total number of the Board members is required to constitute a quorum for voting each agenda. 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 5 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 2016, one meeting among all independent directors was held in December 2016. In February the Audit Committee held a joint meeting with the independent auditor without the presence of the Company's management.

● **Company Secretary**

Since 2007, the Board of Directors has appointed Ms. Ounruen Sujaritham, 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 2016, 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 2016, 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 2016, the Company and its subsidiaries conducted the following social and environmental contribution activities:

1) Gift-giving activity. This activity held on occasion of the 2016 National Children’s Day to give gift sets to 344 kindergarteners at Wat Phon Phraruang Kindergarten School in an attempt to keep their spirits up; the Company believes in the saying that the children are the future and power of the nation.



2) Blood donation by staff and non-staff. The Company has been consistently organizing this activity since 2008. In 2016 the blood donation activity was held twice in February and September at the Company's head office with assistance of Rajavithi Hospital that made arrangement for blood donation mobile unit. This year a total of donated blood was 131 bags.



3) “Paint the Dreams, Craft the Future” project held in June. The purpose of this project was to give educational support to students at Wat Phon Phruang Kindergarten School. To reinforce children's skills, imagination, and concentration, the Company donated to this school a supply of paints and accessories.

4) Recognizing the importance of normal livelihood of the handicapped as well as their morale and quality of life, the Company donated wheelchairs to the Thai with Disability Foundation in July at their office in Nonthaburi Province.



5) Other socially responsible activities organized by the Company included the donation of used (but operable) computers and accessories to the “Mirror Foundation” and clothes, electrical appliances, books, wares, etc. that could be useful for educational purpose to “Phradabos Foundation”.



6) In September, the Company organized a charitable activity under the theme of “Travel-Loving Pilgrims”, arranging a trip to Chaiyaphum Province to donate computers, give gifts, and award scholarships to students of Ban Huai Ket School in Amphoe Thep Sathit, Chaiyaphum Province.



7) The Company donated Baht 2,370,000 to save lives of 79 cows and buffalos from the slaughterhouse which would then be put in the care of the Royal Initiative Project on Cattle and Buffalo Bank for Farmers. This donation was part of Free the Life of Cattle and Buffalos Charity Project organized by the National Legislative Assembly in cooperation with the National Reform Steering Assembly, Constitution Drafting Commission and Wat Rajadhiras. This project was dedicated to Their Majesties on the Occasion of the 70th Anniversary Celebrations of His Majesty's Accession to the Throne and the Celebrations on the Auspicious Occasion of Her Majesty Queen Sirikit's 7th Cycle Birthday on 12th August 2016. The event was held at Wat Rajadhiraj Vihara, Dusit District, Bangkok.



8) In September 2016 the Company started an internal health campaign called “Move for Change” after realizing the importance of employees' good health and well-being, in all aspects of physical, mental, and social lives. This program was part of the campaign to make employees pay attention to their health, realize the health benefits of exercise, and participate in the sports and workout programs that the Company has specifically organized for employees, e.g. yoga, boxing, fitness class, badminton, cover dancing, Boxing Burn, Zumba. The Company also sponsored any interested employees to participate in mini-marathon (walking-running) events organized by third-party organizations. A major event on the first day of campaign launch was the auction of the executives' loved items and all money raised from this auction were spent on sports equipment to be donated to Ban Budee School in Pattani in order to promote sports skills and physical fitness.

9) It has always been a policy of the Company to strive for business sustainability and give something back to the society by, inter alia, starting at the person closest to the organization, and that is its employees. One of the reflections of this policy is “Back to Hometown” program which was first initiated in 2013 with a view to improving and rejuvenating its employees’ selected hometown communities.

In 2016 a budget, as part of Back to Hometown program, was allocated for the development of hometown community and for public use; the Company sponsored the supply of exercise and fitness equipment to Ban Na Si Nuan community in Tambol Na Si Nuan, Amphoe Phayakkhaphum Phisai, Maha Sarakham Province.



10) Recognizing the benefits of sports activities taken in combination with academic curriculums and advantages of recreational activities during free time, the Company sponsored the supply of sports equipment to Bankoksawang (Kuruprachanukul) School in Tambol Ban Petch, Amphoe Bamnet Narong, Chaiyaphum Province. This school is located near the Company’s construction site.



11) Part of a royal speech delivered by His Majesty King Bhumibhol Adulyadej on March 31, 1995 saying “any society in which its members interact with one another with hospitality and good intention will be a community of goodwill, cordiality, peacefulness, and amenity” has inspired the Company to find a way that its organization’s members could work and live together in harmony in order to mutually create and pass on good things to the society in remembrance of His Majesty the late King. In December 2016 the Company’s employees at both the head office and site offices jointly organized “Love Father, Do Good Things for Father” event at, for example, Wat Phon Phraruang Prasit for which the Company’s employees helped do the chores and repair works e.g. sweeping the temple court, cleaning restrooms, re-painting the facilities, etc.



In addition, the site staff of the construction project on the improvement of provincial waterworks at Amphoe Kho Samui, Surat Thani Province engaged in CSR activities within the neighborhood as follows.

- CSR activities: putting the sewage system at the housing complex of Khanom Provincial Policy Station in Nakhon Si Thammarat Province during February 3 to April 24, 2016.



- CRS activities: constructing a Buddha pavilion and toilet sinks at Ban Nam Cho School in Amphoe Khanom, Nakhon Si Thammarat Province during February 3 to March 15, 2016.



- A meeting to explain detailed information about the project at the conference room of Rajamangala University of Technology Srivijaya, Nakorn Sri Thammarat (Khanom) Campus on May 31, 2016.



- CSR activities: sponsoring the dredging of piers at Thong Node Bay and Kao Ork Bay in Amphoe Khanom, Nakhon Si Thammarat Province on June 23, 2016.



- CSR activities: providing and installing a Wat Than Thong name plaque by the entrance to the temple on August 4, 2016. This temple is in Amphoe Khanom, Nakhon Si Thammarat Province.



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 2016, 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 2016 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. 2/2017 held on 22 February 2017. 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

Since 2015, the Company has hired El Business Advisory Company Limited to be independent internal auditor with duties and responsibilities to audit the operations of various functions within the Company and Sahakarn Wisavakorn Company Limited as well as to prepare report(s) to be proposed to the every Audit Committee meeting. The Audit Committee jointly considered internal audit reports together with the independent internal auditor to provide recommendations for the improvement of internal control systems of the Company and Sahakarn Wisavakorn Company Limited. The Audit Committee is to conduct at least 4 meetings a year, to report audit findings to the Board of Directors meeting every quarter, and to prepare a report of the Audit Committee to the Board of Directors for consideration and for disclosure in the Company's annual report.

Audit findings for 2016

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 2016, the audit findings can be summarized as follows:

TRC	Sahakarn Wisavakorn
<p>1. Income recognition:</p> <p>For the revenue recognition by the basis of percentage of completion, there should have table comparison between the completion evaluation by the Engineer and the completion estimated by actual cost and budget comparison. And the difference should be analyzed by written.</p> <p>2. Construction Cost System:</p> <p>The record of project costs should be regularly examined to ensure accuracy and completeness.</p> <p>3. Payroll System:</p> <p>Employees' information used in calculating their debts/ obligations under the benefit scheme for employees after employment termination was incorrect.</p> <p>4. Other matters:</p> <p>The Company should impose fees for use of the Company's assets to secure credit facilities for related companies.</p>	<p>Income recognition:</p> <p>For the revenue recognition by the basis of percentage of completion, there should have table comparison between the completion evaluation by the Engineer and the completion estimated by actual cost and budget comparison. And the difference should be analyzed by written.</p>

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

3. Head of the Company's Internal Audit

In the Audit Committee Meeting No. 5/2014 on December 4, 2014, El Business Advisory Company Limited was appointed as internal auditor of the Company and Sahakarn Wisavakorn Company Limited and the appointment shall be in effect on and from 2015. Having considered the qualifications of El Business Advisory Company Limited, the Audit Committee was of the opinion that El Business Advisory was well qualified to be the Company's internal auditor on the basis of their independence and audit experience. El Business Advisory Company Limited

has been performing duties of internal auditor and has repeatedly been appointed as the Company's internal auditor since 2015 to date.

In 2016, the Audit Committee assigned Ms. Rewadee Ardarn, Accounting Manager of the Company to be 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 2016, the Company and its subsidiaries undertook related party transactions with ASEAN Potash Chaiyaphum Public Company Limited (“APOT”). 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.

Connected Transactions with ASEAN Potash Chaiyaphum Public Company Limited as follows;

Relationship	Type of Connected Transaction	Total (Baht)	Necessity and reasonableness of the transaction
1. 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 Chaiyaphum Public Company Limited since 12 January 2015	1. TRC’s the 5th Floor office building rental by APOT		TRC provided it’s the 5 th 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./Sqm.in amount of 45,000 Baht/Month	540,000	
	o Service Charge (450 sqm.) 200 Bt./ Sqm. Amount of 90,000 Baht/Month	1,080,000	
	o Electricity Charge 5.40 Bt./Unit	164,749	
	o Chiller Charge at fixed rate of 354,000 BTU/Month 0.10 Bt./BTU	413,250	
2. Mrs. Podchanee Phaovasasdi, Director and Chief Commercial Officer of TRC Construction Public Company Limited has been appointed to be Director of ASEAN Potash Chaiyaphum Public Company Limited since 27 January 2016	Total	2,197,999	
	2. TRC awarded Refurbishment of Existing Decline Project from APOT		In January 2016, TRC awarded Refurbishment of Existing Decline Project from APOT, work value Baht 143.69 million, 11-month construction period. Reasonableness: please see note below
	o Advance payment	6,180,812 (Outstanding as at 31 Dec 2016)	In February 2016, TRC got advance payment in amount of Baht 10,743,690.13 which will be gradually cut off to be services income (10% of each APOT’s payment)

Relationship	Type of Connected Transaction	Total (Baht)	Necessity and reasonableness of the transaction
	o Services income	76,155,747	Recognized services income on the basis of percentage of completion
	3. TRC got a Letter of Award of Turnkey Delivery of APOT Project Package 2, Surface Processing and Facilities		In February 2016, TRC got a Letter of Award for Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities, work value USD 142,027,205, EUR 416,000,784 and Baht 12,433,389,522. (equivalent to approximate Baht 33,858 million at Fx. rate 35.3436 Baht/USD and 39.4353 Baht/EUR) It is anticipated that the signing of EPCC contract will be within 2017. Reasonableness: please see note below
	3.1 Early Works: Engineering, Site Preparation, TRC Site Facilities and Survey Works (As a part of item 3.)		On 3 May 2016, TRC obtained Notice to Proceed Early Works Contract, work value EUR 10.20 million and Baht 294,938,000 or equivalent to Baht 711.358 million (Fx. rate was fixed at 40.8255 Baht/EUR)
	o Advance payment	62,030,098 (Outstanding as at 31 Dec 2016)	In May 2016, TRC got Advance payment in amount of Baht 71,135,810) which will be gradually cut off to be services income (10% of each APOT's payment)
	o Services income	196,477,107	Recognized services income on the basis of percentage of completion

Note: The APOT's selection of contractor for Turnkey Delivery of APOT Project Package 2. Surface Processing Plant and Facilities is made by means of bidding. The Company followed the measures applicable to connected transactions, that is, in 2015 the Company had proposed to the Audit Committee and the Board of Directors the transactions that may be related to APOT in the future for consideration and approval owing to the fact that the value of APOT works, though being considered a normal business operation, exceeded Baht 30 million.

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 or 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.

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.

In 2005, the Board of Directors Meeting 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.

In 2016, the Company had transactions with related parties as per the following details of the notes to 2016 financial statements

- Item 6 Related Party Transactions
- Item 35.5 Guarantees: As at 31 December 2016, the Company has commitment from guarantee of credit facilities of the subsidiaries totaling Baht 23 million.

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

14.

Management Discussion and Analysis

1. Operating Results Summary

With respect to last year's overview of the construction industry, it has been showing some signs of a gradual recovery. Even though the investment in several infrastructure projects under a public sector have been accelerated, e.g. Inter-City Motorway project (Bang Pa-In — Saraburi — Nakhon Ratchasima), the Electric Railway for Mass Transportation, (Eastern) Orange Line, etc. the private sector, particularly the petrochemical industry, seemed not to have shared the same optimistic sentiment, as evidenced by the investment in petrochemical business slowing down and the bidding of many projects being postponed. The circumstances where there were few projects put up for bidding undoubtedly stirred up the competition within the related industry to a significantly higher degree than years before.

In 2016, total revenues of the Company and its subsidiaries were Baht 3,736.90 million, falling Baht 218.14 million or 5.52% compared with the prior year. Construction service revenues decreased Baht 182.87 million, or 4.71%. However, the Company obtained from ASEAN Potash Chaiyaphum Public Company Limited a Letter of Award for the construction of Surface Processing and Facilities which is part of the Potash Mining Construction Project in Bamnet Narong District, Chaiyaphum Province. This award is worth approximately Baht 33,083 million. Due to the urgency of project, in May 2016 APOT signed and issued to the Company a Notice to Proceed for the Engineering-Related Early Works, Site Survey & Preparation worth equivalent to Baht 711.36 million. It is anticipated that the signing of contract for the aforesaid mining construction will be within the 3rd quarter of 2017 and the revenues will be gradually realized in a time frame of 3 years which is a scheduled time for project completion.

Most of the construction service revenues were from the long-term projects carried over from last year. With respect to this year's backlog, a certain portion of the revenues from backlog was already recognized and reported in last year's

statements. The figure of 2016's construction service revenues has seen a drop as a result.

Gross profit from construction service rose by Baht 112.87 million from last year's reported figure to Baht 750.65 million, making the Company's gross profit margin stand at 20.30%. This reflects the Company's effectiveness in controlling costs of construction to the extent that the actual costs incurred were lower than the estimates.

Net profit attributable to equity holders of the Company was Baht 290.76 million, representing a drop of Baht 15.20 million from 2015 or 4.97%. Net profit margin was 7.78%, compared to 7.74% of the previous year.

At the end of 2016 the Company had a backlog of 6 projects equivalent to Baht 3,679.59 million of unrealized revenues.

New projects awarded during January - February 2017 are as follows:

1. Pipeline construction project for transmission of natural gas to NGV service stations of the Land Transportation Association of Thailand (Nam Pong). The contract for this project was signed with PTT Public Company Limited with contract value of Baht 58.14 million and 353-day milestone timeline.
2. Kanlapaphruek Road Widening Project and other public utility works from the Department of Highways, the Metropolitan Electricity Authority, and the Metropolitan Waterworks Authority. Worth Baht 849.72 million with 900-day milestone timeline, these project and assignments have been undertaken by Sahakarn Wisavakorn Co., Ltd.

If combining, first, the new projects, as listed above, worth Baht 907.86 million in total and, second, the construction work under the not-yet-signed 32,371.44-million baht contract with

APOT which is part of the Turnkey Delivery of APOT Project Package 2, Surface Processing and Facilities with the unrealized revenues of backlog as of the 31 December 2016, TRC Group would have a significant increase of backlog with the total value of approximately Baht 36,958.89 million.

In 2017 the public sector continued the acceleration of investment in large-scale projects in accordance with the national economic development plan, e.g. Hua Hin — Prachuap Khiri Khan double-track railway project, Bang Yai — Kanchanaburi expressway project, etc. in an effort to convince and encourage businesses in private sector to have confidence in the national economy and follow in the footsteps of the state agencies in terms of investment. The first quarter of 2017 has optimistically seen bidding activities from some businesses in the energy and petrochemical industries. For example, the PTT

Public Company Limited; a corporation providing all-round natural gas-related services, has announced its invitation to bid for the construction of large-scale natural gas transmission network which consists of 2 projects as follows:- Natural Gas Transmission Pipeline from Ratchaburi-Wangnoi#6 (RA#6) Block Valve Station Project; and Route-5 Onshore Natural Gas Transmission Pipeline Project. The Company, in collaboration with foreign business alliance, has joined the bidding in order to explore new business opportunities and reinforce construction-related technological development. In addition, Sahakarn Wisavakorn Co., Ltd. has continually moved forward with its planning to secure, by means of bidding, more state-owned transport infrastructure projects e.g. double-track railway, electrical rail system. TRC Group is confident that within 2017 the Group would be able to add more of large-scale projects into its business portfolio.

2. Operating Results and Profitability

● Revenues

- Construction Service Revenues

(Unit: Million Baht)

Construction Service Revenues	2016		2015		Increase (Decrease)	
	Baht	%	Baht	%	Baht	%
- Pipeline system	1,796.41	48.59	2,108.36	54.34	-311.95	-14.80
- Engineering system	1,158.54	31.33	1,534.59	39.55	-376.05	-24.50
- Civil work	742.35	20.08	236.12	6.08	506.23	214.40
- Sales and other services	0.00	0.00	1.10	0.03	-1.10	-100.00
Total	3,697.30	100.00	3,880.17	100.00	-182.87	-4.71

Construction Service Revenues As most of the revenues in this section were from the long-term projects carried over from last year, coupled with the fact that a certain portion of the revenues from this year's backlog was already recognized and reported in last year's statements, the 2016's construction service revenues has seen a drop as a result. The Company's construction service revenues can be broadly categorized as follows.

- Revenues from pipeline system construction. The 2016's revenues under this category were from the 1st Transmission Pipeline Life Extension 28" Recoating Section project awarded by PTT Public Company Limited, and the Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh

Samui District, Surat Thani Province awarded to Sahakarn Wisavakorn Co., Ltd. by the Provincial Waterworks Authority.

- Revenues from engineering system service. The 2016's revenues under this category were from 450 TPD Biodiesel Plant Project, New Incinerator Project, and the supply, installation, and commissioning of cigarette making machinery and equipment used in the dry-ice expanded tobacco (DIET) process; this last project was awarded by Thailand Tobacco Monopoly, the Ministry of Finance.
- Revenues from civil work. The 2016's revenues under this category were from Srinakarin to Romklao Road Phase I Project awarded by the Bangkok Metropolitan

Administration and other assignments awarded by relevant state agencies.

Interest Income and Other Income. This consists of Baht 3.20 million interest income and Baht 36.40 million other income, or equal to Baht 39.60 million in total which presented a decrease of Baht 35.26 million, or 47.10%, from the previous year. A year-on-year drop of income in this category was a result of the reporting of gain on disposal of land at Phlu Ta Luang, Chonburi Province in 2015 in the amount of Baht 63.83 million, plus the worsening of the Company's liquidity position in 2016 which led to less cash surplus for investment in mutual fund that yields high rate of return but for short-term only.

● Costs of Construction Services

In 2016, the total costs of construction services were Baht 2,946.65 million, reflecting a decrease of Baht 295.74 million, or 9.12% which is relative to the declining construction service revenues. The main costs of the Company and its subsidiaries are raw materials and labor costs.

● Administrative Expenses and Finance Cost

In 2016, administrative expenses and finance cost of the Company and its subsidiaries were Baht 349.80 million and Baht 17.03 million respectively. The administrative expenses increased Baht 17.54 million, accounting for 5.28%, chiefly as a result of a loss from exchange rate after applying changes in foreign exchange rate to the reported figures of assets and

liabilities at the end of accounting period. This loss on exchange rate, though not actually incurred at year end, was reported for purpose of accounting records. The Company mitigated foreign exchange risk through the use of forward currency contract. The year-on-year Baht 12.27 million increase of finance cost was the result of the interest expenses from debentures and short-term loans which the Company had taken out for use as working capital. The Company issued 2-year maturity debentures worth Baht 100 million in July 2015 and Baht 200 million in March 2016.

● Share of Loss from Investments in Associates

Due to the Company's investments in ASEAN Potash Chaiphaphum Public Company Limited ("APOT") with 26.22% of shareholding which require the Company to recognize APOT's profit and/or loss from operation on the basis of equity method, the Company's share of loss from investments in APOT was reported at Baht 32.94 million. At present, the construction of APOT's potash mining project in Chaiphaphum Province is underway.

● Income Tax Expenses

In 2016 the income tax expenses of the Company and its subsidiaries increased from the previous year by Baht 23.80 million, or 31.93%, to Baht 98.34 million due to a higher deferred tax than last year. 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)	
	2016	2015	2016	2015
TRC Construction Public Co., Ltd. (TRC)	668.63 29.12%	686.73 19.58%	357.93 15.03%	399.13 11.18%
Sahakarn Wisavakorn Co., Ltd. (SKW)	44.04 4.50%	(69.50) (29.43%)	13.82 1.37%	(67.73) (26.46%)
Hydrotek Sahakarn Joint Venture	25.89 6.12%	12.76 9.29%	20.38 4.81%	9.95 7.24%
The Company and its subsidiaries	750.65 20.30%	637.78 16.44%	290.76 7.78%	305.96 7.74%

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

- Gross profit margin

In 2016 the gross profit margin was 20.30%, higher than last year's margin of 16.44%. The gross profit margin of each company was as follows:

- TRC Construction Public Company Limited reported its gross profit margin at 29.12%, up from the previous year's margin of 19.58% due to lower costs of construction after many large-scale projects had drawn to an end.
- Sahakarn Wisavakorn Co., Ltd.'s gross profit margin was 4.50%. Note that Sahakarn Wisavakorn's gross profit margin in 2015 was negative due to some changes made to one of its projects.
- Hydrotek Sahakarn Joint Venture's gross profit margin was 6.12%, falling from last

year's margin of 9.29% due to the revision and adjustments to the construction estimates in line with the progress of work; the purpose of such revision is to narrow the disparity between the estimates and the actual costs incurred.

- Net Profit and Operating Profit by Business Segment

In 2016 the Company and its subsidiaries posted a net profit of Baht 290.76 million, down by Baht 15.20 million from last year's net profit of Baht 305.96 million. Revenues from construction service and profits by business segment were shown in Note 34 to the Financial Statements. Business segment revenues in descending order were pipeline system, engineering system, and civil work with proportion of 48.59%, 31.33%, and 20.08% respectively. The Company's net profit was primarily generated from pipeline system construction service.

● Return on Shareholders' Equity

The Company paid dividends from its operating results from 2012 to 2016 as follows:

Operating results	Par Value (Baht/share)	Dividend Payment (Baht/Share)		Amount (Million Baht)		Cash/Stock Dividend Payment to Net Profit after Legal
		Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend	
2012	0.50	0.050358	0.083336 (6 existing shares per 1 new share)	33.89	56.07	52.93%
2013	0.50	0.05	-	40.82	-	52.85%
2014	0.125	0.003472	0.03125 (4 existing shares per 1 new share)	11.54	103.82	45.63%
2015	0.125	0.01	0.0156250 (8 existing shares per 1 new share)	45.64	71.30	30.48%
2016	0.125	0.004	0.0178571 (7 existing shares per 1 new share)	20.54	91.71	30.01%

Note: The cash/stock dividend payment for the 2016 operating results will be proposed to the 2017 Annual General Meeting of Shareholders for approval on April 28, 2017.

3. Financial Position Analysis

● Total Assets

As of 31 December 2016, the total assets of the Company and its subsidiaries were Baht 5,003.16 million, increasing by Baht 431.29 million or 9.43% from the preceding figure as of 31 December 2015. Details were as follows:

	31 December 2016	31 December 2015	Increase (Decrease)	%
Current assets	2,873.62	3,316.06	(442.44)	(13.34)
Non-current assets	2,129.54	1,255.81	873.73	69.58
Total assets	5,003.16	4,571.87	431.29	9.43

(Unit: Million Baht)

► Current assets were down by Baht 442.44 million.

Significant transactions are as follows:

1. Cash and cash equivalents were Baht 109.03 million, decreasing Baht 1,180.40 million, or 91.54%, from last year due to the following.

1.1 The reported net cash flows from operating activities of Baht 388.94 million. The transaction resulting in a significant change was:

- Advance payment made to subcontractors as per construction contract in the amount of Baht 368.55 million;

1.2 The reported net cash flows used in investing activities of Baht 1,038.13 million. The transaction resulting in a significant change was:

- Cash paid for purchase of APOT shares in the amount of Baht 906.05 million

1.3 The reported net cash flows from financing activities of Baht 246.64 million. The transaction resulting in a significant change was:

- + Cash received from issuance of debentures in the amount of Baht 200 million

2. The unbilled receivable was up from Baht 1,203.02 million to Baht 1,762.97 million, representing an increase of 72.33% due to the inability to issue invoices to collect payment for the completed works until all conditions of the relevant construction contracts are fulfilled.

► Non-current assets increased from Baht 1,255.81 million to Baht 2,129.54 million. A significant transaction is as follows: Investments in Associates. During the first half of 2016, TRC Investment Limited made long-term investment in APOT through a purchase of additional ordinary shares in the amount of Baht 906.05 million. Thus, after the adjustment in relation to the reported Baht 32.94 million share of loss from investment in associates, the investment in associates presented a net increase of Baht 873.11 million.

● Liabilities and Shareholders' Equity

	31 December 2016	31 December 2015	Increase (Decrease)	%
Current liabilities	2,042.75	1,966.19	76.56	3.89
Non-current liabilities	276.56	185.03	91.53	49.47
Total liabilities	2,319.31	2,151.22	169.09	7.81
Shareholders' equity	2,683.85	2,420.65	263.20	10.87
Total liabilities and shareholders' equity	5,003.16	4,571.87	431.29	9.43

(Unit: Million Baht)

► Current liabilities increased from Baht 2,151.22 million as of the end of 2015 to Baht 2,319.31 million. A significant transaction was the private placement of Baht 200 million debentures during 2016. The proceeds from selling these debentures were fully allocated as working capital.

► Shareholders' equity increased 10.87% from Baht 2,420.65 million to Baht 2,683.85 million, consisting of the following items.

Shareholders' equity opening balance	2,420.65	million
Issuance of ordinary shares by exercise of ESOP-W2	18.48	million
Total comprehensive income	290.49	million
Total dividend payment	(45.64)	million
Others	(0.13)	million
Shareholder's equity closing balance as of 31 December 2016	<u>2,683.85</u>	<u>million</u>

● Paid-up Capital

At the end of 2016, the Company's registered capital was Baht 726,373,442.88 and its paid-up capital increased from last year by Baht 76,652,458 to Baht 641,998,220. The increase of capital in 2016 resulted from:

- The conversion of warrants to 42,783,587 ordinary shares by exercising ESOP-W2; and
- the issuance of 570,436,077 shares as stock dividend for the year 2015.

4. Liquidity and Fund Adequacy

The sources of funds of the Company and its subsidiaries encompassed proceeds from business operations, shareholders' equity, issuance of debentures, and loans from commercial banks. Loans taken out by the Company for purpose of project management are usually short-term or medium-term and through the project financing arrangement which normally requires the borrower to provide to the lending bank a fixed deposit as collateral for credit facilities. However, with the continually improved operating results and strong financial position, the Company and Sahakarn Wisavakorn Co., Ltd. were successful in negotiating with various financial institutions for exemption from the collateral requirement. In 2016 the Company was able to manage the liquidity efficiently and pay dividends to the shareholders periodically.

Consolidated financial statements			
Year	Current Ratio (Times)	Cash Ratio (Times)	Increase in cash from operations according to cash flow statements (Million Baht)
2016	1.41	(0.19)	(388.94)
2015	1.69	0.32	511.16
2014	1.72	0.61	593.08

(Unit: Million Baht)

Consolidated Statement of Cash Flows	2016	2015	2014
Cash flows received from (spent on) operating activities	(388.94)	511.16	593.08
Cash flows received spent on investing activities	(1,038.12)	(628.54)	(112.35)
Cash flows spent on financing activities	246.64	798.10	(69.09)
Increase (decrease) of currency translation differences	0.02	2.05	(0.54)
Net increase (decrease) of cash and cash equivalents	(1,180.04)	682.77	411.10
Cash and cash equivalents at the beginning of year	1,289.43	606.66	195.56
Cash and cash equivalents at the end of year	109.03	1,289.43	606.66

As of 31 December 2016, current ratio of the Company and its subsidiaries was 1.41 times, presenting a decrease if compared to 1.69 times in last year and cash ratio was also down from last year's 0.32 times to (0.19) times as a result of the net cash flows spent on operating activities in the amount of Baht 388.94 million (this amount as shown on the statements was negative).

Significant transactions affecting 2016's cash ratio and net cash flows from operating activities were as follows.

- Advance payment made to a subcontractor hired to work on one of the construction projects. Due to the specific

know-how provided by this subcontractor, the terms and conditions of the contract between the Company and this subcontractor required a larger amount of advance payment than usual.

- Most construction projects undertaken by the Company were subject to payment conditions of progress billings where the Company could bill its client for a specific percentage of the contract value that reflects the actual quantity of works completed. As it sometimes took 3 to 4 months for the process of billing and collecting payment from a client, the total amount of unbilled receivables as of the end of 2016 spiked up tremendously compared to the year before.

Capital Adequacy Ratio

Financial Ratio	2016	2015
Debt to equity ratio (times)	0.86	0.89
Interest-bearing debt to equity ratio (times)	0.16	0.06
Debt repayment ratio (times)	3.99	28.27

The Company's interest-bearing debt to equity ratio and debt repayment ratio as of 31 December 2016 were 0.16 times and 3.99 times respectively. Both ratios presented deteriorating debt-related performance compared to last year due to, for the former ratio, the increasing debt burden from loans taken out for use as working capital and, for the latter ratio, the long-term liabilities maturing within a year coupled with the rising loan interest payables. Despite both ratios being less satisfying than last year, both remained well within the threshold set for

the issuance of debentures, that is, the interest-bearing debt to equity ratio not exceeding 2 times and debt repayment ratio not lower than 3 times.

5. Contractual Obligations and Off-Balance Sheet Arrangements

The details were disclosed in Note 35 to the financial statements: Contractual Obligations and Contingent Liability.

6. Factors Affecting Future Operating Results

During the years 2015 and 2016, TRC Investment Limited invested in 6.30 million ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (“APOT”) in addition to 750,000 shares which had been previously purchased by TRC International Limited during the period of 2012 up to 2015. As a result, TRC Group’s stake in APOT as of 31 December 2016 became 26.22% (23.43% was held by TRC Investment Limited and 2.79% by TRC International Limited), making it necessary for the Company to recognize APOT’s profit and/or loss on the basis of equity method in accordance with the accounting standards. Owing to the fact that APOT is presently raising funds to finance the development of projects from varied sources of capital e.g. loans from financial institutions, etc. the construction of the project could not commence so far and, with respect to the project for which the Company has already obtained a Letter of Award (Surface Processing and Facilities work which consists of a potash mining plant, office building, power plant, and other utility works), the contract signing had to be postponed. As a consequence, the reporting of APOT’s net loss will continue to have effect on the Company’s consolidated financial statements for reasons of accounting standards that require the Company to recognize share of profit/

loss of its associates. Furthermore, in case of APOT’s decision to increase its capital in order to finance the development of project, it will become necessary for the Company to make additional investment in APOT shares. And if that’s the case, the Company will carry out its plan to raise funds by issuing debentures worth Baht 2,000 million. Though the issuance of debentures will make the Company’s debt to equity ratio rise from the present level of 0.86 times, the adjusted ratio after issuance of debentures will still be well within the threshold of 2.00 times and also meet the requirements for debenture issuance. Even so, the Company is firmly confident that APOT will get financial support from both shareholders and financial institutions and be able to execute a contract for the Turnkey Delivery of APOT Project Package 2, Surface Processing and Facilities within 2017. Note that the value of this to-be-signed contract is approximately Baht 32,371.44 million (after deduction of Baht 711.36 million for Early Work) and the schedule period of construction is 3 years. It is anticipated that once the APOT’s business is commercially operated, the Company’s investment in APOT will get a worthwhile return in form of dividend payment and/or profit from selling APOT shares (if APOT becomes a listed company by then)

15.

Financial Statements

TRC Construction Public Company Limited and its subsidiaries
Report and consolidated financial statements
31 December 2016

Independent Auditor's Report

To the Shareholders of TRC Construction Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TRC Construction Public Company Limited for the same period.

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 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities

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

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Revenue recognition relating to construction contracts

The Company and its subsidiaries have disclosed its policies on revenue recognition for services provided under construction contracts, cost estimates for projects under construction contracts and allowance for loss on projects under construction contracts in Notes 4.1 and 5 to the financial

statements. I identified revenue recognition and estimation of possible losses from construction contracts to be areas of significant risk in the audit. This is because the amount of revenue that the Company and its subsidiaries recognise from such construction contracts in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition, and the estimation of possible losses are areas requiring management to exercise significant judgment to assess the percentage of completion, the probability of loss, and the measurement of possible loss. There are therefore risks with respect to amount of the recognition of revenue and provisions for construction contracts.

I assessed and tested the internal controls put in place by the Company and its subsidiaries over the process of entering into contracts, estimates of project costs and revisions thereto, recognition of revenue and estimation of percentage of completion and possible losses under construction contracts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. I also read the contracts, circularised requests for confirmation regarding the amount and the terms of the contracts, inquired with the management about the terms of and risks associated with these contracts relevant to revenue recognition and estimates of possible loss. I made enquiries of responsible executives, gain an understanding of the Company and its subsidiaries' processes to assess the percentage of completion and cost estimates for projects, compared actual costs with supporting documents and tested the calculation of the percentage of completion based on actual costs incurred. In addition, I compared the percentage of completion as determined by the project management to the assessment report sent to the project owners, considered the consistency of these figures with supporting documents and obtained a letter of representation from the project management, and reviewed the rationale for the conclusion reached by management as a result of comparison of the percentage of completion as evaluated by the project management and actual costs incurred. I evaluated the possible losses on projects assessed by the management through an analysis of the gross profit of the construction against cost estimates for projects.

Investment in subsidiaries

As discussed in Note 13 to the financial statements, the

Company has a significant balance of investment in subsidiary companies which Thai Financial Reporting Standards required to consider for provision for impairment set up. In determining the impairment loss, the management had to exercise judgement with respect to its projections of future operating performance of subsidiary companies in the group, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of the impairment loss recorded on investment in subsidiaries.

I gained an understanding of and assessed the assumptions applied in preparing plans and cash flow projections, based on the understanding I gained of the process by which the figures were arrived at, comparison of the assumptions with external and internal sources of information and comparison of the past cash flow projections with actual operating results in order to assess the exercise of management judgement in estimating cash flow projections. In addition, I gained an understanding of and assessed the discount rate and considered the scope and probability of potential changes in the key assumptions, and I performed a sensitivity analysis on the returns expected to be realised on the investments.

Other Information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon. The annual report of the Group is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher

than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.


I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be

communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Pimjai Manitkajohnkit.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 22 February 2017

TRC Construction Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

(Unit: Euro)					
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Assets					
Current assets					
Cash and cash equivalents	7	109,025,647	1,289,427,603	28,839,738	751,701,030
Current investments		360,770	-	360,770	-
Trade and other receivables	6,8	410,822,454	636,308,426	371,285,819	534,785,535
Unbilled receivables	6,9	1,762,972,802	1,023,022,679	1,122,213,280	937,257,721
Accounts receivable - retention under construction contracts	6,9	87,470,674	164,027,050	46,090,122	147,064,107
Advances paid to subcontractors under construction contracts		437,016,510	68,468,479	57,273,278	32,680,133
Construction in progress		-	27,151,379	-	-
Construction supplies	10	7,121,759	14,323,750	7,121,759	14,323,750
Short-term loans to related parties	6	-	-	2,616,119	498,215,444
Withholding tax deducted at source	11	28,632,853	36,527,392	-	14,416,694
Other current assets		30,191,694	56,799,968	18,940,748	35,107,932
Total current assets		2,873,615,163	3,316,056,726	1,654,741,633	2,965,552,346
Non-current assets					
Restricted deposits at financial institutions	12	16,299,928	36,341,988	-	3,356,698
Long-term loans to related parties	6	-	-	1,306,517,215	-
Investments in subsidiaries	13	-	-	475,823,307	475,875,637
Investment in associate	14	1,328,332,542	-	-	-
Investments in joint venture	15	2,375,587	2,375,587	2,375,587	2,375,587
Other long-term investments	16	-	455,225,624	-	-
Property, plant and equipment	17	726,614,258	706,700,651	695,544,688	660,582,785
Intangible assets	18	14,511,380	8,023,118	13,970,383	7,404,539
Deferred tax assets	30	33,649,861	38,419,247	9,053,360	9,773,225
Other non-current assets		7,761,053	8,728,533	7,640,752	8,653,733
Total non-current assets		2,129,544,609	1,255,814,748	2,510,925,292	1,168,022,204
Total assets		5,003,159,772	4,571,871,474	4,165,666,925	4,133,574,550

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 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Liabilities and shareholders ' equity					
Current liabilities					
Short-term loans from financial institutions	19	104,254,642	-	104,254,642	-
Trade and other payables	6,20	441,452,302	552,784,249	331,712,398	411,672,175
Unbilled payables		923,470,468	967,852,967	397,920,399	952,317,545
Accounts payable - retention under construction contracts		51,232,237	37,405,074	24,570,552	25,935,678
Advances received from customers under construction contracts	6,9	345,741,682	320,987,399	91,226,242	92,353,484
Short-term loan from related party	6	-	-	30,000,000	-
Provision for liabilities under construction projects	21	23,007,490	20,803,791	18,214,808	12,352,722
Current portion of debentures	22	100,000,000	-	100,000,000	-
Current portion of liabilities under finance lease agreements	23	12,805,870	12,531,806	8,997,137	8,600,433
Income tax payable		19,712,770	1,432,892	18,479,492	571,321
Other current liabilities	24	21,068,592	52,392,866	19,000,168	39,202,355
Total current liabilities		2,042,746,053	1,966,191,044	1,144,375,838	1,543,005,713
Non-current liabilities					
Debentures - net of current portion	22	200,000,000	100,000,000	200,000,000	100,000,000
Liabilities under finance lease agreements - net of current portion	23	17,213,832	31,072,138	7,232,841	16,230,068
Provision for long-term employee benefits	25	39,345,061	33,952,891	35,100,524	31,286,216
Provision for litigation	36.1	20,000,000	20,000,000	20,000,000	20,000,000
Total non-current liabilities		276,558,893	185,025,029	262,333,365	167,516,284
Total liabilities		2,319,304,946	2,151,216,073	1,406,709,203	1,710,521,997

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Shareholders' equity					
Share capital	26				
Registered					
5,810,987,543 ordinary shares of Baht 0.125 each					
(2015: 5,242,871,458 ordinary shares of Baht 0.125 each)		726,373,443	655,358,932	726,373,443	655,358,932
Issued and paid-up					
5,135,985,760 ordinary shares of Baht 0.125 each					
(2015: 4,522,766,096 ordinary shares of Baht 0.125 each)		641,998,220	565,345,762	641,998,220	565,345,762
Share premium	26	1,041,739,823	1,010,975,808	1,041,739,823	1,010,975,808
Capital reserve for share-based payment	27	-	10,461,029	-	10,461,029
Subscription received in advance from exercise of warrants	27	-	7,310,526	-	7,310,526
Retained earnings					
Appropriated - statutory reserve	28				
The Company		72,637,344	56,534,575	72,637,344	56,534,575
Subsidiaries		4,108,018	4,108,018	-	-
Unappropriated		941,490,510	778,265,668	1,002,582,335	772,424,853
Other components of shareholders' equity		10,587,063	10,842,835	-	-
Equity attributable to owners of the Company		2,712,560,978	2,443,844,221	2,758,957,722	2,423,052,553
Non-controlling interests of the subsidiaries		(28,706,152)	(23,188,820)	-	-
Total shareholders' equity		2,683,854,826	2,420,655,401	2,758,957,722	2,423,052,553
Total liabilities and shareholders' equity		5,003,159,772	4,571,871,474	4,165,666,925	4,133,574,550

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 2016

(Unit: Baht)

(Unit: Euro)					
		Consolidated financial statements		Separate financial statements	
	Note	2016	2015	2016	2015
Revenues					
Construction services income	6	3,697,299,870	3,880,171,798	2,295,844,987	3,506,659,619
Interest income	6	3,200,283	11,029,496	63,530,044	16,163,372
Other income	6	36,394,961	63,831,087	22,118,152	43,118,545
Total revenues		3,736,895,114	3,955,032,381	2,381,493,183	3,565,941,536
Expenses					
Cost of construction services	6	2,946,647,433	3,242,393,750	1,627,211,616	2,819,925,685
Administrative expenses		349,798,970	332,262,966	291,016,992	262,768,219
Doubtful debt (reversal)		7,030,481	127,330	(286,759)	(17,165,551)
Total expenses		3,303,476,884	3,574,784,046	1,917,941,849	3,065,528,353
Profit before share of loss from investment in associate, finance cost and income tax expenses		433,418,230	380,248,335	463,551,334	500,413,183
Share of loss from investment in associate	14	(32,941,177)	-	-	-
Profit before finance cost and income tax expenses		400,477,053	380,248,335	463,551,334	500,413,183
Finance cost	6	(17,033,628)	(4,753,765)	(16,489,375)	(3,931,497)
Profit before income tax expenses		383,443,425	375,494,570	447,061,959	496,481,686
Income tax expenses	30	(98,337,639)	(74,543,829)	(89,132,575)	(97,355,002)
Profit for the year		285,105,786	300,950,741	357,929,384	399,126,684
Profit attributable to:					
Equity holders of the Company		290,756,099	305,963,357	357,929,384	399,126,684
Non-controlling interests of the subsidiaries		(5,650,313)	(5,012,616)		
		285,105,786	300,950,741		
Earnings per share					
Basic earnings per share	31	0	0		
Profit attributable to equity holders of the Company		0.057	0.063	0.070	0.082
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.057	0.062	0.070	0.081

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 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit for the year		285,105,786	300,950,741	357,929,384	399,126,684
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		(122,791)	3,813,341	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(122,791)	3,813,341	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gains (loss) on employee benefit	25	6,888,927	(1,835,483)	6,588,121	(1,104,941)
Income tax effect	30	(1,377,785)	367,097	(1,317,624)	220,988
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		5,511,142	(1,468,386)	5,270,497	(883,953)
Other comprehensive income for the year		5,388,351	2,344,955	5,270,497	(883,953)
Total comprehensive income for the year		290,494,137	303,295,696	363,199,881	398,242,731
Total comprehensive income attributable to:					
Equity holders of the Company		296,011,469	309,750,052	363,199,881	398,242,731
Non-controlling interests of the subsidiaries		(5,517,332)	(6,454,356)		
		290,494,137	303,295,696		

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from operating activities				
Profit before tax	383,443,425	375,494,570	447,061,959	496,481,686
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	114,097,891	79,401,685	98,919,787	61,841,270
Bad debt and allowance for doubtful debt (reversal)	7,030,481	127,330	(286,759)	(17,165,551)
Unrealised loss on exchange rate	17,256,786	15,641,691	5,377,428	15,336,169
Gain on disposal of property, plant and equipment	(430,531)	(36,362,321)	(402,495)	(27,730,902)
Loss on write-off of property, plant and equipment	920,276	70,714	909,372	62,166
Loss on write-off of intangible assets	-	462,888	-	462,888
Gain from dissolution of joint venture	-	(34,472)	-	-
Share of loss from investments in associate	32,941,177	-	-	-
Expense for share - based payment transactions	506,447	3,813,682	459,532	3,350,266
Adjusted from cancelled warrants that breach the condition	(644,617)	-	(545,373)	-
Reversal of unbilled payables	-	(51,122,170)	-	(51,122,170)
Provision for liabilities under construction projects	4,984,576	8,940,635	4,984,576	1,053,927
Provision for long-term employee benefits	13,487,194	7,511,967	11,467,676	6,593,355
Interest income	(3,200,283)	(11,029,496)	(63,530,044)	(16,163,372)
Interest expenses	17,420,993	3,690,495	17,086,153	3,336,074
Profit from operating activities before changes in operating assets and liabilities	587,813,815	396,607,198	521,501,812	476,335,806
(Increase) decrease in operating assets				
Trade and other receivables	215,011,538	245,417,289	218,733,603	195,453,594
Unbilled receivables	(756,017,572)	(621,119,716)	(189,271,308)	(551,715,265)
Accounts receivable - retention	76,556,376	(86,430,310)	100,973,985	(74,430,905)
Advance paid to subcontractors under construction contracts	(368,548,031)	(55,735,254)	(24,593,145)	(22,588,064)
Construction in progress	27,151,379	(11,011,127)	-	16,106,866
Construction supplies	999,168	4,329,358	999,168	4,329,358
Other current assets	25,086,993	(22,575,097)	14,647,001	(6,429,239)
Other non-current assets	967,480	(4,642,337)	1,012,981	(4,761,974)
Increase (decrease) in operating liabilities				
Trade and other payables	(88,365,560)	54,475,393	(56,882,047)	(15,099,869)
Unbilled payables	(37,382,499)	681,072,358	(547,397,146)	692,930,177
Unearned construction revenue	-	(148,931,097)	-	(148,931,097)
Accounts payable - retention	13,827,163	9,672,883	(1,365,126)	9,214,015
Advances received from customers under construction contracts	24,754,283	211,905,264	(1,127,242)	(16,647,473)
Provision for liabilities under construction projects	(9,780,877)	(22,460,001)	(6,122,488)	(8,361,511)
Other current liabilities	(31,037,515)	(3,367,598)	(19,915,428)	(9,870,915)
Provision for long-term employee benefits	(1,206,097)	(457,334)	(1,065,247)	-
Cash flows from (used in) operating activities	(320,169,956)	626,749,872	10,129,373	535,533,504
Cash received from withholding tax refund	14,416,694	-	14,416,694	-
Cash paid for income tax	(83,188,338)	(115,584,780)	(71,822,164)	(106,046,541)
Net cash flows from (used in) operating activities	(388,941,600)	511,165,092	(47,276,097)	429,486,963

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash flows from investing activities				
Decrease (increase) in current investments	(360,770)	36,796	(360,770)	36,796
Decrease (increase) in restricted deposits at financial institutions	20,042,060	(1,798,877)	3,356,698	10,315,920
Increase in loans to related parties	-	-	(810,921,189)	(455,063,476)
Cash paid for investing in subsidiary	-	-	-	(300,000,000)
Cash received from dissolution of joint venture	-	103,741	-	-
Cash paid for purchase of investment in associate	(906,048,095)	-	-	-
Cash paid for purchase of other long-term investment	-	(405,225,624)	-	-
Interest income	4,669,882	7,809,611	6,733,708	16,991,839
Cash received from disposal of property, plant and equipments	791,245	75,870,781	763,207	65,624,288
Cash paid for purchase of property, plant and equipments	(150,282,645)	(303,399,162)	(150,203,815)	(281,271,301)
Cash paid for purchase of intangible assets	(6,937,874)	(1,940,165)	(6,937,874)	(1,577,965)
Net cash flows used in investing activities	(1,038,126,197)	(628,542,899)	(957,570,035)	(944,943,899)
Cash flows from financing activities				
Increase in short-term loans from financial institutions	104,254,642	-	104,254,642	-
Repayment of long-term loans	-	(30,500,000)	-	(30,500,000)
Cash received from short-term loans from related party	-	-	558,000,000	100,000,000
Repayment of short-term loans from related party	-	-	(528,000,000)	(100,000,000)
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	200,000,000	100,000,000	200,000,000	100,000,000
Subscription received in advance from exercise of warrants	-	7,310,526	-	7,310,526
Cash received from increase in capital due to exercise of warrants	18,478,578	37,573,666	18,478,578	37,573,666
Dividend paid	(45,635,120)	(11,535,246)	(45,635,120)	(11,535,246)
Subsidiary paid dividend to non-controlling interests of subsidiary	-	(10,642,953)	-	-
Interest expenses	(16,869,075)	(2,605,227)	(16,512,737)	(2,250,806)
Decrease in liabilities under finance lease agreements	(13,584,242)	(4,632,841)	(8,600,523)	(2,229,550)
Net cash flows from financing activities	246,644,783	798,097,925	281,984,840	811,498,590
Increase in translation adjustments	21,058	2,050,021	-	-
Net increase (decrease) in cash and cash equivalents	(1,180,401,956)	682,770,139	(722,861,292)	296,041,654
Cash and cash equivalents at beginning of the year	1,289,427,603	606,657,464	751,701,030	455,659,376
Cash and cash equivalents at end of the year (Note 7)	109,025,647	1,289,427,603	28,839,738	751,701,030

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Supplemental cash flows information				
Non-cash items consist of				
Purchase of fixed assets under financial lease	-	43,603,944	-	24,830,501
(Decrease) increase in purchase of fixed assets that have yet to be paid	(21,642,592)	17,904,367	(21,626,892)	17,968,219
Purchase of fixed assets offset against advance receivable	-	-	-	7,308,816
Transfer construction supplies to assets under construction	6,202,823	-	6,202,823	-
Interest expenses recorded as cost of project	1,531,538	190,920	1,444,946	190,920
Issuance of stock dividend	71,304,510	103,817,200	71,304,510	103,817,200
Acturial gain (loss) on employee benefit	6,888,927	(1,835,483)	6,588,121	(1,104,941)

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

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(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	Other components of equity					Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
						Retained earnings			Other comprehensive income				Total other components of shareholders' equity	Total equity attributable to owners of the Company
						Appropriated - Statutory reserve		Exchange differences on translation of financial statements in foreign currency	Deficit on revaluation of investment in subsidiaries					
						The Company	Subsidiary			Unappropriated				
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
Profit for the year		-	-	-	-	-	-	305,963,357	-	-	-	305,963,357	(5,012,616)	300,950,741
Other comprehensive income for the year		-	-	-	-	-	-	(1,468,386)	5,255,081	-	5,255,081	3,786,695	(1,441,740)	2,344,955
Total comprehensive income for the year		-	-	-	-	-	-	304,494,971	5,255,081	-	5,255,081	309,750,052	(6,454,356)	303,295,696
Increase in capital		41,250,000	671,880,000	-	-	-	-	-	-	-	-	713,130,000	-	713,130,000
Increase in capital from share dividend	32	103,817,200	-	-	-	-	-	(103,817,200)	-	-	-	-	-	-
Increase in capital from exercise of warrants		8,971,709	58,634,604	(19,309,586)	(48,296,727)	-	-	-	-	-	-	-	-	-
Subscription received in advance from exercise of warrants		-	-	-	44,884,192	-	-	-	-	-	-	44,884,192	-	44,884,192
Share-based payment transactions	27	-	-	3,813,683	-	-	-	-	-	-	-	3,813,683	-	3,813,683
Appropriated to statutory reserve	28	-	-	-	-	15,403,890	1,464,146	(16,868,036)	-	-	-	-	-	-
Dividend paid	32	-	-	-	-	-	-	(11,535,246)	-	-	-	(11,535,246)	-	(11,535,246)
Subsidiary paid dividend to non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	-	-	(10,642,953)	(10,642,953)
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	(23,188,820)	2,420,655,401
Balance as at 1 January 2016		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	(23,188,820)	2,420,655,401
Profit for the year		-	-	-	-	-	-	290,756,099	-	-	-	290,756,099	(5,650,313)	285,105,786
Other comprehensive income for the year		-	-	-	-	-	-	5,511,142	(255,772)	-	(255,772)	5,255,370	132,981	5,388,351
Total comprehensive income for the year		-	-	-	-	-	-	296,267,241	(255,772)	-	(255,772)	296,011,469	(5,517,332)	290,494,137
Increase in capital from share dividend	26,32	71,304,510	-	-	-	-	-	(71,304,510)	-	-	-	-	-	-
Increase in capital from exercise of warrants	26	5,347,948	30,764,015	(10,322,859)	(25,789,104)	-	-	-	-	-	-	-	-	-
Subscription received in advance from exercise of warrants		-	-	-	18,478,578	-	-	-	-	-	-	18,478,578	-	18,478,578
Share-based payment transactions	27	-	-	506,447	-	-	-	-	-	-	-	506,447	-	506,447
Adjusted from cancelled warrants that breach the condition	27	-	-	(644,617)	-	-	-	-	-	-	-	(644,617)	-	(644,617)
Appropriated to statutory reserve	28	-	-	-	-	16,102,769	-	(16,102,769)	-	-	-	-	-	-
Dividend paid	32	-	-	-	-	-	-	(45,635,120)	-	-	-	(45,635,120)	-	(45,635,120)
Balance as at 31 December 2016		641,998,220	1,041,739,823	-	-	72,637,344	4,108,018	941,490,510	13,542,953	(2,955,890)	10,587,063	2,712,560,978	(28,706,152)	2,683,854,826

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 2016

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	
Balance as at 1 January 2015		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		41,250,000	671,880,000	-	-	-	-	713,130,000
Increase in capital from share dividend	32	103,817,200	-	-	-	-	(103,817,200)	-
Increase in capital from exercise of warrants		8,971,709	58,634,604	(19,309,586)	(48,296,727)	-	-	-
Subscription received in advance from exercise of warrants		-	-	-	44,884,192	-	-	44,884,192
Share-based payment transactions	27	-	-	3,813,683	-	-	-	3,813,683
Appropriated to statutory reserve	28	-	-	-	-	15,403,890	(15,403,890)	-
Dividend paid	32	-	-	-	-	-	(11,535,246)	(11,535,246)
Balance as at 31 December 2015		565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	772,424,853	2,423,052,553
Balance as at 1 January 2016		565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	772,424,853	2,423,052,553
Profit for the year		-	-	-	-	-	357,929,384	357,929,384
Other comprehensive income for the year		-	-	-	-	-	5,270,497	5,270,497
Total comprehensive income for the year		-	-	-	-	-	363,199,881	363,199,881
Increase in capital from share dividend	26, 32	71,304,510	-	-	-	-	(71,304,510)	-
Increase in capital from exercise of warrants	26	5,347,948	30,764,015	(10,322,859)	(25,789,104)	-	-	-
Subscription received in advance from exercise of warrants	27	-	-	-	18,478,578	-	-	18,478,578
Share-based payment transactions	27	-	-	506,447	-	-	-	506,447
Adjusted from cancelled warrants that breach the condition		-	-	(644,617)	-	-	-	(644,617)
Appropriated to statutory reserve	28	-	-	-	-	16,102,769	(16,102,769)	-
Dividend paid	32	-	-	-	-	-	(45,635,120)	(45,635,120)
Balance as at 31 December 2016		641,998,220	1,041,739,823	-	-	72,637,344	1,002,582,335	2,758,957,722

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 2016

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	
			2016 (%)	2015 (%)
Held by the Company				
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	99.99	99.99
TRC Investment Limited	Holding company	The Republic of Mauritius	100.00	100.00
Held by the Company's subsidiaries				
CR3 and Sahakarn Joint Venture Company Limited (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	-	91.83
Hydrotek Sahakarn Joint Venture (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	49.00	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

Notes to consolidated financial statements

- 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 apply different accounting policies from the group companies, 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 2016 and 2015.
- 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, associate and joint venture under the cost method.

3. New financial reporting standards

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

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become 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, 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.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. 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 management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an

entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

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

Notes to consolidated financial statements

- 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 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

4.8 Related party transactions

Related parties comprise individuals or enterprises 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 or enterprises 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.

4.9 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.

4.10 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.

4.11 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.

4.12 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 and other long-term employee 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 and other long-term employee benefits

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. In addition, the Company and its subsidiaries provides other long-term employee benefits plan, namely long service awards.

Notes to consolidated financial statements

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.

Actuarial gains and losses arising from other long-term benefits are recognised immediately in profit and loss.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs

4.13 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.

4.14 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.

4.15 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.

4.16 Equity-settled share-based payment transactions

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

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

5. Significant accounting 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.

Notes to consolidated financial statements

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 and other long-term employee benefits

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.

Litigations

The Company and its subsidiary have contingent liabilities as a result of litigations. The Company's management has used judgement to assess of the results of the litigation, as described in Note 36.

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 financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
Transactions with subsidiary companies (eliminated from the consolidated financial statements)					
Cost of construction services	-	-	12	8	Cost plus margin
Interest income	-	-	62	8	At rate of 3.5 - 5.0% p.a.
Interest expense	-	-	1	-	At rate of 2.0 - 2.5% p.a. (2015: 5.5% p.a.)
Transactions with associated company					
Construction services income	273	-	273	-	Cost plus margin
Rental income	2	2	2	2	Contract price
Transactions with related parties					
Construction services income	133	1,132	133	1,132	Cost plus margin
Rental income	-	1	-	1	Contract price

As at 31 December 2016 and 2015, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade and other receivables - related parties (Note 8)				
Subsidiary companies	-	-	70,338	7,180
Associated company	16,086	24	16,086	24
Joint venture	61,380	70,134	61,380	70,134
Shareholder of subsidiary	-	13,464	-	-
Total	77,466	83,622	147,804	77,338

Notes to consolidated financial statements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Unbilled receivable - related parties (Note 9)				
Associated company	135,947	-	135,947	-
Joint venture	235,657	478,026	235,657	478,026
Total	371,604	478,026	371,604	478,026
Account receivable - retention under construction contracts - related parties (Note 9)				
Associated company	2,894	-	2,894	-
Joint venture	43,196	32,364	43,196	32,364
Total	46,090	32,364	46,090	32,364
Short-term loans to related parties				
Subsidiary companies	-	-	2,616	498,215
Total	-	-	2,616	498,215
Long-term loans to related parties				
Subsidiary companies	-	-	1,306,517	-
Total	-	-	1,306,517	-
Trade and other payables - related parties (Note 20)				
Subsidiary companies	-	-	39,359	11,168
Total	-	-	39,359	11,168
Advances received from customers under construction contracts - related parties (Note 9)				
Associated company	68,211	-	68,211	-
Joint venture	-	-	-	-
Total	68,211	-	68,211	-
Short-term loan from related party				
Subsidiary company	-	-	30,000	-
Total	-	-	30,000	-

As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Loans to	Related by	Separate financial statements				
		Balance as at 31 December 2015	Increase	Decrease	Exchange rate adjustment	Balance as at 31 December 2016
TRC Investment Limited	Subsidiary company	442,834	820,293	-	(3)	1,263,124
TRC International Limited	Subsidiary company	55,381	-	(9,372)	-	46,009
TRC Engineering LLC	Subsidiary company	56,623	-	-	-	56,623
Total		554,838	820,293	(9,372)	(3)	1,365,756
Less: Allowance for doubtful debts		(56,623)	-	-	-	(56,623)
Net		498,215	820,293	(9,372)	(3)	1,309,133

Loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2015: 3.5% - 7.0% per annum) and due for repayment on demand.

(Unit: Thousand Baht)

Short-term loan from	Related by	Separate financial statements			
		Balance as at 31 December 2015	Increase	Decrease	Balance as at 31 December 2016
Sahakarn Wisavakorn Company Limited	Subsidiary company	-	558,000	(528,000)	30,000

Short-term loans from related party carried interests at rates of 2.5% per annum (2015: 5.5% per annum) and due for repayment on demand.

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Short-term employee benefits	35	35	34	35
Post-employment benefits	3	4	3	4
Share-based payment	-	1	-	1
Total	38	40	37	40

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.5.

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cash	1,522	1,724	714	723
Deposits at financial institutions	67,941	659,138	28,126	450,086
Investment in mutual fund	39,563	178,566	-	892
Investment in bill of exchanges	-	450,000	-	300,000
Total	109,026	1,289,428	28,840	751,701

As at 31 December 2016, deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.10% and 0.63% per annum (2015: between 0.25% and 2.07% per annum).

Notes to consolidated financial statements

8. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	71,001	66,313	71,001	66,313
Past due				
Up to 3 months	3,132	-	3,132	-
Total trade accounts receivable - related parties, net	74,133	66,313	74,133	66,313
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	293,351	530,901	183,934	436,642
Past due				
Up to 3 months	36,871	16,492	36,871	16,460
Over 12 months	13,904	18,391	-	4,383
Total trade accounts receivable - unrelated parties	344,126	565,784	220,805	457,485
Less: Allowance for doubtful debts	(11,928)	(16,311)	-	(4,383)
Translation adjustment	(1,976)	(2,081)	-	-
Total trade accounts receivable - unrelated parties, net	330,222	547,392	220,805	453,102
Total trade accounts receivable - net	404,355	613,705	294,938	519,415
Other receivables				
Advance to related parties	3,333	17,309	11,087	6,304
Interest receivable from related parties	-	-	72,011	10,448
Others	3,261	5,421	2,677	4,346
Total other receivables	6,594	22,730	85,775	21,098
Less: Allowance for doubtful debt	(127)	(127)	(9,427)	(5,727)
Total other receivables - net	6,467	22,603	76,348	15,371
Total trade and other receivables - net	410,822	636,308	371,286	534,786

The Company and the subsidiary transferred rights to receive payment under construction contracts to secure the credit facilities with financial institutions. Pledged accounts receivable amounting to Baht 390 million included in the accounts receivable balance as at 31 December 2016 (the Company only: Baht 281 million) (2015: Baht 524 million, the Company only: Baht 503 million).

9. Unbilled receivables/advances received from customers under construction contracts

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Unbilled receivables and advances received from customers under construction contracts				
Project value as per contracts	12,318,555	15,970,882	9,505,832	11,410,511
Accumulated amount recognised as revenue on percentage of completion basis	8,635,376	10,461,802	7,025,902	7,641,130
Less: Value of total billed	(7,218,145)	(9,853,194)	(5,994,915)	(6,796,225)
Translation adjustment	-	93,428	-	-
Unbilled receivables	1,762,973	1,023,023	1,122,213	937,258
Advances received from customers	(345,742)	(320,987)	(91,226)	(92,353)
Total	1,417,231	702,036	1,030,987	844,905
Retention receivables as per contracts	87,471	164,027	46,090	147,064

10. Construction supplies

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
	Cost		Reduce cost to net Realisable value		Construction supplies - net	
	2016	2015	2016	2015	2016	2015
Construction supplies	10,194	20,072	(3,072)	(5,748)	7,122	14,324
Total	10,194	20,072	(3,072)	(5,748)	7,122	14,324

11. Withholding tax deducted at source

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Year 2013	-	14,416	-	14,416
Year 2014	14,250	14,250	-	-
Year 2015	7,861	7,861	-	-
Year 2016	6,522	-	-	-
	28,633	36,527	-	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 Government Agency related.

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 its subsidiaries, as described in Note 35.4.

Notes to consolidated financial statements

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	
			2016	2015	2016	2015	2016	2015
					(%)	(%)	Baht	Baht
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	500,000,000 Baht	500,000,000 Baht	99.99	99.99	620,894,691	620,947,021
TRC Investment Limited	Holding company	The Republic of Mauritius	USD 1	USD 1	100.00	100.00	32	32
Total							620,894,723	620,947,053
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							475,823,307	475,875,637

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

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method							
			2016	2015	2016	2015	2016	2015						
					(%)	(%)	Baht	Baht						
Held by Sahakarn Wisavakorn Company Limited														
CR3 and Sahakarn Joint Venture Company Limited	Construction services	Thailand							-	Baht 6,000,000	-	91.83	-	5,509,700
Hydrotek Sahakarn Joint Venture	Construction services	Thailand							Baht 1,000,000	Baht 1,000,000	49.00	49.00	490,000	490,000
Held by TRC Investment Limited									HKD 10	HKD 10	100.00	100.00	33	33
TRC International Limited	Investor	Hong Kong												
Held by TRC International Limited														
TRC Middle East LLC	Construction services	Sultanate of Oman	Omani Rial 150,000	Omani Rial 150,000	70.00	70.00	12,322,330	12,322,330						
TRC Engineering LLC	Construction services	Sultanate of Oman	Omani Rial 250,000	Omani Rial 250,000	70.00	70.00	13,654,506	13,654,506						
Total							26,466,869	26,466,869						
Less: Allowance for loss on impairment of investment							(25,976,836)	(13,654,506)						
Total investments in subsidiaries which are held by the Company's subsidiaries - net							490,033	12,812,363						

Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, and Hydrotek Public Company Limited agree that the subsidiary will be responsible for project execution of Hydrotek Sahakarn Joint Venture whereas Hydrotek Public Company Limited will not share any gain and loss as well as damage maybe arisen from this project.

On 1 December 2015, Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, registered the dissolution of CR3 and Sahakarn Joint Venture Company Limited with the Ministry of commerce and completed the liquidation process on 28 December 2015. On 14 January 2016, CR3 and Sahakarn Joint Venture Company Limited had already returned the capital to the Subsidiary.

On 10 March 2016, the Meeting No. 3/2016 of the Company's Board of Directors passed a resolution to approve the closure of TRC Middle East LLC and TRC Engineering LLC. On 31 December 2016, these subsidiaries have been in the liquidation process.

14. Investments in associate

14.1 Details of associate

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016	2015	2016	2015	2016	2015
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Held by TRC Investment Limited								
ASEAN Potash Chaiyaphum Public Company Limited	Mining Industries	Thailand	23.43	-	1,261,274	-	1,231,926	-
Held by TRC International Limited								
ASEAN Potash Chaiyaphum Public Company Limited	Mining Industries	Thailand	2.79	-	100,000	-	96,407	-
Total					1,361,274	-	1,328,333	-

On 6 January 2015, TRC International Limited (TRCI), which is the Company's subsidiary in Hong Kong, increased its investment in ASEAN Potash Chaiyaphum Public Company Limited (APOT) 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 Chaiyaphum 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.

During January and May 2016, TRC Investment Limited made the second through fourth payments for the 4.5 million share subscription totaling Baht 906 million. As a result, TRC Group's shareholding in APOT increased to 26.22%, consisting of 23.43% shareholding of TRC Investment Limited and 2.79% shareholding of TRC International Limited, with APOT's current paid-up capital as of 31 December 2016 of Baht 2,688 million and classifies this investment as investment in an associate.

14.2 Share of loss

During the years, the Company and its subsidiary has recognized its share of loss from investments in associate company in the consolidated financial statements as follows:

	(Unit: Thousand Baht)	
	Share of loss from investments in associate during the year	
	2016	2015
ASEAN Potash Chaiyaphum Public Company Limited	32,941	-
Total	32,941	-

Notes to consolidated financial statements

14.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	2016
Current assets	330
Non-current assets	5,595
Current liabilities	184
Non-current liabilities	4,020
Net assets	1,721
Shareholding percentage (%)	26.22
Share of net assets	451
Elimination entries	(7)
Goodwill	884
Carrying amounts of associates based on equity method	1,328

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December 2016
Revenue	4
Profit (loss)	(101)
Other comprehensive income	-
Total comprehensive income	(101)

15. Investment in joint venture

Details of investment in joint venture is as follows:

(Unit: Thousand Baht)

Joint venture	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	
		2016	2015	2016	2015	2016	2015	2016	2015
		(%)	(%)						
Held by the Company									
Sinopec-TRC Joint Venture	Construction	30	30	2,376	2,376	2,376	2,376	-	-
Total				2,376	2,376	2,376	2,376	-	-

The consolidated financial statements for the year ended 31 December 2016 and 2015 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.

16. Other long-term investments

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2016	2015	2016	2015	2016	2015
					(%)	(%)	Baht	Baht
Held by TRC Investment Limited								
Asia Africa Energy Limited	Holding company	Hong Kong	-	USD 64	-	5.00	-	2,010
Rainbow Power Integrated Concept Limited	Development and investment in natural gas sector	Nigeria	-	USD 6,957	-	8.00	-	243,518
ASEAN Potash Chaiyaphum Public Company Limited	Mining industries	Thailand	-	Baht 2,060,837,300	-	8.61	-	355,225,624
Held by TRC International Limited								
ASEAN Potash Chaiyaphum Public Company Limited	Mining industries	Thailand	-	Baht 2,060,837,300	-	3.64	-	100,000,000
Total							-	455,471,152
Less: Allowance for loss on impairment of investment							-	(245,528)
Total other long-term investments - net							-	455,225,624

On 12 January 2016, the Meeting No. 1/2016 of the Company's Board of Directors passed the resolution to 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.

17. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor Vehicles	Construction in progress	Total
Cost:								
1 January 2015	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)
Transfer in (out)	-	15,766	-	31,066	108	-	(46,940)	-
Translation adjustment	-	423	-	1,903	1,843	1,080	-	5,249
31 December 2015	142,062	212,159	3,341	447,430	89,226	89,236	4,029	987,483
Additions	-	36	-	52,751	9,070	13,067	58,469	133,393
Disposals	-	-	-	(121)	(4)	(3,156)	-	(3,281)
Written-off	-	-	(3,341)	(4,599)	(1,962)	(17)	-	(9,919)
Transfers in (out)	-	573	-	4,234	578	-	(5,385)	-
31 December 2016	142,062	212,768	-	499,695	96,908	99,130	57,113	1,107,676

Notes to consolidated financial statements

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor Vehicles	Construction in progress	Total
Accumulated depreciation:								
1 January 2015	-	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
Depreciation for the year	-	7,667	37	74,405	13,921	16,169	-	112,199
Depreciation on disposals	-	-	-	(62)	(4)	(2,854)	-	(2,920)
Depreciation on written-off	-	-	(3,329)	(3,768)	(1,897)	(5)	-	(8,999)
31 December 2016	-	19,555	-	238,495	60,022	62,990	-	381,062
Net book value:								
31 December 2015	142,062	200,271	49	279,510	41,224	39,556	4,029	706,701
31 December 2016	142,062	193,213	-	261,200	36,886	36,140	57,113	726,614

Depreciation for the year

2015 (Baht 38 million included in cost of sales and construction services, and the balance in administrative expenses)	78,025
2016 (Baht 71 million included in cost of sales and construction services, and the balance in administrative expenses)	112,199

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor Vehicles	Construction in progress	Total
Cost:								
1 January 2015	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)
Transfer 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
Additions	-	36	-	52,711	9,047	13,067	58,469	133,330
Disposals	-	-	-	(121)	(4)	(2,956)	-	(3,081)
Written-off	-	-	(3,341)	(4,555)	(1,768)	(17)	-	(9,681)
Transfers in (out)	-	573	-	4,234	578	-	(5,385)	-
31 December 2016	140,472	212,768	-	375,314	84,975	77,302	57,113	947,944

(Unit: Thousand Baht)

	Separate financial statements						
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor Vehicles	Construction in progress
Accumulated depreciation:							
1 January 2015	-	16,097	3,229	48,701	27,712	30,635	-
Depreciation for the year	-	8,730	63	30,420	10,798	10,509	-
Depreciation on disposals	-	(12,939)	-	(109)	(258)	(6,466)	-
Depreciation on written-off	-	-	-	(235)	(94)	-	-
31 December 2015	-	11,888	3,292	78,777	38,158	34,678	-
Depreciation for the year	-	7,667	37	64,102	12,994	12,298	-
Depreciation on disposals	-	-	-	(62)	(4)	(2,654)	-
Depreciation on written-off	-	-	(3,329)	(3,730)	(1,708)	(5)	-
31 December 2016	-	19,555	-	139,087	49,440	44,317	-
Net book value:							
31 December 2015	140,472	200,271	49	244,268	38,964	32,530	4,029
31 December 2016	140,472	193,213	-	236,227	35,535	32,985	57,113
Depreciation for the year							
2015 (Baht 35 million included in cost of sales and construction services, and the balance in administrative expenses)							60,520
2016 (Baht 70 million included in cost of sales and construction services, and the balance in administrative expenses)							97,098

As at 31 December 2016, 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 153 million (The Company only: Baht 84 million) (2015: Baht 122 million, the Company only: Baht 67 million).

As at 31 December 2016, the Company and its subsidiary has tools and motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 34 million (The company only: Baht 21 million) (2015: Baht 45 million, the Company only: Baht 25 million).

As at 31 December 2016 and 2015, 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.

18. Intangible assets

The net book value of intangible assets, which is computer software, as at 31 December 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2016		
Cost	23,481	22,706
Less: Accumulated amortisation	(8,970)	(8,736)
Net book value	14,511	13,970
As at 31 December 2015		
Cost	15,094	14,319
Less: Accumulated amortisation	(7,071)	(6,914)
Net book value	8,023	7,405

Notes to consolidated financial statements

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	8,023	8,832	7,405	8,520
Acquisition of computer software	8,387	1,031	8,387	669
Write-off during year - net book value at write-off date	-	(463)	-	(463)
Amortisation	(1,899)	(1,377)	(1,822)	(1,321)
Net book value at end of year	14,511	8,023	13,970	7,405

19. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)	Consolidated / Separate financial statements	
		2016	2015
Promissory note	3.30% - 3.40%	30,000	-
Trust receipt	3.36%	74,255	-
Total		104,255	-

Short-term loans from financial institutions have been secured by the transfer of right to receive from accounts receivable, as described in Note 8.

20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts payable - unrelated parties	319,886	429,239	181,645	290,841
Advances from related parties	-	-	39,356	11,168
Fixed assets and intangible assets payable	3,541	26,705	3,518	26,665
Accrued interest expense - related parties	-	-	3	-
Accrued expenses	118,025	96,840	107,190	82,998
Total trade and other payables	441,452	552,784	331,712	411,672

21. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2015	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

Notes to consolidated financial statements

(Unit: Thousand Baht)

	Consolidated financial statements			
	Warranties	Loss on construction	Penalties	Total
Increase during the year	17,000	-	-	17,000
Decrease from occurrence of actual expense	(6,573)	(3,208)	-	(9,781)
Reversal of provisions	(5,016)	-	-	(5,016)
As at 31 December 2016	22,808	199	-	23,007

(Unit: Thousand Baht)

	Separate financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2015	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
Increase during the year	17,000	-	-	17,000
Decrease from occurrence of actual expense	(6,122)	-	-	(6,122)
Reversal of provisions	(5,016)	-	-	(5,016)
As at 31 December 2016	18,215	-	-	18,215

22. Debentures

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	
				2016	2015
Debentures 1/2015	4.68%	2 years	8 July 2017	100,000	100,000
Debentures 1/2016	4.40%	2 years	10 March 2018	200,000	-
				300,000	100,000
Less: Current portion				(100,000)	-
Debentures - net of current portion				200,000	100,000

Details of the Company's debentures are as follows:

1. 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

Notes to consolidated financial statements

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

2. The Unsubordinated and unsecured Debentures of TRC Construction Public Company Limited. No. 1/2016, due 2018.

Name of debentures	“Debentures of TRC Construction Public Company Limited No. 1/2016, due 2018”
Amount	Baht 200 million
Term	2 years, starting from date of issuance
Issued date	10 March 2016
Interest rate	interest rate at 4.40% per annum throughout the term of the Debenture
Interest payment schedule	Quarterly on 10 March, 10 June, 10 September and 10 December, starting from 10 June 2016
Principal repayment	On the redemption date of 10 March 2018

Under rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of debt to equity ratio and debt-service coverage ratio at the rate prescribed in the agreements along with debentures' periods (debts mean interest bearing loans).

23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	31,953	47,275	16,919	26,464
Less: Deferred interest	(1,933)	(3,671)	(689)	(1,634)
Total	30,020	43,604	16,230	24,830
Less: Current portion	(12,806)	(12,532)	(8,997)	(8,600)
Liabilities under finance lease agreements - net of current portion	17,214	31,072	7,233	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 2016					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-3 years	Total	Less than 1 year	1-2 years	Total
Future minimum lease payments	13,961	17,992	31,953	9,545	7,374	16,919
Deferred interest expenses	(1,155)	(778)	(1,933)	(548)	(141)	(689)
Present value of future minimum lease payments	12,806	17,214	30,020	8,997	7,233	16,230

(Unit: Thousand Baht)

	As at 31 December 2016					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-3 years	Total	Less than 1 year	1-2 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

24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Suspense output VAT	11,375	35,206	11,132	28,637
VAT payable	7,944	12,773	6,604	7,603
Others	1,750	4,414	1,264	2,962
Total	21,069	52,393	19,000	39,202

25. 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					
	2016			2015		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Defined benefit obligation at beginning of year	33,953	-	33,953	25,048	-	25,048
Included in profit or loss:						
Current service cost	7,263	1,102	8,365	6,896	-	6,896
Interest cost	726	85	811	616	-	616
Past service costs	-	4,311	4,311	-	-	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(136)	-	(136)	(3,099)	-	(3,099)
Financial assumptions changes	(101)	-	(101)	2,836	-	2,836
Experience adjustments	(6,652)	-	(6,652)	2,098	-	2,098
Benefits paid during the year	-	(1,206)	(1,206)	(457)	-	(457)
Translation adjustment	-	-	-	15	-	15
Defined benefit obligation at end of year	35,053	31,072	39,345	33,953	-	33,953

Notes to consolidated financial statements

(Unit: Thousand Baht)

	Separate financial statements					
	2016			2015		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Defined benefit obligation at beginning of year	31,286	-	31,286	23,588	-	23,588
Included in profit or loss:						
Current service cost	6,086	923	7,009	6,031	-	6,031
Interest cost	640	73	713	562	-	562
Past service costs	-	3,746	3,746	-	-	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(291)	-	(291)	(3,393)	-	(3,393)
Financial assumptions changes	(126)	-	(126)	2,767	-	2,767
Experience adjustments	(6,171)	-	(6,171)	1,731	-	1,731
Benefits paid during the year	-	(1,065)	(1,065)	-	-	-
Defined benefit obligation at end of year	31,424	3,677	35,101	31,286	-	31,286

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	
	2016	2015	2016	2015
Cost of sales	6,224	3,404	5,541	2,939
Administrative expenses	7,263	4,108	5,927	3,654
Total expenses recognised in profit or loss	13,487	7,512	11,468	6,593

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (the Company only: Baht 3 million) (2015: Baht 7 million, The Company only: Baht 7 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 9 years (the Company only: 9 years) (2015: 8 years, the Company only: 8 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.60 - 2.86	2.55 - 2.93	2.60	2.55
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age)	0.00 - 17.00	0.00 - 21.00	0.00 - 17.00	0.00 - 21.00
Gold inflation rate	3.00	-	3.00	-

Notes to consolidated financial statements

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.7)	3.1	(0.3)	0.3
Salary increase rate	3.0	(2.6)	-	-
Turnover rate	(2.9)	0.9	(0.3)	0.3

(Unit: Million Baht)

	As at 31 December 2016			
	Separate financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.3)	2.7	(0.2)	0.2
Salary increase rate	2.6	(2.3)	-	-
Turnover rate	(2.5)	0.8	(0.3)	0.2

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.3)	2.6	-	-
Salary increase rate	2.7	(2.4)	-	-

(Unit: Million Baht)

	As at 31 December 2015			
	Separate financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.0)	2.3	-	-
Salary increase rate	2.4	(2.1)	-	-

Notes to consolidated financial statements

26. Share capital

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

Description	Number of shares	Amount	Premium on ordinary shares	Registration date with the Ministry of Commerce
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)	
Registered share capital				
At the beginning of the year	5,242,871	655,359		
Increase during the year	1,245,666	155,708		11 May 2016
Decrease during the year	(677,549)	(84,694)		10 May 2016
At the end of the year	5,810,988	726,373		
Issued and paid-up share capital				
At the beginning of the year	4,522,766	565,346	1,010,976	
Increase in capital from stock dividend	570,436	71,304	-	26 May 2016
Increase due to exercise of warrants				
ESOP-W2 No. 7	12,064	1,508	8,726	7 January 2016
ESOP-W2 No. 8	28,673	3,584	20,750	11 April 2016
ESOP-W2 No. 9	2,047	256	1,288	7 July 2016
At the end of the year	5,135,986	641,998	1,041,740	

On 27 April 2016, the Annual General Meeting of the Company's shareholders passed the following significant resolutions regarding the Company's registered share capital.

- 26.1 Paid dividend by the Company's ordinary shares up to 570.4 million shares with a par value of Baht 0.125 per share to be distributes at a rate of 1 dividend share for every 8 existing shares, equivalent to a dividend of Baht 0.015625 per share.
- 26.2 Approved a decrease in the registered capital of the Company from Baht 655.4 million to Baht 570.7 million consisting of 4,565.3 million share with a par value of Baht 0.125 each, by cancelling the ordinary shares which had not yet been issued and were excessing to requirements for the exercise of the ESOP-W2. The Company registered the decrease of its registered capital at the Ministry of Commerce on 10 May 2016.
- 26.3 Approved an increase in the registered capital from Baht 570.7 million to Baht 726.4 million through the issuance of an additional 1,245.6 million ordinary shares with a par value of Baht 0.125 each, to be allocated as follows:
- Up to 570.4 million shares to be reserved for the distribution of the stock dividend.
 - 675.0 million shares to be reserved for the exercise of the warrants issuance to specific investor who subscribed debentures.
 - Up to 0.2 million shares to be reserved for supporting the ESOP-W2's rights adjustment due to the distribution of the stock dividend.

On 11 May 2016, the Company registered with the Ministry of Commerce the increase in its registered capital to Baht 726.4 million, or 5,811.0 million shares, and in its issued and paid-up capital to Baht 570.4 million, or 4,563.5 million shares.

27. 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	<ol style="list-style-type: none"> 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 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
ESOP-W2	1	5	3.03	0.606

On 27 April 2016, the Annual General Meeting of the Company's shareholders for the year 2016 passed a resolution to pay a stock dividend totaling 570.4 million shares, as discussed in Note 26.1. As a result, the Company had to adjust in accordance to the condition of ESOP - W2 as detailed below.

Notes to consolidated financial statements

	Exercise ratio (per 1 unit of warrants)		Exercise price (Baht/share)	
	Existing	New	Existing	New
ESOP-W2	5	5.625	0.606	0.538667

During the year ended 31 December 2016, the Company and its subsidiary recorded expenses of the ESOP amounting to Baht 0.5 million (The Company only: Baht 0.5 million) (2015: Baht 3.8 million, the Company only: Baht 3.3 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 period are as follows:

At the beginning of the year	6,516,143	Units
Exercised No. 8	(5,734,643)	Units
Exercised No. 9	(363,875)	Units
Cancelled	(417,625)	Units
At the end of the year	-	Units

As at 31 December 2016, the Company cancelled accumulated 858,020 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.

On 30 March 2016, the eighth exercise date, the warrant-holders exercised 5,734,643 warrants to purchase 28,673,215 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 11 April 2016. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 19 April 2016.

On 30 June 2016, the ninth exercise date, the warrant-holders exercised 363,875 warrants to purchase 2,046,797 ordinary shares at Baht 0.538667 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 7 July 2016. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 12 July 2016.

28. 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.

29. Expenses by nature

Significant expenses by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	547,752	516,382	515,684	433,762
Depreciation	112,199	78,025	97,098	60,520
Amortisation expenses	1,899	1,377	1,822	1,321
Construction materials and consumables used and subcontractors costs	2,280,959	1,952,304	1,521,056	1,574,402
Rental expenses from operating lease Agreements	98,042	94,840	95,667	85,139

30. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Current income tax:				
Current corporate income tax charge	94,947	100,796	89,731	98,257
Deferred tax:				
Relating to origination and reversal of temporary differences	3,391	(26,252)	(598)	(902)
Income tax expense reported in the statement of income	98,338	74,544	89,133	97,355

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial gain or loss on long-term employee benefits	1,378	(367)	1,318	(221)
	1,378	(367)	1,318	(221)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Accounting profit before tax	383,443	375,495	447,062	496,482

Notes to consolidated financial statements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Applicable tax rate	12% and 20%	12% and 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	75,425	74,380	89,412	99,296
Tax effect of intercompany transactions	3,059	1,481	-	-
Effects of:				
Non-deductible expenses	2,665	1,688	2,878	1,703
Additional expense deductions allowed	(3,102)	(2,274)	(3,100)	(211)
Tax exempted income	(57)	-	(57)	(3,433)
Share of loss from investment in associate	6,741	-	-	-
Unutilised tax losses	-	(7,483)	-	-
Unused tax losses which may net utilise	13,607	6,752	-	-
Total	19,854	(1,317)	(279)	(1,941)
Income tax expenses reported in the statement of income	98,338	74,544	89,133	97,355

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax assets				
Allowance for diminution in value of inventories	614	1,150	614	1,150
Provision for liabilities under construction projects	3,202	4,161	2,243	2,470
Provision for long-term employee benefits	7,869	6,790	7,020	6,257
Unutilised tax loss	22,692	26,376	-	-
Total	34,377	38,477	9,877	9,877
Deferred tax liabilities				
Asset under finance lease agreements	727	58	824	104
Total	727	58	824	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 2016, the Company has deductible temporary differences totaling Baht 231 million (2015: Baht 232 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 2016, the subsidiaries have unused tax losses totaling Omani Rial 2 million (2015: 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.

31. 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 distribution of the stock dividend in accordance with the resolutions of the Annual General Meeting of the Company's shareholders held on 27 April 2016, as discussed in Note 26. 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	
	2016	2015	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares (Restated)	Baht	2015 Baht (Restated)
Basic earnings per share						
Profit attributable to equity holders of the parent	290,756	305,963	5,127,290	4,843,540	0.057	0.063
Effect of dilute potential ordinary shares						
Warrants (ESOP-W2)	-	-	6,288	68,042		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	290,756	305,963	5,133,578	4,911,582	0.057	0.062

	Separate financial statements					
	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2016	2015	2016	2015	2016	2015
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares (Restated)	Baht	2015 Baht (Restated)
Basic earnings per share						
Profit attributable to equity holders of the parent	357,929	399,127	5,127,290	4,843,540	0.070	0.082
Effect of dilute potential ordinary shares						
Warrants (ESOP-W2)	-	-	6,288	68,042		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	357,929	399,127	5,133,578	4,911,582	0.070	0.081

Notes to consolidated financial statements

32. Dividends / stock dividends

Dividends	Approved by	Total dividends	Dividend per share
		(Thousand Baht)	(Baht)
Dividend from operations of 2015	Annual General Meeting of the shareholders on 27 April 2016	45,635	0.010000
Stock dividend from operations of 2015	Annual General Meeting of the shareholders on 27 April 2016	71,304	0.015625
Total dividend and stock dividend paid in 2016		116,939	0.025625
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

33. 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 2016 amounting to approximately Baht 7 million (Separate financial statements: Baht 6 million) (2015: Baht 6 million, Separate financial statements: Baht 5 million) were recognised as expenses.

34. 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.

(Unit: Thousand Baht)

(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	999,061	1,511,593	236,123	1,100	2,747,877	-	2,747,877
Revenues from joint venture	1,132,295	-	-	-	1,132,295	-	1,132,295
Depreciation	(36,160)	(27,327)	(15,125)	(20)	(78,632)	607	(78,025)
Administrator expense	(148,525)	(111,706)	(31,834)	(81)	(292,146)	2	(292,144)
Segment profit (loss)	299,229	111,428	(113,562)	25	297,120	8,395	305,515
Other income							63,831
Interest revenue							11,030
Allowance for doubtful debt							(127)
Interest expense							(4,754)
Profit before income tax expense							375,495
Income tax expense							(74,544)
Profit for the year							300,951

Notes to consolidated financial statements

Geographic information

The Company and its subsidiaries operated in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

Major customers

For the year 2016, the Company and its subsidiaries have revenue from one major customers in amount of Baht 1,368 million arising from pipeline system segment (2015: Baht 2,040 million, Baht 968 million and Baht 527 million, from three major customers, arising from pipeline system, engineering system and civil work segments).

35. Commitments and contingent liabilities**35.1 Capital commitments**

As at 31 December 2016, the Company had capital commitments of approximately Baht 7 million (2015: Nil), relating to the construction of Fabrication Shop.

35.2 Purchase construction materials and subcontracted work commitments

As at 31 December 2016, the Company and the subsidiary have outstanding commitments of Baht 781 million and Euro 15 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 168 million and Euro 8 million) (2015: Baht 1,371 million and USD 2 million, the Company only: Baht 813 million and USD 2 million).

35.3 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	
	2016	2015	2016	2015
Payable:				
In up to 1 year	17	18	17	18
In over 1 and up to 5 years	27	39	27	38

35.4 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	
	2016	2015	2016	2015
Guarantee of construction contract and bidding	Baht 1,431 million USD 1 million EUR 1 million	Baht 1,634 million USD 4 million	Baht 1,173 million USD 1 million	Baht 1,314 million USD 4 million
Guarantee of advance payment bond and retention	Baht 470 million EUR 2 million	Baht 237 million	Baht 176 million	Baht 94 million

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Guarantee of others	Baht 8 million	Baht 9 million	Baht 2 million	Baht 6 million
Total	Baht 1,909 million	Baht 1,880 million	Baht 1,351 million	Baht 1,414 million
	USD 1 million	USD 4 million	USD 1 million	USD 4 million
	EUR 3 million			

35.5 Guarantees

As at 31 December 2016, the Company has commitment from guarantee of liabilities under finance lease agreements of the subsidiary totaling Baht 23 million (2015: Baht 23 million).

36. Litigations

36.1 On 6 December 2011, a government agency sent a letter to a bank asking to hold the bank guarantee of Baht 20 million that the Company deposited as the mortgage since the said agency claimed that the Company failed to perform according to the contract.

On 29 December 2011, the Company filed the abovementioned agency and its parties to the Central Administrative Court for the sentence of releasing the captioned bank guarantee with the compensation charge totally Baht 27.5 million plus the interest rate of 7.5 % per annum including any related fee from the next day of filing date until completion of payment since the Company considered that such a claim was not caused by the Company's fault on the contrary, the Company could not perform according to the contract due to the law of restricted areas.

On 20 May 2015, the Central Administrative Court had rendered judgement and ordered the government agency to return the Company's Baht 20 million bank guarantee dated 31 August 2007 to the Company under the condition that both the Company and government agency jointly shared the responsibility to pay the total of Baht 10 million plus the interest rate of 7.5 % per annum from the next day of filing date (December 29, 2011) until completion of payment or within 60 days starting from the date of final judgement whereas all remaining parts to be dismissed.

On 19 June 2015, the government agency made an appeal to the Central Administrative Court and later on 16 October 2015, the Company made an appeal clarification to the court and for ease of reference as of 31 December 2016 and 2015, the Company has already recorded the contingent liabilities of Baht 20 million maybe arisen in the financial statement.

36.2 On 24 May 2011, a private company (litigant) filed the case to the Commercial Court against the subsidiary claiming that the subsidiary defaulted the contract with recover damage of Baht 17.5 million plus the interest rate of 7.5 % per annum starting from the filing date until completion of payment.

On 21 September 2011, the subsidiary submitted the clarification statement to the Commercial Court by refusing the accusation of the litigant and requested the court for dismissal and also to order the litigant to pay the completed work charge of Baht 10.9 million, according to the contract, to the subsidiary.

On 21 July 2014, the Commercial Court made a sentence to have the subsidiary to pay to the litigant the penalty charge of Baht 11.01 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment and cost of execution of Baht 0.1 million for the litigant.

Due to having the fact for litigation, the subsidiary then submitted an appeal for the Civil Court's judgement to the court since both parties had made an agreement to terminate the contract in a form of compromise agreement causing an effect to both parties to be responsible for its own benefit and have no further claim against each other as a result of any breach of a statutory obligation. Therefore, this proved that the plaintiff had waived any objection and both parties can restrain the dispute.

Notes to consolidated financial statements

On 8 July 2015, the subsidiary submitted a request to place the mortgage as per the Civil Court's judgement to waive the judgement execution and the court later ordered on 21 July 2015 that the subsidiary had placed the mortgage as per the report dated 8 July 2015 consisting of a deposit account book and confirmation letter of deposited amount of Baht 15.4 million at Kasikorn Bank Plc. and the certificate of utilization of land (Nor Sor 3) located at Nongkradorn Sub-district, Muang Nakhonsawan District, Nakhonsawan Province, totally 7 plots of 102 rai, 9 ngan and 289 square wah with the certificate of land appraisal issued by Nakhonsawan Land Office dated 3 July 2015, totally Baht 3.1 million. The court therefore restrained the judgement execution temporarily until the Appeal Court shall issue an order for the request to suspend the execution of the sentence.

On 20 October 2015, the Appeal Court sentenced to vacate judgement of the Civil Court to dispose of the case in order for both plaintiff and defendant to settle their dispute through institutional arbitration and the executing officer later issued the withdrawal order of sequestration on 28 October 2015.

On 12 November 2015, the court ordered to return the mortgage and pay the appeal fee of Baht 0.2 million including the related fee of Baht 0.3 million to the subsidiary. On 19 November 2015, the litigant submitted a petition whereas on 28 January 2016, the subsidiary also submitted a petition to the Supreme Court, respectively.

On 13 September 2016, the Supreme Court rendered judgement to dismiss the lawsuit since the Commercial Court had no authority to consider and also advised the plaintiff to proceed the dispute through institutional arbitration. 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 the financial statements.

36.3 On 4 December 2007, the subsidiary filed a suit to the Central Administrative Court against a government agency (litigant) in order for payment of a penalty charge of Baht 13.4 million for termination of construction contract by deducting the advance payment of Baht 7.7 million as per the contract and the total of penalty charge to be paid Baht 6.1 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment. However, the litigant submitted its pleading to the court on 20 August 2008 claiming that the amount of the penalty charge was overrated and the third resolution of the Compensation Committee was made on 16 July 2008 to order the government agency to pay the compensation of Baht 0.8 million to the subsidiary whereas ordered the subsidiary to return the amount of Baht 6.8 million to the government agency, respectively.

After that, several amendments to the petition and pleadings of both parties were made.

On 20 April 2010, the litigant submitted its latest amended pleadings to the Central Administrative Court about the fee of the advance payment bank guarantee of Baht 0.1 million and the litigant asked the court for dismissal and order the subsidiary to return the litigant the advance amount of Baht 7.7 million in order to proceed as per the construction contract.

The subsidiary submitted its latest amended pleadings to the court on 24 January 2012 requesting the court to render judgement ordering the litigant to bring the compensation amount of Baht 19.4 million to be deducted by the amount of Baht 7.7 million advanced to the subsidiary to proceed as per the construction contract as well as paying the penalty charge of Baht 12.5 million to the subsidiary plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment.

The litigant submitted its refusal pleadings and asked the court for dismissal and returning of the aforementioned advance payment amount as well.

On 31 July 2012, the court rendered judgement ordering the subsidiary to receive Baht 3.3 million and also return Baht 4.4 million to the litigant. The subsidiary then submitted its appeal for the judgement to the Supreme Administrative Court on 29 August 2012.

Since this case remains under the consideration, the subsidiary has not yet been recorded in financial statements.

36.4 On 24 April 2008, a private company and its partner (litigant) filed suit to the Administrative Court of First Instance against the Company and its partner on violation against the contract and sued for damages of Baht 6 million plus the interest rate of 7.5% per annum starting from the filing date until completion of payment.

On 29 May 2012, the court rendered judgement of dismissal but later on 20 June 2013, the litigant appealed to the Supreme Administrative Court and on 9 August 2013, the Company submitted an amendment of appeal requesting for the dismissal.

Since this case remains under the consideration of the Supreme Administrative Court and since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in financial statements.

36.5 On 14 September 2015, the plaintiff (the litigant) filed a lawsuit against a government agency and 8 co-defendants to the Administrative Court for compensation of damages from loss of income of Baht 87.49 million. The Company is sued as the fifth defendant on 11 March 2016 and then on 28 October 2016, submitted an objection against the plaintiff's request to waive the court fee.

On 12 January 2017, the Company has just submitted the statement of defence to the court and the court ordered the Company to submit the additional statement within 30 days.

The status and amicus curiae brief are under consideration and determination of appointed date of sentence of the Administrative Court. Since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in the financial statements.

37. Fair value hierarchy

As at 31 December 2016 and 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			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in mutual fund	-	39.6	-	39.6
Liabilities for which fair value are disclosed				
Derivatives				
Foreign currency forward contracts	-	3.7	-	3.7

(Unit: Million Baht)				
	Separate Financial Statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed				
Derivatives				
Foreign currency forward contracts	-	3.0	-	3.0

Notes to consolidated financial statements

(Unit: Million Baht)

	Consolidated Financial Statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in mutual fund	-	178.6	-	178.6

(Unit: Million Baht)

	Separate Financial Statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Investment in mutual fund	-	0.9	-	0.9

38. Financial instruments**38.1 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, loans to/from, restricted deposits at financial institutions, trade and other payables, liabilities under finance lease agreements, 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 and 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, loans to/from, liabilities under finance lease agreements 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.

As at 31 December 2016 and 2015, 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.

Notes to consolidated financial statements

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	65	44	109	0.10 - 0.63
Trade and other receivables	-	-	-	411	411	-
Accounts receivable - retention under construction contracts	-	-	-	87	87	-
Restricted deposits at financial institutions	1	-	15	-	16	0.37 - 1.30
	1	-	80	542	623	
Financial liabilities						
Short-term loans from financial institutions	104	-	-	-	104	3.30 - 3.36
Trade and other payables	-	-	-	441	441	-
Accounts payable — retention under construction contracts	-	-	-	51	51	-
Liabilities under finance lease agreements	13	17	-	-	30	4.50 - 5.03
Debenture	100	200	-	-	300	4.40 - 4.68
	217	217	-	492	926	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
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	
Financial liabilities						
Trade and other payables	-	-	-	553	553	-
Accounts payable — retention under construction contracts	-	-	-	37	37	-
Liabilities under finance lease agreements	13	31	-	-	44	4.50 - 5.03
Debenture	-	100	-	-	100	4.68
	13	131	-	590	734	

Notes to consolidated financial statements

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	28	1	29	0.10 - 0.63
Trade and other receivables	-	-	-	371	371	-
Accounts receivable - retention under construction contracts	-	-	-	46	46	-
Loans to related parties	3	1,306	-	-	1,309	3.50 - 7.00
	3	1,306	28	418	1,755	
Financial liabilities						
Short-term loans from financial institutions	104	-	-	-	104	3.30 - 3.36
Trade and other payables	-	-	-	332	332	-
Accounts payable - retention under construction contracts	-	-	-	25	25	-
Short-term loan from related party	30	-	-	-	30	2.50
Liabilities under finance lease agreements	9	7	-	-	16	4.50 - 5.03
Debenture	100	200	-	-	300	4.40 - 4.68
	243	207	-	357	807	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
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	
Financial liabilities						
Trade and other payables	-	-	-	412	412	-
Accounts payable - retention under construction contracts	-	-	-	26	26	-
Liabilities under finance lease agreements	9	16	-	-	25	4.50 - 5.03
Debenture	-	100	-	-	100	4.68
	9	116	-	438	563	

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.

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	3,757	5,734	109	1,194	35.8307	36.0886
Euro	8,478	-	167	309	37.7577	39.4388

Separate financial statements						
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	3,773	5,750	109	1,194	35.8307	36.0886
Euro	-	-	167	309	37.7577	39.4388
Omani Rial	25	25	-	-	93.0425	93.7365

As at 31 December 2016, foreign exchange contracts outstanding are summarised below.

Consolidated financial statement					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
Euro	5	-	37.89 - 39.27	-	March 2017 - July 2017

Separate financial statement					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
Euro	4	-	37.89 - 39.27	-	March 2017 - July 2017

Notes to consolidated financial statements

38.2 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, accounts receivable/payable – retention, 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. The fair values of debentures are estimated to approximately the amounts presented in the statements of financial position.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies.

During the current year, there were no transfers within the fair value hierarchy.

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)		
	As at 31 December 2016	
	Fair value	
	Consolidated financial statements	Separate financial statements
	Gain (loss)	Gain (loss)
Derivatives		
Foreign currency forward contracts	(3.7)	(3.0)

39. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure to support its business and maximise shareholder value.

As at 31 December 2016, the Group's debt-to-equity ratio was 0.86:1 (2015: 0.89:1) and the Company's was 0.51:1 (2015: 0.71:1).

40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2017.



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