

Annual Report 2018

SCC



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Message from Chairman of the Board

The overall global economy slowed down in 2018. The Chinese economy slowed down the most in 30 years, with growth down to 6 percent. Since China accounts for one third of the global economy, this had much impact thereupon. The mid-year trade war between the United States and China also caused economies across the globe to slow down, and Thailand, as part of the supply chain for China, was also affected, resulting in an overall economic growth of 4.2 percent in 2018. The Thai economy is projected to grow at 4.0 percent in 2019, close to the projected global economy growth of 3.9 percent.

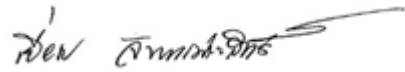
In 2018, the Company was still experiencing the effect of having to maintain operating teams in preparation for incoming work, which resulted in high construction and administrative cost. For this year, the Company has adjusted its marketing plan to undertake more small and medium projects to ensure least impact on its overall operations, and to have its subsidiaries undertake more industrial plant machinery maintenance work to reduce the cost of maintaining operating teams. Nonetheless, it should be noted that in 2018, in its consideration to undertake projects, the Company had taken into account additional cost arising from working distance to prevent loss from business operations, and this had led to underperformance.

For next year, it is expected that the situation on oil price will improve, and many of the Company's old customers are planning to make investments. These include an expansion of green refinery operations pursuant to the Clean Fuel Project, with a project value of 4,825 million USD. The Company believes it will have an opportunity to be involved with construction work within the project as a result of customers' confidence in the Company's potential and working standards, the quality of its operating teams, and its high level of construction experience, which will add to the Company's competitiveness. During 2017 and 2018, the Company upgraded its ISO 9001 standard to the 2015 version for design work, parts assembly work, steel structure installation work, piping system work, and equipment installation work for oil and gas, chemical, and petrochemical industries, as well as power plants and other industrial plants. This upgrade in standard has been certified by Intertek, a leading company which provides global standards certification services to enhance consumer confidence.

Beyond its efforts to promote economic growth, to ensure sustainability in its growth and development, the Company also attaches importance to good governance, and since the end of 2015 has continuously been promoting strict compliance by its directors, management, and employees with its good governance and anti-corruption policies. As of 12 February 2018, the Company has become a certified member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC).

On behalf of the board of directors of Sriracha Construction Public Company Limited, I wish to thank all shareholders, customers, trading partners, and other stakeholders for their continuous support of the Company's operations. I would like to also express my appreciation to all of the Company's directors, management, and employees for their physical and mental dedication, which has enabled the Company to overcome various obstacles, and for their contribution towards the Company's success. Please be assured of the Company's dedication to improve its

operations to achieve sustainable growth with good governance, and to ensure fair and maximum benefit for all stakeholders.

A handwritten signature in black ink, appearing to read 'Yiem Chundprasit', with a long horizontal flourish extending to the right.

Mr. Yiem Chundprasit

Chairman

Sriracha Construction Public Company Limited

Report on Responsibility of the Board of Directors on Financial Reporting

The Board of the Directors of Sriracha Construction Public Co., Ltd. is responsible for financial statements of Sriracha Construction Public Co., Ltd. and its affiliate which has been prepared based on generally accepted accounting principles. The Board of Directors also considered on application of appropriated accounting policies and constantly adhered to such policies, including used careful judgment and pursuant to generally accepted accounting principles to ensure that important information has been completely and adequately disclosed in the notes to financial statement.

The Board of Directors also appointed the Audit Committee to supervise the accounting policy, quality of the financial reporting as well as to review and assess internal audit and internal control system, which is the independent unit and directly reports to the Audit Committee, to ensure that the Company and its affiliate have recorded accounting information correctly, completely, on timely manner as well as have good internal control system which can prevent wrongful behavior or abnormal operation. Opinions of the Audit Committee for operations in 2018 were presented in the Report of the Audit Committee in 2018 Annual Report. The Company also developed its human resources management system continually to increase capacity, efficiency and effectiveness of the management works.

The Board of Directors is confident that the financial statements of the Company and its affiliate as at December 31, 2018 were reliable and essences of financial position, performance and cash flow as well as notes to the financial statement were correctly presented as per the generally accepted accounting principles, which was corresponding to opinion of the auditor provided in the Report of the Auditor.



Mr.Yiem Chunprasit

Chairman

Sriracha Construction Public Company Limited

Report of Audit Committee for 2018

Attention The Shareholders

The Audit Committee of Sriracha Construction Public Company Limited consists of three (3) Independent Directors, namely:

- | | | |
|----|------------------------|---------------------------------|
| 1. | Mr. Dusit Choopanya | Chairman of the Audit Committee |
| 2. | Mr. Narong Sooksawasdi | Audit Committee member |
| 3. | Mr. Trairak Tengtrirat | Audit Committee member |

The Audit Committee independently performed duties with the support from the Board of Directors pursuant to scope of duties and responsibilities and the Audit Committee's Charter including the notifications of the Office of Securities and Exchange Commission (SEC). In 2018, the Committee held 5 meeting where all members attended. The Audit Committee also collaborated with the management, Internal Audit Department and the auditor on the relevant agenda. Such operations performed could be summarized as follows:

1. Review of the financial statements: The Audit Committee reviewed the quarterly financial statement and the annual financial report of 2018 of the Company and its affiliate including the consolidated financial statements which have been correctly prepared with adequate information disclosure and of which the Auditor has opined opinion without any conditions in such report. The Audit Committee also attended the meeting with the auditor to discuss about independency on performing duty and expression of opinions including acknowledged observation including improvement guidelines beneficial to the Company.
2. Review the internal audit and internal control system. The Audit Committee reviewed the internal control system of the Company and its affiliate which covering accounting & finance, assets supervision, operation, monitoring and results on compliance with the laws and regulations. Internal Audit Department, which is an independent unit, has check and balance mechanism and has adequate efficiency on review to ensure that the Company has appropriated, adequate and efficient internal audit and internal control system.
3. Review the corporate governance: The Audit Committee reviewed on compliance with the implemented work systems to ensure that the Company operated business with ethics and complied with the laws on Securities and Stock Exchange as well as regulations of the Office of the Securities and Exchange Commission (SEC) and other relevant laws, and particularly on the connected transaction and the complaint process including notification of clue on wrongfully behavior of the Company. In addition, the Audit Committee also performed self-assessment, as a whole committee and as individually, pursuant to prudent practices of the Stock Exchange of Thailand.
4. Review on risk management. Performance of the management including work system inspection results have been monitored and brought into the joint meeting to prevent and mitigate risks incurred in the work systems. Moreover, risk management plan has been considered to incorporate in the audit plan of the Internal Audit Department to make it appropriated and consistent with each other.

5. Supervision on internal audit work. The Audit Committee reviewed and approved the annual internal audit plan and the operating results pursuant to the internal audit plan. The Committee has provided suggestions and followed up the corrective measures pursuant to the result of the review report in the significant issues for benefits of create good corporate governance including adequate and proper internal control. The Audit Committee deemed that the Company adhered to good corporate governance and important risk management was consistent with the company's policy and the internal control system was adequate and efficient to respond to the changes, both from internal and external factors.

6. Consideration on selection and appointment of the auditor for 2018. Selection criteria of the Company's auditor considered by the Audit Committee are based on independency on performing the work, quality, operating standards, and qualifications of the auditor as per specified by the Notification of the Stock Exchange of Thailand. The Audit Committee also considered about remuneration to propose to the Board of Directors to further request for approval from the 2018 Annual General Meeting of Shareholders. In this regard, the certified public accountants of AST Master Co., Ltd. and Office of Piti Sevi Co., Ltd. have been proposed to be appointed as the auditors of Sriracha Construction Public Co., Ltd. for 2018.

In conclusion, the Audit Committee has performed duties and responsibilities as per specified in the Audit Committee Charter which has been approved by the Board of Directors as well as used adequate knowledge, capacity, carefulness and independency for benefits of all stakeholders equally. The Audit Committee was of view that the financial report of the Company was correct, reliable and pursuant to the generally accepted accounting standards. In addition, the Company has adequate risk management, with appropriated, efficient internal audit and internal control system. All operations have been performed under corporate governance principles and they were fully complied with the laws relevant to business operations of the Company.



Mr. Dusit Choopunya

Chairman of Audit Committee

Board of Directors



1. Mr. Yiem Chundprasit

Chairman



2. Mr. Dusit Choopanya

Audit Committee /

Chairman of Audit Committee



3. Mr. Narong Sooksawasdi

Independent Director /

Audit Committee



4. Mr. Trairak Tengtrairat

Independent Director /

Audit Committee



5. Mr. Kamol Ratanachai

Independent Director



6. Mr. Boonkrua Khemapiratana

Director / Managing Director



7. Mr. Gridsada Potisomporn

Director / Deputy Managing Director



8. Mr. Chatmongkol Khemapirat

Director /

Assistant Managing Director in Operation



9. Mrs. Sudchinda Sethakulvichai

Director / Company Secretary

Mr.Yiem Chundprasit (Age 80 years)

Chairman

Director Details

- ❖ Appointed since April 22, 2014
- ❖ Director term 3 years

Family Relation with executive committee

- ❖ None

Shares Held at 31 December 2018

- ❖ None

Education & Training Background

- ❖ Master of Chemical Engineering, University of Kansas, USA Bachelor of Chemical Engineering, Chulalongkorn University
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)

Work Experiences

- ❖ CEO of Chemical Engineering,
The Engineering Institute of Thailand Under H.M. The King's Patronage 2008 – Present
- ❖ Juristic Person Manager, YC Engineering Consultants 2000 – 2010
- ❖ Executive Vice President, Thai Oil Public Company Limited 1995 – 1999

Being Director at Listed Company: 1 Company

- ❖ Chairman, Sriracha Construction Public Company Limited 2011 – Present

Mr.Dusit Choopanya (Age 80 years)

Audit Committee /Chairman of Audit Committee

Director Details

- ❖ Appointed since March 10,2013
- ❖ Director term 3 years

Family Relation with Executives

- ❖ None

Shares Held at 31 December 2018

- ❖ None

Education & Training Background

- ❖ Diploma in Aeronautical Engineering, First Class, Royal Aeronautical College, London
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)
Certificate of Audit Committee Program (ACP), Class 38/2012, Thai Institute of Directors (IOD)

Work Experience

- ❖ Development Project Engineer, Thai Oil Public Company Limited 1963 – 1999

Being Director at Listed Company: 1 Company

- ❖ Independent Director and Chairman of Audit Committee,
Sriracha Construction Public Company Limited 2011 – Present

Mr. Narong Sooksawasdi (Age 78 years)

Independent Director / Audit Committee

Director Details

- ❖ Appointed since April 22, 2015
- ❖ Director term 3 years

Family Relation with Executives

- ❖ None

Shares Held at 31 December 2018

- ❖ None

Education & Training Background

- ❖ Diploma in Mechanical Engineering, Rajamangala University of Technology
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)
- ❖ Certificate of Audit Committee Program (ACP), Class 38/2012, Thai Institute of Directors (IOD)

Work Experience

- ❖ Process Manager TORC1 & 2, Thai Oil Public Company Limited 1995 – 2000

Being Director at Listed Company: 1 Company

- ❖ Independent Director and Audit Committee,
Sriracha Construction Public Company Limited 2011- Present

Mr.Trairak Tengtrairat (Age 50 years)

Independent Director / Audit Committee

Director Details

- ❖ Appointed since April 22, 2014

Family Relation with Executives

- ❖ None

Shares Held at 31 December 2018

- ❖ None

Education & Training Background

- ❖ MBA Business and Management, Seattle University
- ❖ Bachelor in Business Administration, Chulalongkorn University

Work Experience

- ❖ Managing Director, Head of Investment Banking and Equity Capital Markets Group 2010 – Present
- ❖ Advisor to Minister of Finance (Khun Korn Chatikavaniji) 2009 - 2010
- ❖ Director, Investment Banking Department, Phatra Securities Company Limited 2002 – 2006
- ❖ Vice President, Investment Banking Department,
Merrill Lynch Phatra Securities Company Limited 1999 - 2002

Being Director at Listed Company: 2 Company

- ❖ Independent Director and Audit Committee, Sriracha Construction PLC. 2014 – Present
- ❖ Director, Phatra Securities Public Company Limited 2013 - Present

Mr. Kamol Ratanachai (Age 52 years)

Independent Director

Director Details

- ❖ Appointed since April 28, 2015
- ❖ Director term 3 years

Family Relationship with Executives

- ❖ None

Shares Held at 31 December 2018

- ❖ None

Education & Certifications

- ❖ M.B.A., Bangkok University
- ❖ B.A.(Accounting), Bangkok University
- ❖ Certified Internal Auditor (CIA), The Institute of Internal Auditors, U.S.A.
- ❖ Certificate of Director Accreditation Program (DAP), Class 73/2008, Thai Institute of Directors
- ❖ Certificate of Audit Committee Program (ACP) Class 23/2008, Thai Institute of Directors
- ❖ Successful Formulation and Execution of Strategy (SFE) Class16/2012, Thai Institute of Directors
- ❖ How to Measure the Success of Corporate Strategy (HMS) 2013
- ❖ Anti-Corruption:The Practical Guid, Class 21/2015
- ❖ Certificate of Director Certification Program (DCP), Class 215/2016
- ❖ Risk Management Program for Corporate Leaders (RCL), Class 9/2017

Work Experience

- | | |
|--|----------------|
| ❖ Independent Director, Matching Movies Town Co., Ltd. | 2012 - 2014 |
| ❖ Independent Director, Matching Entertainment Co., Ltd. | 2012 - 2016 |
| ❖ Independent Director, Matching Studio Plus Co., Ltd. | 2012 - 2016 |
| ❖ Independent Director, Gear Head Co., Ltd. | 2012 – Present |
| ❖ Independent Director, Time Laps Co., Ltd. | 2014 - Present |

❖ Head of Internal Audit: KPN Academy Co., Ltd.	2015 - Present
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Being Director at Listed Company: 3 Companies

❖ Independent Director, Sriracha Construction PLC.	2011– Present
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❖ Independent Director and Audit Committee Member, Matching Maximize Solution PLC	2010 – Present
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❖ Independent Director and Audit Committee, Eastern Power Group PLC	2014 - Present
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Mr.Boonkrua Khemapiratana (Age 77 years)

Director / Managing Director

Director Details

- ❖ Appointed since April 22, 2014
- ❖ Director term 3 years

Family Relation with Executives

- ❖ Brother of Mrs. Boonlom Farkmitra (CFO)
- ❖ Father of Mr. Chatmongkol Khemapirat, Director and
- ❖ Father of Mrs. Sudchinda Sethakulvichai, Director and Company Secretary

Shares Held at 31 December 2018

- ❖ None

Education & Training Background

- ❖ High School, Wat Suthiwararam School
- ❖ Certificate of Director Accreditation Program (DAP), Class 84/2010, Thai Institute of Directors (IOD)

Work Experience

- ❖ Managing Director, Sriracha Construction (1994) Co., Ltd. 1994 – 2011
- ❖ Director, Thai Taihei Co., Ltd. 2011 – Present

Being Director at Listed Company: 1 Company

- ❖ Director/Managing Director, Sriracha Construction PLC. 2011 – Present

Mr.Gridsada Potisomporn (Age 61 years)

Director / Deputy Managing Director

Director Details

- ❖ Appointed since April 10, 2013
- ❖ Director term 3 years

Family Relation with Executives

- ❖ None

Share held at December 31, 2018

- ❖ Amount 4,288,300 shares

Education & Training Background:

- ❖ Civil of Engineering, University of Melbourne, Australia
- ❖ Certificate in Director Certification Program (DCP) Class 139/2010 Thai Institute of Directors (IOD)
- ❖ Certificate in Director Accreditation Program (DAP) Class 84/2010 Thai Institute of Directors (IOD)

Work Experiences:

- ❖ General Manager, Sriracha Construction (1994) Company Limited 1994 – 2011

Being Director at Listed Company: 1 Company

- ❖ Director/Deputy Managing Director, Sriracha Construction PLC 2011 – Present

Mr.Chatmongkol Khemapirat (Age 50 years)

Director / Assistant Managing Director in Operation

Director Details

- ❖ Appointed since April 10, 2013
- ❖ Director term 3 years

Family Relation with Executives

- ❖ Son of Mr.Boonkrua Khemapiratana (position : Director/Managing Director) Brother of Mrs.Sudchinda Sethakulvichai (position : Director/Company Secretary)

Shares held at December 31, 2018

- ❖ None

Education & Training Background:

- ❖ Master of Business Administration, Oklahoma City University, USA
- ❖ Bachelor of Business Administration, Faculty of Commerce and Accountancy, Chulalongkorn University
- ❖ Certificate in Director Accreditation Program (DAP) Class 84/2010 Thai Institute of Directors (IOD)
- ❖ Certificate in Director Certification Program (DCP) Class 139/2010 Thai Institute of Directors (IOD)

Other Current Positions

- ❖ Managing Director of Teamwork Solution Company Limited
- ❖ Managing Director of Pattay.com company limited
- ❖ Managing Director of Chonburi108.com company limited
- ❖ Managing Director of Buycoms company limited
- ❖ Managing Director of Quickmedia company limited

Being Director at Listed Company: 1 Company

- ❖ Director and Assistant Managing Director in Operation Section
, Sriracha Construction PLC

2011 – Present

Mrs.Sudchinda Sethakulvichai (Age 48 years)

Director / Company Secretary

Director Details

- ❖ Appointed since April 26 , 2015
- ❖ Director term 3 years

Family Relation with Executives

- ❖ Daughter of Mr.Boonkrua Khemapiratana (Director/Managing Director)
- ❖ Sister of Mr.Chatmongkol Khemapirat (Director/Asst.Managing Director)

Share held at December 31, 2018

- ❖ Amount 6,878,900 shares

Education & Training Background:

- ❖ Bachelor of Business Administration, International Business, Assumption University
- ❖ Master of Science in Procurement and Logistics, Golden Gate University, USA
- ❖ Certificate in Director Certification Program (DCP) Class 139/2010 Thai Institute of Directors
- ❖ Certificate in Financial Statements for Directors (FSD) Class 14/2011 Thai Institute of Directors
- ❖ Certificate in Effective Minute Taking (EMT) Class 18/2010 Thai Institute of Directors
- ❖ Certificate in Board Reporting Program (BRP) Class 4/2010 Thai Institute of Directors
- ❖ Certificate in Company Secretary Program (CST) Class 37/2010 Thai Institute of Directors
- ❖ Certificate in Advances for Corporate Secretaries (ACS) Class 2/2016 Thai Institute of Directors

Being Director at Listed Company: 1 Company

- ❖ Director/Company Secretary at Sriracha Construction PLC 2011 – present

Other Current Positions

- ❖ Director, SCC Maintenance and Services Company Limited

Mrs. Boonlom Farkmitra (Age 75 years)

Executive Committee / Assistant Managing Director of Finance & Account

Family Relation with Executives

- ❖ Sister of Mr. Boonkrua Khemapiratana, Director and Managing Director

Shares Held at 31 December 2018

- ❖ Amount 250,000 shares

Education & Certifications

- ❖ Mini MBA, Thammasat University
- ❖ Bachelor of Accounting, Thammasat University

Work Experience

- | | |
|--|-------------|
| ❖ Financial Accounting Manager, (Thailand) Co., Ltd. | 1968 – 2003 |
| ❖ Financial Accounting Manager, Sriracha Construction (1994) Co., Ltd. | 2003 – 2011 |

Other Current Positions

- | | |
|---|----------------|
| ❖ Executive committee/ Assistant Managing Director Finance & Account,
Sriracha Construction PLC. | 2011 – Present |
|---|----------------|

General Data and other parties.

Company's name : Sriracha Construction Public Co., Ltd. (SRICHA)
Business type : Mechanical Engineering and Construction
Location : 97 Moo3 Kao Kilo Rd., Surasak Sub-district, Sriracha District, Choburi Province 20110 Thailand
Company's registration : No. 0107554000305
Telephone : +66 38 317 - 555
Fax : +66 38 317 - 579
website : www.sricha.com
Registration capital : 310,000,000.00 baht
Paid-up capital : 309,879,000 baht
Numbers of ordinary shares : 309,879,000 shares
Par value : 1 baht

Securities registrar : Thailand Securities Depository Co., Ltd.
Location : 93 Stock Exchange of Thailand Building Ratchadaphisek Rd., Klongteoy, Bangkok 10400 Thailand
Telephone : +66 2009 9000
Fax : +66 2009 9991
Auditor : AST Master Co., Ltd.
 Mr.Pradit Rodloytuk License 218
 Ms. Nongram Laohaareedilok License 4334
Location : 790/12 Thonglor Tower, Soi Thonglor 18, Sukhumvit 55 Rd., Klongtan Neau, Wattana, Bangkok 10110 Thailand
Telephone : +66 2714 8842-3, +66 2185 0342
Fax : +66 2185 0225

Independent Auditor's Report

To the Board of Directors and Shareholders of

Sriracha Construction Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of **Sriracha Construction Public Company Limited and its subsidiary** (the Group), which comprise the consolidated statement of financial position as at 31 December 2018, and the related consolidated statements of 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 **Sriracha 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 **Sriracha Construction Public Company Limited and its subsidiary** and of **Sriracha Construction Public Company Limited** as at 31 December 2018, 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 (TSAs). 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 issued by the Federation of Accounting Professions that is relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. 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.

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

Revenues recognition

The Group has many sources of service revenues; e.g. revenue from construction services, revenue from maintenance services, revenue from manpower and revenue from rental of tools and equipment, etc. Revenues recognition of each services, as disclosed in Note 4.14 are derived from various sources, which scope and lead time for service delivery under each agreement can be different. Moreover, revenues recognition from construction service based on a percentage of completion basis, which is measured based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. The management was required exercise significant judgments to estimate costs of construction at the end of each accounting period. I, therefore, identified revenue recognition as significant transaction.

I have examined revenues recognition as follows:

- Revenue from construction services audit by assessing the appropriateness of and testing the internal controls over the approach used by the management to monitor and considering the reasonableness of management's assessment on the percentage of completion in addition to the estimation of construction costs. I also tested the effectiveness of internal controls over the procurement and the record of construction costs. I determined the reasonableness of the estimation of percentage of completion and the estimation of construction costs by inquiring with the management, performing comparative analysis of the percentage of completion determined by comparing the construction costs incurred up to the end of year to the total estimated construction costs with the percentage of completion estimated by project manager, reading and understanding the construction contracts and performing an analytical procedures on the gross profit margin to detect possible irregularities.
- Revenue from services of the Group audit by assessing and testing the internal controls and information technologies system with respect of the revenues from services operations by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. Applying a sampling method to select revenue transactions and examining supporting documents for actual revenue transactions occurred during the year and near the end of the accounting period. I have reviewed credit notes that the Group issued after the period-end, including performed analytical procedures on disaggregated data to detect possible irregularities in revenue transactions throughout the period, particularly for accounting entries made through journal vouchers.

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 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 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.

NONGRAM LAOHAAREEDILOK

Certified Public Accountant

Registration No. 4334

Ast Master Co., Ltd.

25 February 2019

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

					In Baht							
					Consolidated financial statements				Separate financial statements			
			ASSETS	<u>Notes</u>	2018		2017		2018		2017	
CURRENT ASSETS												
	Cash and cash equivalents			6	630,481,295		542,256,416		620,961,935		497,336,898	
	Short-term investments			7	29,862,346		29,606,884		29,862,346		29,606,884	
	Trade accounts receivable and other accounts receivable											
		Trade accounts receivable		8	250,900,410		352,528,938		163,192,345		286,130,069	
		Other accounts receivable		9	81,342,417		172,489,697		79,340,055		172,232,459	
	Unbilled receivables			10	26,872,478		103,906,427		26,872,478		103,906,427	
	Supplies			11	17,601,050		43,274,787		11,346,340		36,763,367	
		Total Current Assets			1,037,059,996		1,244,063,149		931,575,499		1,125,976,104	
NON-CURRENT ASSETS												
	Fixed deposits pledged as collateral			12	114,213,874		113,997,112		114,213,874		113,997,112	
	Investment in subsidiary			13	-		-		4,972,619		4,972,619	
	Investment in associated company			14	-		-		-		-	
	Property, plant and equipment			15	573,914,992		619,045,798		564,907,235		609,086,425	
	Intangible assets			16	11,366,697		11,988,018		8,853,851		10,758,427	
	Deferred income tax assets			17	8,720,421		7,565,741		6,812,874		6,032,995	
	Other non-current assets				324,095		576,595		303,095		543,095	
		Total Non-current Assets			708,540,079		753,173,264		700,063,548		745,390,673	
TOTAL ASSETS						1,745,600,075		1,997,236,413		1,631,639,047		1,871,366,777

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2018

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

				In Baht				
				Consolidated financial statements		Separate financial statements		
	LIABILITIES AND SHAREHOLDERS' EQUITY			Notes	2018	2017	2018	2017
CURRENT LIABILITIES								
	Trade accounts payable and other accounts payable							
		Trade accounts payable		19	17,891,316	81,471,158	12,039,543	75,538,967
		Other accounts payable		20	57,984,824	75,474,942	51,793,172	69,306,941
	Current portion of liabilities under							
		finance lease agreements		21	1,086,873	1,904,097	740,326	1,520,831
	Advance received from customers			10	1,561,512	12,389,312	1,561,512	12,389,312
	Accrued income tax				3,534,944	1,917,551	3,534,944	-
		Total Current Liabilities			82,059,469	173,157,060	69,669,497	158,756,051
NON-CURRENT LIABILITIES								
		Liabilities under finance lease agreements		21	246,525	987,285	-	714,546
		Employee benefit obligations		22	74,505,524	67,580,378	63,210,302	58,100,473
		Total Non-current Liabilities			74,752,049	68,567,663	63,210,302	58,815,019
TOTAL LIABILITIES					156,811,518	241,724,723	132,879,799	217,571,070
SHAREHOLDERS' EQUITY								
	Share capital							
	Authorized share capital							
		310,000,000 common shares, Baht 1 par value			310,000,000	310,000,000	310,000,000	310,000,000
	Issued and paid - up share capital							
		309,879,000 common shares, Baht 1 par value			309,879,000	309,879,000	309,879,000	309,879,000
	Premium on share capital				1,187,139,623	1,187,139,623	1,187,139,623	1,187,139,623
	Retained earnings							
		Appropriated for legal reserve		24	31,000,000	31,000,000	31,000,000	31,000,000
		Unappropriated			117,797,362	278,927,688	51,416,825	203,782,145
	Other components of shareholders' equity				(80,676,200)	(78,005,061)	(80,676,200)	(78,005,061)
	Total parent's equity				1,565,139,785	1,728,941,250	1,498,759,248	1,653,795,707
	Non-controlling interests				23,648,772	26,570,440	-	-
TOTAL SHAREHOLDERS' EQUITY					1,588,788,557	1,755,511,690	1,498,759,248	1,653,795,707
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					1,745,600,075	1,997,236,413	1,631,639,047	1,871,366,777
The notes to financial statements are an integral part of these financial statements.								

STATEMENT OF COMPREHENSIVE INCOME						
FOR THE YEAR ENDED 31 DECEMBER 2018						
		In Baht				
		Consolidated financial statements			Separate financial statements	
	Notes	2018	2017	2018	2017	
REVENUES						
Revenue from construction services		188,024,400	630,949,631	188,024,400	630,949,631	
Revenue from services		622,194,587	631,566,910	389,200,355	419,349,341	
Dividends income	5.3	-	-	24,750,000	21,000,000	
Other income	25	9,364,737	21,554,390	8,328,965	20,802,761	
Total revenues		819,583,724	1,284,070,931	610,303,720	1,092,101,733	
EXPENSES						
Cost of construction services		189,406,174	725,857,492	189,406,174	725,857,492	
Cost of services		398,513,017	352,886,474	195,908,966	192,457,084	
Administrative expenses		252,430,265	233,315,884	247,426,554	228,012,915	
Loss from the reduction in project value	10	65,478,330	-	65,478,330	-	
Finance costs		120,885	213,042	80,592	164,989	
Total expenses		905,948,671	1,312,272,892	698,300,616	1,146,492,480	
Loss before income tax (expenses) income		(86,364,947)	(28,201,961)	(87,996,896)	(54,390,747)	
Income tax (expenses) income	27	(7,461,247)	(8,533,081)	(2,392,624)	690,344	
Loss for the year		(93,826,194)	(36,735,042)	(90,389,520)	(53,700,403)	
Other comprehensive income						
Other comprehensive income to be reclassified to profit or loss in subsequent periods:						
Translating financial statements		(2,705,234)	(9,443,944)	(2,705,234)	(9,443,944)	
Gain (loss) on change in value of available-for-sale investments		42,619	(2,461,230)	42,619	(2,461,230)	
Less : Income tax (expenses) effect	27	(8,524)	492,246	(8,524)	492,246	
Other comprehensive income not to be reclassified to profit or loss in subsequent periods						
Actuarial gain on defined employee benefit plan	22	-	2,905,108	-	1,449,081	
Less : Income tax effect	27	-	(581,022)	-	(289,816)	
Other comprehensive income for the year		(2,671,139)	(9,088,842)	(2,671,139)	(10,253,663)	
Total comprehensive income for the year		(96,497,333)	(45,823,884)	(93,060,659)	(63,954,066)	
Profit (loss) attributable to:						
Equity holders of the parent		(99,154,526)	(46,545,020)	(90,389,520)	(53,700,403)	
Non-controlling interests		5,328,332	9,809,978	-	-	
		(93,826,194)	(36,735,042)	(90,389,520)	(53,700,403)	
Comprehensive income attributable to:						
Equity holders of the parent		(101,825,665)	(55,633,862)	(93,060,659)	(63,954,066)	
Non-controlling interests		5,328,332	9,809,978	-	-	
		(96,497,333)	(45,823,884)	(93,060,659)	(63,954,066)	
Basic loss per share						
Loss attributable to equity holders of the parent		(0.32)	(0.15)	(0.29)	(0.17)	
The notes to financial statements are an integral part of these financial statements.						

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

In Baht

Parent's shareholders' equity										
			Retained earnings		Other components of shareholders' equity					
		Issued and	Premium			Other comprehensive income		Total other		
		paid-up	on share	Appropriated		Premium on	Exchange differences	component		
	Notes	share capital	capital	for legal reserve	Unappropriated	of investments	financial statements	of shareholders'	Total equity	Non-controlling
								equity	of the parent	interests
										Total
Balance as at 1 January 2017		309,879,000	1,187,139,623	31,000,000	447,100,022	2,126,999	(68,719,132)	(66,592,133)	1,908,526,512	23,760,462
Dividends paid	23	-	-	-	(123,951,400)	-	-	-	(123,951,400)	-
Loss for the year		-	-	-	(46,545,020)	-	-	-	(46,545,020)	9,809,978
Other comprehensive income for the year		-	-	-	2,324,086	(1,968,984)	(9,443,944)	(11,412,928)	(9,088,842)	-
Total comprehensive income for the year		-	-	-	(44,220,934)	(1,968,984)	(9,443,944)	(11,412,928)	(55,633,862)	9,809,978
Dividends of subsidiary paid to non-controlling interests		-	-	-	-	-	-	-	-	(7,000,000)
Balance as at 31 December 2017		309,879,000	1,187,139,623	31,000,000	278,927,688	158,015	(78,163,076)	(78,005,061)	1,728,941,250	26,570,440
Balance as at 1 January 2018		309,879,000	1,187,139,623	31,000,000	278,927,688	158,015	(78,163,076)	(78,005,061)	1,728,941,250	26,570,440
Dividends paid	23	-	-	-	(61,975,800)	-	-	-	(61,975,800)	-
Loss for the year		-	-	-	(99,154,526)	-	-	-	(99,154,526)	5,328,332
Other comprehensive income for the year		-	-	-	-	34,095	(2,705,234)	(2,671,139)	(2,671,139)	-
Total comprehensive income for the year		-	-	-	(99,154,526)	34,095	(2,705,234)	(2,671,139)	(101,825,665)	5,328,332
Dividends of subsidiary paid to non-controlling interests		-	-	-	-	-	-	-	-	(8,250,000)
Balance as at 31 December 2018		309,879,000	1,187,139,623	31,000,000	117,797,362	192,110	(80,868,310)	(80,676,200)	1,565,139,785	23,648,772

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED
SEPARATE STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018

In Baht

	Notes	In Baht						
		Retained earnings			Other components of shareholders' equity			
		Issued and paid-up share capital	Premium on share capital	Appropriated for legal reserve	Unappropriated	Other comprehensive income		Total
						Premium on revaluation of investments	Exchange differences on translating financial statements	other component of shareholders' equity
		share capital	capital	for legal reserve	Unappropriated	of investments	financial statements	equity
Balance as at 1 January 2017		309,879,000	1,187,139,623	31,000,000	380,274,683	2,126,999	(68,719,132)	(66,592,133)
Dividends paid	23	-	-	-	(123,951,400)	-	-	-
Loss for the year		-	-	-	(53,700,403)	-	-	-
Other comprehensive income for the year		-	-	-	1,159,265.00	(1,968,984)	(9,443,944)	(11,412,928)
Total comprehensive income for the year		-	-	-	(52,541,138)	(1,968,984)	(9,443,944)	(11,412,928)
Balance as at 31 December 2017		<u>309,879,000</u>	<u>1,187,139,623</u>	<u>31,000,000</u>	<u>203,782,145</u>	<u>158,015</u>	<u>(78,163,076)</u>	<u>(78,005,061)</u>
Balance as at 1 January 2018		309,879,000	1,187,139,623	31,000,000	203,782,145	158,015	(78,163,076)	(78,005,061)
Dividends paid	23	-	-	-	(61,975,800)	-	-	-
Loss for the year		-	-	-	(90,389,520)	-	-	-
Other comprehensive income for the year		-	-	-	-	34,095	(2,705,234)	(2,671,139)
Total comprehensive income for the year		-	-	-	(90,389,520)	34,095	(2,705,234)	(2,671,139)
Balance as at 31 December 2018		<u>309,879,000</u>	<u>1,187,139,623</u>	<u>31,000,000</u>	<u>51,416,825</u>	<u>192,110</u>	<u>(80,868,310)</u>	<u>(80,676,200)</u>

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES				
Loss before income tax	(86,364,947)	(28,201,961)	(87,996,896)	(54,390,747)
Adjustments to reconcile loss to net cash provided by (used in) operating activities				
Unrealized loss (gain) on exchange rate	304,769	(8,568)	304,769	(8,568)
Depreciation	54,302,626	60,618,271	51,970,017	57,627,357
Amortization	2,892,782	2,364,611	2,320,186	2,124,611
Loss on obsolescence of supplies	5,455,354	-	5,455,354	-
Gain (loss) on disposal of land and equipment	99,616	(5,391,534)	99,616	(5,391,534)
Loss from written-off of assets	26,409	-	26,409	-
Loss from written-off of intangible assets	61,679	-	61,679	-
Gain on disposal of short-term investment	-	(2,969,196)	-	(2,969,196)
Loss from the reduction in project value	65,478,330	-	65,478,330	-
Unrealized loss from changes in value of investments	-	(54,474)	-	(54,474)
Employee benefit obligations	8,522,374	10,283,925	6,707,057	8,117,457
Interest income	(5,171,851)	(5,007,034)	(4,888,834)	(4,858,100)
Dividends income from subsidiary	-	-	(24,750,000)	(21,000,000)
Interest expenses	120,885	213,042	80,592	164,989
Gain (loss) from operating activities before change in operating assets and liabilities	45,728,026	31,847,082	14,868,279	(20,638,205)
Decrease (Increase) in operating assets				
Trade accounts receivable	101,323,759	(147,470,271)	122,632,955	(140,424,268)
Other accounts receivable	100,903,674	3,706,415	101,011,918	3,603,702
Unbilled receivables	11,555,619	214,257,000	11,555,619	214,257,000
Supplies	20,218,383	7,720,138	19,961,673	8,681,766
Other non-current assets	252,500	3,000	240,000	3,000
Increase (Decrease) in operating liabilities				
Trade accounts payable	(63,579,842)	(14,446,707)	(63,499,424)	(27,117,645)
Other accounts payable	(17,496,833)	7,048,426	(17,520,484)	6,847,583
Advance received from customers	(10,827,800)	(61,338,729)	(10,827,800)	(61,338,729)
Employee benefit obligations paid	(1,597,228)	(695,580)	(1,597,228)	(143,080)
Cash received (paid) from operating activities	186,480,258	40,630,774	176,825,508	(16,268,876)
Income tax paid	(16,722,830)	(37,315,372)	(7,720,516)	(29,321,936)
Net cash provided by (used in) operating activities	169,757,428	3,315,402	169,104,992	(45,590,812)

The notes to financial statements are an integral part of these financial statements.

SRIRACHA CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES				
Decrease (increase) in short-term investments	(212,843)	110,091,414	(212,843)	110,091,414
Decrease (increase) in fixed deposits pledged as collateral	(216,762)	(1,007,298)	(216,762)	(1,007,298)
Proceeds from disposals of equipment	489,776	9,170,282	489,776	9,170,282
Cash paid for acquisition of plant and equipment	(9,420,373)	(13,866,019)	(8,406,628)	(13,297,653)
Cash paid for acquisition of intangible assets	(2,333,140)	(3,909,586)	(477,289)	(3,909,586)
Proceeds from interest income	5,131,230	5,030,454	4,843,754	4,884,156
Dividends income from subsidiary	-	-	24,750,000	21,000,000
Net cash provided by (used in) investing activities	(6,562,112)	105,509,247	20,770,008	126,931,315
CASH FLOWS FROM FINANCING ACTIVITIES				
Payment for liabilities under finance lease agreements	(1,925,232)	(2,140,514)	(1,495,051)	(1,703,324)
Interest paid	(120,885)	(213,042)	(80,592)	(164,989)
Dividends paid to non-controlling interests	(8,250,000)	(7,000,000)	-	-
Dividends paid	(61,969,086)	(123,947,766)	(61,969,086)	(123,947,766)
Net cash used in financing activities	(72,265,203)	(133,301,322)	(63,544,729)	(125,816,079)
Exchange differences on translating financial statements	(2,705,234)	(9,443,944)	(2,705,234)	(9,443,944)
Net increase (decrease) in cash and cash equivalents	88,224,879	(33,920,617)	123,625,037	(53,919,520)
Cash and cash equivalents, beginning of year	542,256,416	576,177,033	497,336,898	551,256,418
Cash and cash equivalents, end of year	630,481,295	542,256,416	620,961,935	497,336,898

SUPPLEMENTARY DISCLOSURES OF CASH FLOWS INFORMATION

Non-cash transactions

Increase in liabilities under finance lease agreements	367,248	-	-	-
Increase in accrued dividends	6,714	3,634	6,714	3,634

The notes to financial statements are an integral part of these financial statements.

1. GENERAL INFORMATION

Sriracha Construction Public Company Limited is a public company incorporated and domiciled in Thailand. The Company engages in construction business, machinery and equipment rental and consulting on architectural and engineering. The major shareholder of the Company is Sriracha Holding Co., Ltd. which holds 47%. The registered addresses are as follows:

Head Office is located at 97 Moo 3, Surasak sub-district, Sriracha district, Chonburi.

Branch Office 1 is located at 153 Moo 3, Surasak sub-district, Sriracha district, Chonburi.

Madagascar Branch is located at LOT VA 46 TSIADANA AMPASANIMALO - 101 ANTANANARIVO - MADAGASCAR.

2. BASIS FOR CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS PREPARATION

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Thailand Federation of Accounting Professions ("TFAC"); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The consolidated financial statements included the accounts of subsidiary that the Company being influence over the control is as follow:

<u>Company name</u>	<u>Country of incorporation</u>	<u>The date of commencing control</u>	<u>Percentage of holding by company</u>
<u>Subsidiary</u>			
SCC Maintenance Services Co., Ltd.	Thailand	Year 2002	75

Outsourcing maintenance service business

Significant transactions with subsidiary in the consolidated financial statements have been eliminated.

"The Company" represents "Sriracha Construction Public Company Limited" while "The Group" represents "Sriracha Construction Public Company Limited and its subsidiary".

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

For the convenience of the user, an English translation of the financial statements has been prepared from the financial statements that are issued in the Thai language.

3. NEW FINANCIAL REPORTING STANDARDS

3.1 Financial reporting standards that became effective in the current year

During the year, the Group have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Group' financial statements

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, the Thailand Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

The management of the Company believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

	Construction contracts
TAS 11 (revised 2017)	Revenue
TAS 18 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TSIC 31 (revised 2017)	Customer Loyalty Programmes
TFRIC 13 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 15 (revised 2017)	Transfers of Assets from Customers
TFRIC 18 (revised 2017)	

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company believe that this standard will not have any significant impact on the financial statements when it is initially applied.

3.3 Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Thailand Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Group is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these consolidated and separate financial statements are set out below;

4.1 Cash and cash equivalents

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

Deposits at financial institutions that are restricted in use are presented as "Fixed deposits pledged as collateral" under non - current assets in the statement of financial position.

4.2 Short-term investments

Short-term investments consist of 3 - 12 months fixed deposit and investments in unit trusts of mutual funds which the Company accounted for trade securities and available-for-sale investments.

Investments other than investments in subsidiaries and associates are classified into trading investments and available-for-sale investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.

Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

Investments are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available for sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand and the Thai Bond Dealing Centre. The unrealised gains and losses of trading investments are recognised in income statement. The unrealised gains and losses of available for sale investments are recognised in other comprehensive income.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to the profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

4.3 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount less allowance for doubtful accounts based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified.

4.4 Supplies

Supplies are stated at the lower of cost or net realizable value. Cost is determined by the average method.

4.5 Investment in subsidiaries

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Intercompany transactions, balances and unrealised gains (losses) on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group, respectively.

In the company's separated financial statements, investments in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment transactions and non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

4.6 Investment in associated company

Associates are those companies in which the Company has significant influence over the associates that is the Company has power to participate in determining relating to the financial and operating policies of the enterprise but not up to the level of governing such policies. Investments in associated are stated by equity method in consolidated financial statements. In case of the associates have capital deficiencies the recognition of Company's portion on such investments will be equal to zero only.

Investments in associates are accounted for in the separate financial statement using the cost method net of allowance for loss on diminution in value (if any).

4.7 Property, plant and equipment

Property, plant and equipment are initially recorded at cost. All assets, except for land, are stated at historical cost less accumulated depreciation.

Depreciation of plant and equipment is calculated on the straight-line method over their estimated useful lives are as follows:

	<u>No. of Years</u>
Land improvement	10
Building and structure	10 - 20
Machinery and equipment	5 - 10
Fixtures and office equipment	5
Vehicles	5 - 10
Computer	5

When assets are sold or retired, the Group will eliminate their costs and accumulated depreciation from the accounts and any gain or loss resulting from their disposal is included in the profit or loss.

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Estimated recoverable amount is the higher of the anticipated discounted cash flows from the continuing use of the asset and the amount obtainable from the sale of the asset less any costs of disposal.

Repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in operating profit.

Work in progress are stated at cost. These assets are not depreciated until such time as the relevant assets are completed and ready for their intended operational use.

4.8 Intangible asset

Intangible asset is right to use a computer program that looks at a specific purchase recorded as an asset when the cost of acquisition and action to a particular computer program used accompanied by a request. It is amortized using the straight-line method over the estimated useful life of 5 - 10 years.

4.9 Impairment of assets

The Group reviewed the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount of assets is below the carrying amount (the higher of an assets selling price or value in use). The review is made for individual assets or the cash generating unit.

In case that the carrying value of an asset exceeds its recoverable amount, the Group recognizes the impairment losses in the profit or loss. The reversal of impairment losses recognized in prior years is recorded as other income when there is an indication that the impairment losses recognized for the assets no longer exist or are decreased.

4.10 Translation of foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

4.11 Translation of foreign currency financial statements

The financial statements of a branch in foreign country have been prepared in the currency of the Malagasy Ariary. The results and financial position of all the group entities (none of which has the

currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

4.12 Leases - where a company is the lessee

Leases of assets which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables.

The interest element of the finance cost is charged to the profit or loss over the lease period. The property, plant or equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

4.13 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Group treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

4.14 Revenue and cost recognition

Revenues from construction services

The Company recognized revenues from construction on a percentage of completion basis. The percentage of completion is measured based on comparison of actual construction costs incurred up to the end of the period and total anticipated construction costs to be incurred to completion. Full provision is made for losses on unprofitable contracts as soon as losses can be foreseen. Revenues recognized to date in excess of amounts billed are classified in statement of financial position under the caption of “Unbilled completed work” and for the money the Company collected in excess of revenue recognized in the reporting period is shown “Revenues received in advance” in the statement of financial position.

Costs incurred in construction include direct materials, direct labour and construction overheads. General and administrative expenses are charged to the profit or loss when incurred.

Costs incurred during the year related to future activities under the contract are not included in the cost of construction and is represented as “Work in progress” in the statement of financial position.

Revenues from services

Revenues from services are recognized when the services are rendered based on the stage of completion.

4.15 Income tax

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

Current tax

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

Deferred income 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 Group recognises 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 Group reviews and reduces 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 Group records deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Financial instruments

Financial assets carried on the statement of financial position include cash and cash equivalents, short-term investments, trade accounts receivable and other accounts receivable. Financial liabilities carried on the statement of financial position include trade accounts payable, other accounts payable, accrued income tax and liabilities under finance lease agreements. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. The Group did not adopt any derivative strategies to manage the fluctuation of foreign currency and interest rates.

4.17 Provisions

Provisions are recognized when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain.

4.18 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.

4.19 Critical accounting estimates and assumption

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Estimated of construction project costs

The Company estimate 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. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Property plant and equipment/Depreciation

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

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

Allowance for doubtful receivables

Allowance for doubtful receivables is considered based on analysis of aging and assessment of the current financial position of customers. The Group determined the aging and status of customers for setting the allowance for doubtful accounts based on the outstanding balances.

Leases

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

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 judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Post-employment benefits under defined benefit plans

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

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 judgment, 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.

4.20 Related parties

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the Company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the Company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the Company and closed members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

4.21 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the consolidated and separate financial statements in the period in which the dividends are approved by the Company's shareholders

5. *TRANSACTIONS WITH RELATED PARTIES*

5.1 Relationships and pricing policies

The relationship and pricing policies among the Company with related parties are as follows:

	<u>Relationships</u>
<u>Parent company</u>	
Sriracha Holding Co., Ltd.	The Company's shareholder and directorship
<u>Associated company</u>	
Thai Taihei Co., Ltd.	The Company owns 21% and directorship
<u>Subsidiary</u>	
SCC Maintenance Services Co., Ltd.	Shareholding and directorship
<u>Related companies</u>	
SCC Park Co., Ltd.	Directorship
B.K.One Sriracha Co., Ltd.	Directorship
<u>Related Persons</u>	
Boonkrua Khemapiratana	The Company's director and shareholder

Transactions

Revenue from services

Sales

Rental income

Purchase of materials

Rental and service expenses

Administrative expenses

Acquisition of assets

Consultant fee

Pricing policies for significant transactions

At price which had been agreed upon.

At normal business prices, as same as other entities.

At contract prices.

At normal business prices, as same as other entities.

At contract prices.

At normal business prices, as same as other entities.

At cost plus margin.

At contract prices.

5.2 Balances of transactions with related parties

Balances of transactions with related parties as at 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable (Note 8)				
SCC Maintenance Services Co., Ltd.	-	-	3,546,189	2,964,102
Trade accounts payable (Note 18)				
SCC Maintenance Services Co., Ltd.	-	-	10,871	23,651
Other accounts payable (Note 19)				
SCC Park Co., Ltd.	492,490	984,980	492,490	984,980

5.3 Revenues and expenses with related parties

Transactions with related parties for the years ended 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenues from services				

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
SCC Maintenance Services Co., Ltd.	-	-	11,132,814	4,110,637
Boonkrua Khemapiratana	-	438,658	-	438,658
Total	-	438,658	11,132,814	4,549,295
Rental income from property				
SCC Maintenance Services Co., Ltd.	-	-	1,140,000	1,140,000
Dividend income				
SCC Maintenance Services Co., Ltd.	-	-	24,750,000	21,000,000
Purchases of services				
SCC Maintenance Services Co., Ltd.	-	-	335,244	26,165,104
Rental expense				
SCC Park Co., Ltd.	5,909,880	5,909,880	5,909,880	5,909,880
B.K.One Sriracha Co., Ltd.	112,842	92,632	112,842	92,632
Total	6,022,722	6,002,512	6,022,722	6,002,512
Directors and management's benefits				
Short - term employee benefits	13,215,107	15,769,755	13,215,107	15,769,755
Post - employment benefits	258,538	273,853	258,538	273,853
Total	13,473,645	16,043,608	13,473,645	16,043,608

6. CASH AND CASH EQUIVALENTS

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash	407,246	645,629	317,246	555,629
Current deposits	39,948,914	46,599,907	31,191,144	40,200,262

Saving deposits	497,016,420	443,306,797	496,614,300	405,144,931
Fixed deposits, maturity less than 3 months	<u>93,108,715</u>	<u>51,704,083</u>	<u>92,839,245</u>	<u>51,436,076</u>
Total	<u>630,481,295</u>	<u>542,256,416</u>	<u>620,961,935</u>	<u>497,336,898</u>

The interest rates of deposits at financial institutions were 0.37% to 1.30% per annum (31 December 2018: 0.37% to 1.40% per annum).

7. SHORT-TERM INVESTMENTS

	Interest rates (%)		In Baht			
			Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
12 - months fixed deposits	0.9	0.9	24,101,053	23,888,209	24,101,053	23,888,209
Mutual fund-trade securities			-	-	-	-
Mutual fund- Available-for-sale securities			<u>5,761,293</u>	<u>5,718,675</u>	<u>5,761,293</u>	<u>5,718,675</u>
Total			<u>29,862,346</u>	<u>29,606,884</u>	<u>29,862,346</u>	<u>29,606,884</u>

The value of mutual fund as at 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated and Separate financial statements			
	2018		2017	
	Trade securities	Available-for-sale securities	Trade securities	Available-for-sale securities
Cost	-	5,521,158	10,149,503	5,521,158
Changes in fair value of mutual fund	-	240,135	(10,149,503)	197,517
Fair value	<u>-</u>	<u>5,761,293</u>	<u>-</u>	<u>5,718,675</u>

Movement of mutual fund for the year ended 31 December 2018 is as follow:

	In Baht
Beginning of the period	<u>5,718,675</u>
Changes in fair value	<u>42,618</u>
Ending of the period	<u>5,761,293</u>

8. TRADE ACCOUNTS RECEIVABLE

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable				
- related companies (Note 5.2)	-	-	3,546,189	2,964,102
Trade accounts receivable				
- other companies	107,681,179	304,470,348	60,410,525	249,216,936
Accrued income	143,219,231	48,058,590	99,235,631	33,949,031
Total	<u>250,900,410</u>	<u>352,528,938</u>	<u>163,192,345</u>	<u>286,130,069</u>

Aging of trade accounts receivable as at 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts receivable				
- related companies				
	-	-	3,123,383	2,964,102
Within credit terms				
	-	-	422,806	-
Less than 3 months				
Total trade accounts receivable - related companies	<u>-</u>	<u>-</u>	<u>3,546,189</u>	<u>2,964,102</u>
Trade accounts receivable				
- other companies				
Within credit terms	91,142,760	241,308,440	48,966,483	193,203,747
	12,574,049	50,514,348	7,479,672	43,365,629
Less than 3 months				
	3,964,370	12,647,560	3,964,370	12,647,560
3 - 6 months				
Total trade accounts receivable - other companies	<u>107,681,179</u>	<u>304,470,348</u>	<u>60,410,525</u>	<u>249,216,936</u>

9. OTHER ACCOUNTS RECEIVABLE

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash advances for project	-	40,000,000	-	40,000,000
Retention	-	41,926,424	-	41,926,424
Receivable - Revenue Department	31,379,692	42,604,805	31,379,692	42,604,805
Prepaid foreign income tax	28,790,200	29,136,531	28,790,200	29,136,531
Other accounts receivable	21,172,525	18,821,937	19,170,163	18,564,699
Total	<u>81,342,417</u>	<u>172,489,697</u>	<u>79,340,055</u>	<u>172,232,459</u>

10. UNBILLED RECEIVABLES/ADVANCE RECEIVED FROM CUSTOMERS

	In Baht	
	Consolidated financial statements	and Separate financial statements
	2018	2017
Value of signed construction contracts	1,365,684,338	1,269,382,230
<u>Less</u> Loss from the reduction in project value	(65,478,330)	-
Total value of signed construction contracts - net	<u>1,300,206,008</u>	<u>1,269,382,230</u>
Construction revenues recognized to date	1,311,230,343	1,123,941,578
<u>Less</u> Loss from the reduction in project value	(65,478,330)	-
Construction revenues recognized to date - net	1,245,752,013	1,123,941,578
<u>Less</u> Installments due to date	(1,218,879,535)	(1,020,035,151)
Unbilled receivables	<u>26,872,478</u>	<u>103,906,427</u>

As at 31 December 2018 and 2017, the Group has transactions from construction contracts in the statements of financial position as follows:

	In Baht			
	Consolidated statements		and	Separate financial statements
	2018			2017
Current assets				
Unbilled receivables	26,872,478			103,906,427
Current liabilities				
Advance received from customers	1,561,512			12,389,312

During 2016, the Company entered into a construction contract with a “Employer” in the PPC and PPE, which the Company recognized revenue from construction services in accordance with the original contract and additional works during 2016 and 2017 of Baht 492.99 million and Baht 502.49 million, respectively, totaling Baht 995.48 million. Subsequently in May 2018, the Employer requested to negotiate with the Company to adjust the project value to be paid to the Company. The Company and the Employer agreed the final project value to be Baht 930.00 million. Therefore, the Company recognized the difference from such project value as loss from the reduction of project value in the statement of comprehensive income for the year ended 31 December 2018 in amount of Baht 65.48 million. The Company’s management believes that there is no additional loss from such project.

11. SUPPLIES

Consolidated financial statements

	In Baht					
	At Cost		Allowance for obsolescence of inventories		Inventories – net	
	2018	2017	2018	2017	2018	2017
Supplies	23,056,404	43,274,787	5,455,354	-	17,601,050	43,274,787
Total	23,056,404	43,274,787	5,455,354	-	17,601,050	43,274,787

Separate financial statements

	In Baht					
	At Cost		Allowance for obsolescence of inventories		Inventories – net	
	2018	2017	2018	2017	2018	2017
Supplies	16,801,694	36,763,367	5,455,354	-	11,346,340	36,763,367
Total	16,801,694	36,763,367	5,455,354	-	11,346,340	36,763,367

12. FIXED DEPOSITS PLEDGED AS COLLATERAL

	Interest rates (%)		In Baht			
			Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017	2018	2017
3-months fixed deposits	0.65 – 1.00	0.55 – 1.00	5,344,167	6,141,784	5,344,167	6,141,784
12-months fixed deposits	0.95	0.95	108,869,707	107,855,328	108,869,707	107,855,328
Total			114,213,874	113,997,112	114,213,874	113,997,112

3-months and 12-months fixed deposits were pledged as collateral against credit facilities from the financial institutions (Notes 18 and 33.3).

13. INVESTMENT IN SUBSIDIARY

Separate financial statements

Company name	Paid – up capital (In Baht)	Holdings (%)	At cost (In Baht)	
			2018	2017
SCC Maintenance Services Co., Ltd.	1,000,000	75	4,972,619	4,972,619

14. INVESTMENT IN ASSOCIATED COMPANY

Separate financial statements

Company name	Paid – up capital (In Baht)	Holdings (%)	In Baht	
			2018	2017
Thai Taihei Co., Ltd.	6,000,000	21	606,600	606,600
<u>Less</u> Allowance for impairment of investment			(606,600)	(606,600)
Net			-	-

Consolidated financial statements

Company name	Holdings (%)	In Baht			
		At Cost		At equity method	
		2018	2017	2018	2017
Thai Taihei Co., Ltd.	21	606,600	606,600	-	-

Thai Taihei Co., Ltd. Was incorporated in Thailand and engages in business of consultant for the construction services.

15. PROPERTY, PLANT AND EQUIPMENT

Consolidated financial statements

	In Baht							
	Land and land improvement	Structure	Machinery and equipment	Fixtures and office equipment	Vehicles	Computer	Work progress in	Total
As at 1 January 2017								
Cost	237,870,666	319,542,390	293,031,233	16,497,265	66,496,855	41,606,854	29,762,834	1,004,808,097
<u>Less</u> Accumulated depreciation	(5,184,500)	(70,067,346)	(188,228,716)	(11,010,994)	(41,763,645)	(18,976,098)	-	(335,231,299)
Net book value	<u>232,686,166</u>	<u>249,475,044</u>	<u>104,802,517</u>	<u>5,486,271</u>	<u>24,733,210</u>	<u>22,630,756</u>	<u>29,762,834</u>	<u>669,576,798</u>
Transactions during the year ended 31 December 2017								
Opening net book value	232,686,166	249,475,044	104,802,517	5,486,271	24,733,210	22,630,756	29,762,834	669,576,798
<u>Add</u> Acquisitions	-	-	2,581,215	705,077	1,860,923	395,800	8,323,004	13,866,019
Transfer in (out)	-	1,919,540	-	-	-	-	(1,919,540)	-
<u>Less</u> Disposals	(3,618,671)	-	(39,502)	(27)	(120,548)	-	-	(3,778,748)
Depreciation	<u>(1,007,458)</u>	<u>(25,627,926)</u>	<u>(20,216,971)</u>	<u>(1,742,499)</u>	<u>(7,745,008)</u>	<u>(4,278,409)</u>	-	<u>(60,618,271)</u>
Closing net book value	<u>228,060,037</u>	<u>225,766,658</u>	<u>87,127,259</u>	<u>4,448,822</u>	<u>18,728,577</u>	<u>18,748,147</u>	<u>36,166,298</u>	<u>619,045,798</u>
As at 31 December 2017								
Cost	233,290,625	321,461,931	294,375,037	17,141,983	68,137,779	42,002,655	36,166,298	1,012,576,308
<u>Less</u> Accumulated depreciation	(5,230,588)	(95,695,273)	(207,247,778)	(12,693,161)	(49,409,202)	(23,254,508)	-	(393,530,510)
Net book value	<u>228,060,037</u>	<u>225,766,658</u>	<u>87,127,259</u>	<u>4,448,822</u>	<u>18,728,577</u>	<u>18,748,147</u>	<u>36,166,298</u>	<u>619,045,798</u>

Consolidated financial statements

	In Baht							
	Land and land improvement	Structure	Machinery and equipment	Fixtures and office equipment	Vehicles	Computer	Work progress in	Total
Transactions during the year ended 31 December 2018								
Opening net book value	228,060,037	225,766,658	87,127,259	4,448,822	18,728,577	18,748,147	36,166,298	619,045,798
<u>Add</u> Acquisitions	1,307,618	-	2,648,482	772,000	1,429,542	639,795	2,990,184	9,787,621
Transfer in (out)	33,036,415	2,551,863	-	578,020	-	-	(36,166,298)	-
<u>Less</u> Disposals	-	-	(56,160)	(26,494)	(529,348)	(3,799)	-	(615,801)
Depreciation	(4,198,815)	(25,867,370)	(14,019,393)	(1,619,313)	(5,162,867)	(3,434,868)	-	(54,302,626)
Closing net book value	<u>258,205,255</u>	<u>202,451,151</u>	<u>75,700,188</u>	<u>4,153,035</u>	<u>14,465,904</u>	<u>15,949,275</u>	<u>2,990,184</u>	<u>573,914,992</u>
As at 31 December 2018								
Cost	267,634,658	324,013,794	295,443,843	17,797,391	67,515,785	41,794,446	2,990,184	1,017,190,101
<u>Less</u> Accumulated depreciation	(9,429,403)	(121,562,643)	(219,743,655)	(13,644,356)	(53,049,881)	(25,845,171)	-	(443,275,109)
Net book value	<u>258,205,255</u>	<u>202,451,151</u>	<u>75,700,188</u>	<u>4,153,035</u>	<u>14,465,904</u>	<u>15,949,275</u>	<u>2,990,184</u>	<u>573,914,992</u>

As at 31 December 2018, the Group had vehicle acquired under finance lease agreements, with net book value amounting to approximately Baht 4.27 million (2017: Baht 5.64 million).

Separate financial statements

	In Baht							
	Land and land improvement	Structure	Machinery and equipment	Fixtures and office equipment	Vehicles	Computer	Work progress in	Total
As at 1 January 2017								
Cost	237,870,666	315,256,746	276,119,707	14,764,548	57,569,821	39,684,524	29,762,834	971,028,846
<u>Less</u> Accumulated depreciation	(5,184,500)	(69,478,364)	(175,439,022)	(9,710,069)	(36,609,859)	(17,412,155)	-	(313,833,969)
Net book value	<u>232,686,166</u>	<u>245,778,382</u>	<u>100,680,685</u>	<u>5,054,479</u>	<u>20,959,962</u>	<u>22,272,369</u>	<u>29,762,834</u>	<u>657,194,877</u>
Transactions during the year ended 31 December 2017								
Opening net book value	232,686,166	245,778,382	100,680,685	5,054,479	20,959,962	22,272,369	29,762,834	657,194,877
<u>Add</u> Acquisitions	-	-	2,160,540	645,286	1,860,923	307,900	8,323,004	13,297,653
Transfer in (out)	-	1,919,540	-	-	-	-	(1,919,540)	-
<u>Less</u> Disposals	(3,618,671)	-	(39,502)	(27)	(120,548)	-	-	(3,778,748)
Depreciation	(1,007,458)	(25,199,362)	(19,059,997)	(1,593,330)	(6,628,497)	(4,138,713)	-	(57,627,357)
Closing net book value	<u>228,060,037</u>	<u>222,498,560</u>	<u>83,741,726</u>	<u>4,106,408</u>	<u>16,071,840</u>	<u>18,441,556</u>	<u>36,166,298</u>	<u>609,086,425</u>
As at 31 December 2017								
Cost	233,290,625	317,176,287	277,042,836	15,349,475	59,210,745	39,992,424	36,166,298	978,228,690
<u>Less</u> Accumulated depreciation	(5,230,588)	(94,677,727)	(193,301,110)	(11,243,067)	(43,138,905)	(21,550,868)	-	(369,142,265)
Net book value	<u>228,060,037</u>	<u>222,498,560</u>	<u>83,741,726</u>	<u>4,106,408</u>	<u>16,071,840</u>	<u>18,441,556</u>	<u>36,166,298</u>	<u>609,086,425</u>

Separate financial statements

	In Baht							
	Land and land improvement	Structure	Machinery and equipment	Fixtures and office equipment	Vehicles	Computer	Work in progress	Total
Transactions during the year ended 31 December 2018								
Opening net book value	228,060,037	222,498,560	83,741,726	4,106,408	16,071,840	18,441,556	36,166,298	609,086,425
<u>Add</u> Acquisitions	1,307,618	-	2,012,220	698,998	900,000	497,608	2,990,184	8,406,628
Transfer in (out)	33,036,415	2,551,863	-	578,020	-	-	(36,166,298)	-
Less Disposals	-	-	(56,160)	(26,494)	(529,348)	(3,799)	-	(615,801)
Depreciation	(4,198,815)	(25,438,805)	(13,079,300)	(1,500,686)	(4,446,659)	(3,305,752)	-	(51,970,017)
Closing net book value	<u>258,205,255</u>	<u>199,611,618</u>	<u>72,618,486</u>	<u>3,856,246</u>	<u>11,995,833</u>	<u>15,629,613</u>	<u>2,990,184</u>	<u>564,907,235</u>
As at 31 December 2018								
Cost	267,634,658	319,728,150	277,475,380	15,931,881	58,059,209	39,642,029	2,990,184	981,461,491
<u>Less</u> Accumulated depreciation	<u>(9,429,403)</u>	<u>(120,116,532)</u>	<u>(204,856,894)</u>	<u>(12,075,635)</u>	<u>(46,063,376)</u>	<u>(24,012,416)</u>	-	<u>(416,554,256)</u>
Net book value	<u>258,205,255</u>	<u>199,611,618</u>	<u>72,618,486</u>	<u>3,856,246</u>	<u>11,995,833</u>	<u>15,629,613</u>	<u>2,990,184</u>	<u>564,907,235</u>

As at 31 December 2018, the Company had vehicle acquired under finance lease agreements, with net book value amounting to approximately Baht 3.04 million (2017: Baht 4.29 million).

16. INTANGIBLE ASSETS

	In Baht	
	<u>Consolidated financial statements</u>	<u>Separate financial statements</u>
As at 1 January 2017		
Cost	30,237,198	27,805,198
<u>Less</u> Accumulated amortization	<u>(19,794,155)</u>	<u>(18,831,746)</u>
Net book value	<u>10,443,043</u>	<u>8,973,452</u>
Transactions during the year ended 31 December 2017		
Opening net book value	10,443,043	8,973,452
<u>Add</u> Acquisitions	3,909,586	3,909,586
<u>Less</u> Amortization	<u>(2,364,611)</u>	<u>(2,124,611)</u>
Closing net book value	<u>11,988,018</u>	<u>10,758,427</u>
As at 31 December 2017		
Cost	34,146,785	31,714,785
<u>Less</u> Accumulated amortization	<u>(22,158,767)</u>	<u>(20,956,358)</u>
Net book value	<u>11,988,018</u>	<u>10,758,427</u>
Transactions during the year ended 31 December 2018		
Opening net book value	11,988,018	10,758,427
<u>Add</u> Acquisitions	2,333,140	477,289
<u>Less</u> written-off	<u>(61,679)</u>	<u>(61,679)</u>
<u>Less</u> Amortization	<u>(2,892,782)</u>	<u>(2,320,186)</u>
Closing net book value	<u>11,366,697</u>	<u>8,853,851</u>
As at 31 December 2018		
Cost	36,394,325	32,106,475
<u>Less</u> Accumulated amortization	<u>(25,027,628)</u>	<u>(23,252,624)</u>
Net book value	<u>11,366,697</u>	<u>8,853,851</u>

17. DEFERRED INCOME TAX ASSETS AND LIABILITIES

The gross movement and the deferred income tax account is as follow:

	In Baht			
	Consolidated	financial	Separate	
	statements		financial statements	
	2018	2017	2018	2017
At 1 January	7,565,741	6,268,855	6,032,995	4,783,516
Charge (credited) to profit or loss	1,163,204	1,385,662	788,403	1,047,049
Charge (credited) to other comprehensive income	(8,524)	(88,776)	(8,524)	202,430
At 31 December	8,720,421	7,565,741	6,812,874	6,032,995

The movement in deferred tax assets and liabilities during the year is as follow:

	In Baht			
	At 1	Charged	Charged	
	January 2018	(credited) to profit or loss	(credited) to other comprehensive income	At 31 December 2018
<u>Consolidated financial statement</u>				
<u>Deferred tax assets</u>				
Employee benefit obligations	13,516,075	1,704,477	-	15,220,552
Liabilities under finance lease agreements	45,634	(209)	-	45,425
Total	13,561,709	1,704,268	-	15,265,977
<u>Deferred tax liabilities</u>				
Depreciation	(5,956,465)	(541,064)	-	(6,497,529)
Unrealised gain of available-for-sale-investments	(39,503)	-	(8,524)	(48,027)
Total	(5,995,968)	(541,064)	(8,524)	(6,545,556)
Deferred tax - net	7,565,741	1,163,204	(8,524)	8,720,421

Separate financial statement**Deferred tax assets**

Employee benefit obligations	11,620,095	1,341,411	-	12,961,506
Liabilities under finance lease agreements	33,605	(516)	-	33,089
Total	11,653,700	1,340,895	-	12,994,595

Deferred tax liabilities

Depreciation	(5,581,202)	(552,492)	-	(6,133,694)
Unrealised gain of available-for-sale-investments	(39,503)	-	(8,524)	(48,027)
Total	(5,620,705)	(552,492)	(8,524)	(6,181,721)
Deferred tax - net	6,032,995	788,403	(8,524)	6,812,874

In Baht

	At 1 January 2017	Charged (credited) to profit or loss	Charged (credited) to other comprehensive income	At 31 December 2017
<u>Consolidated financial statement</u>				
<u>Deferred tax assets</u>				
Employee benefit obligations	12,179,428	1,917,669	(581,022)	13,516,075
Liabilities under finance lease agreements	40,338	5,296	-	45,634
Total	12,219,766	1,922,965	(581,022)	13,561,709
<u>Deferred tax liabilities</u>				
Depreciation	(5,419,162)	(537,303)	-	(5,956,465)
Unrealised gain of available-for-sale-investments	(531,749)	-	492,246	(39,503)
Total	(5,950,911)	(537,303)	492,246	(5,995,968)

Deferred tax - net	<u>6,268,855</u>	<u>1,385,662</u>	<u>(88,776)</u>	<u>7,565,741</u>
	<u>In Baht</u>			
			Charged	
		Charged	(credited)	
	At 1	(credited) to	to other	At 31
	January 2017	profit or loss	comprehensiv e income	December 2017
<u>Separate financial statement</u>				
<u>Deferred tax assets</u>				
Employee benefit obligations	10,315,035	1,594,876	(289,816)	11,620,095
Liabilities under finance lease agreements	<u>31,234</u>	<u>2,371</u>	<u>-</u>	<u>33,605</u>
Total	<u>10,346,269</u>	<u>1,597,247</u>	<u>(289,816)</u>	<u>11,653,700</u>
<u>Deferred tax liabilities</u>				
Depreciation	(5,031,004)	(550,198)	-	(5,581,202)
Unrealised gain of available-for-sale-investments	<u>(531,749)</u>	<u>-</u>	<u>492,246</u>	<u>(39,503)</u>
Total	<u>(5,562,753)</u>	<u>(550,198)</u>	<u>492,246</u>	<u>(5,620,705)</u>
Deferred tax - net	<u>4,783,516</u>	<u>1,047,049</u>	<u>202,430</u>	<u>6,032,995</u>

The financial position of deferred tax assets and liabilities is as follow:

	<u>In Baht</u>			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred income tax assets	15,265,977	13,561,709	12,994,595	11,653,700
Deferred income tax liabilities	<u>(6,545,556)</u>	<u>(5,995,968)</u>	<u>(6,181,721)</u>	<u>(5,620,705)</u>
Deferred income tax assets - net	<u>8,720,421</u>	<u>7,565,741</u>	<u>6,812,874</u>	<u>6,032,995</u>

18. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at 31 December 2018 and 2017, the Company has credit facilities for short-term loans and other facilities from financial institutions totaling Baht 505.4 million. Such loans are guaranteed by fixed deposits (Note 12).

19. TRADE ACCOUNTS PAYABLE

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade accounts payable - related companies (Note 5.2)	-	-	10,871	23,651
Trade accounts payable - other companies	17,891,316	81,471,158	12,028,672	75,515,316
Total trade accounts payable	17,891,316	81,471,158	12,039,543	75,538,967

20. OTHER ACCOUNTS PAYABLE

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accrued expenses	40,093,893	49,327,500	35,281,737	44,096,585
Payable - Revenue Department	14,867,024	20,751,462	13,487,528	19,814,376
Other accounts payable - related companies (Note 5.2)	492,490	984,980	492,490	984,980
Other accounts payable - other companies	2,531,417	4,411,000	2,531,417	4,411,000
Total other accounts payable	57,984,824	75,474,942	51,793,172	69,306,941

21. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

The Group entered into the financial lease agreements for vehicle with the lease period of 3-4 years with the amount of minimum installments and the present values for liabilities under financial lease agreements as follows;

	In Baht			
	Minimum amount	installments	The present minimum installments	value of amount
	2561	2560	2561	2560
<u>Consolidated financial statements</u>				
Within 1 year	1,123,746	2,010,323	1,086,873	1,904,097
Over 1 to 5 years	255,269	1,010,013	246,525	987,285
	1,379,015	3,020,336	1,333,398	2,891,382
<u>Less</u> Deferred interest	(45,617)	(128,954)	-	-
	1,333,398	2,891,382	1,333,398	2,891,382
<u>Separate financial statements</u>				
Within 1 year	753,182	1,601,423	740,326	1,520,831
Over 1 to 5 years	-	727,401	-	714,546
	753,182	2,328,824	740,326	2,235,377
<u>Less</u> Deferred interest	(12,856)	(93,447)	-	-
	740,326	2,235,377	740,326	2,235,377

22. EMPLOYEE BENEFIT OBLIGATIONS

The Group operate post-employment benefit and pension based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits and other long term benefit to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Defined benefit obligations at 1 January	67,580,378	60,897,141	58,100,473	51,575,177
Included in profit or loss:				

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current service costs	7,046,303	8,711,521	5,434,932	6,770,762
Current interest costs	1,476,071	1,572,404	1,272,125	1,346,695
Total	8,522,374	10,283,925	6,707,057	8,117,457
Included in other comprehensive income :				
Actuarial loss(profit) arising from				
Financial assumptions changes	-	485,993	-	473,619
Demographic assumptions changes	-	863,246	-	741,791
Experience adjustments	-	(4,254,347)	-	(2,664,491)
Total	-	(2,905,108)	-	(1,449,081)
Benefit paid by the plan	(1,597,228)	(695,580)	(1,597,228)	(143,080)
Defined benefit obligations at 31 December	74,505,524	67,580,378	63,210,302	58,100,473

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

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost of construction services	916,571	,044,310	916,571	3,044,310
Cost of services	1,815,317	,166,468	-	-
Administrative expenses	5,790,486	,073,147	5,790,486	5,073,147
Total	8,522,374	0,283,925	6,707,057	8,117,457
Other comprehensive income for the year ended 31 December				
Actuarial profit recognized in other comprehensive income	-	2,905,108)	-	(1,449,081)

The Group expect to pay Baht 3.36 million of long-term employee benefits during the next year (Separate financial statements: Baht 2.72 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefit is 12.6 years

Principal actuarial assumptions at the reporting date

For the year ended 31 December 2018 and 2017.

	Consolidated and Separate financial statements
Discount rate	2.6% per annum
Salary increase rate	3.0 - 8.0%
Employee turnover rate	Scale related to Age ranging from 0 - 45.0%
Mortality rate	According to Thailand TMO 2017
	Estimated adjusted death rate from 3.0% per annum.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

	In Baht			
	Consolidated financial statements		Separate financial statements	
Defined benefit obligation at 31 December 2018				
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(5,103,834)	5,863,098	(4,363,726)	5,010,450
Future salary growth (1% movement)	6,359,198	(5,622,611)	5,431,626	(4,804,169)
Turnover rate (20% movement)	(3,138,603)	3,873,243	(2,570,975)	3,154,745
Mortality rate (1% movement)	188,891	(207,148)	161,069	(176,598)
	In Baht			
	Consolidated financial statements		Separate financial statements	
Defined benefit obligation at 31 December 2017				
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(5,107,333)	5,874,506	(4,409,266)	5,069,519

Future salary growth (1% movement)	5,724,585	(5,083,621)	4,940,220	(4,388,883)
Turnover rate (20% movement)	(2,680,454)	3,291,502	(2,228,387)	2,724,330
Mortality rate (1% movement)	165,897	(181,784)	143,037	(156,669)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Company is in the process of estimating the impact. The Group will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

23. DIVIDENDS PAID

Dividend	Approved by	Dividend		Date of payment
		Dividend (Million Baht)	per share (Baht per share)	
Dividend for year 2016	At the Company's Ordinary Shareholders Meeting dated 24 April 2017	123.95	0.40	23 May 2017
Total dividends paid during 2017		123.95	0.40	
Dividend for year 2017	At the Company's Ordinary Shareholders Meeting dated 27 April 2018	61.98	0.20	25 May 2018
Total dividends paid during 2018		61.98	0.20	

24. LEGAL RESERVE

The legal reserve of the Company was established in accordance with the provisions of the Thai Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net income for the year after deduction of the deficit brought forward (if any) until the reserve reaches 10% of the authorized share capital. This reserve is not available for dividend distribution.

25. OTHER INCOME

In Baht

Consolidated

Separate

	financial statements		financial statements	
	2018	2017	2018	2017
Gain from disposals of land and equipment	-	5,391,534	-	5,391,534
Other income	9,364,737	16,162,856	8,328,965	15,411,227
Total	9,364,737	21,554,390	8,328,965	20,802,761

26. PROVIDENT FUND

The Company established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. The registered provident fund was approved by the Ministry of Finance. Under the plan, employees must contribute 3 percent of their basic salary, with 3 percent of the employees' basic salary based on employees' service years to be matched by the Company. The Company appointed an authorised fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Acts B.E. 2530.

For the year ended 31 December 2018, the Company's contribution to the provident fund recorded in the financial statements is Baht 2.24 million (2017: Baht 2.35 million).

27. INCOME TAX

Income tax expense for the the years ended 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current income tax				
Income tax for the year	9,109,500	10,013,963	3,668,541	451,925
Overstatement of income tax of previously period	(485,049)	(95,220)	(487,514)	(95,220)
Total current income tax	8,624,451	9,918,743	3,181,027	356,705
Deferred income tax				
Relating to origination and reversal of temporary differences	(1,163,204)	(1,385,662)	(788,403)	(1,047,049)
Income tax expense (income) presented in the statements of comprehensive income	7,461,247	8,533,081	2,392,624	(690,344)

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Income tax expense (income) recognised in other comprehensive income	(8,524)	88,776	(8,524)	(202,430)

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accounting loss before income tax	(86,364,947)	(28,201,961)	(87,996,896)	(54,390,747)
Applicable tax rate	20%	20%	20%	20%
Income tax	(17,272,989)	(5,640,392)	(17,599,379)	(10,878,150)
Effects of:				
Tax losses	30,118,124	17,443,949	30,118,124	17,443,949
Non-deductible expenses	(1,966,702)	(71,006)	(2,360,103)	(554,136)
Additional expenses deductible for tax purposes	(1,768,933)	(1,740,534)	(1,540,101)	(1,359,738)
Income not subject to tax	-	21,947	(4,950,000)	(4,200,000)
Additional income tax of prior years	(485,049)	(95,220)	(487,514)	(95,220)
Current income tax expenses	8,624,451	9,918,743	3,181,027	356,705
Changes of temporary differences	(1,163,204)	(1,385,662)	(788,403)	(1,047,049)
Income tax expenses (income) presented in the statements of comprehensive income	7,461,247	8,533,081	2,392,624	(690,344)

Information about deferred tax further disclosed in Note 17.

As at 31 December 2018, the Group has not recognized deferred tax assets in respect of loss carry forward expired in 2022 - 2023 as follows:

	In Million Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Loss carry forward	142.38	54.39	142.38	54.39

28. EXPENSES BY NATURE

Significant expenses by nature for the years ended 31 December 2018 and 2017 are as follows:

	In Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Purchase of materials and consumable used	113,536,056	224,346,899	89,000,674	204,279,383
Staff costs	471,633,527	649,993,884	346,281,168	530,277,256
Subcontractors costs	68,924,727	189,178,810	35,630,857	188,939,203
Rental land, equipment and vehicles	13,337,904	36,032,933	10,112,276	34,344,633
Depreciation	54,302,626	60,618,271	51,970,017	57,627,357
Amortization	2,892,782	2,364,611	2,320,186	2,124,611

29. 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. The segment information in the management internal report classify the group business operation to construction service business and maintenance service business, it also classifies by the location of customer (Geographical) to local and oversea business.

The financial information is classified by business operation of the Group and geographical segment which manner consistent with the management internal reports for the years ended 31 December 2018 and 2017 are as follows:

Consolidated financial statements

In Million Baht						
	Domestic		Overseas		Total	
	2018	2017	2018	2017	2018	2017
Revenue from construction services	188	631	-	-	188	631
Revenue from services	249	222	373	410	622	632
Total revenues	437	853	373	410	810	1,263
Cost of construction services	(189)	(726)	-	-	(189)	(726)
Cost of services	(213)	(164)	(186)	(189)	(399)	(353)
Total cost	(402)	(890)	(186)	(189)	(588)	(1,079)
Segment operating profit (loss)	35	(37)	187	221	222	184
Other income					9	22
Profit before expenses					231	206
Administrative expenses					(318)	(234)
Loss before income tax expenses					(87)	(28)
Income tax expense					(7)	(9)
Loss for the year					(94)	(37)
Other information						
As at 31 December 2018 and 2017						
Property, plant and equipment	574	619	-	-	574	619
Liabilities which cannot be classified by segment					157	242

The Group's total revenues from operations derived from two domestic and foreign customers, represented 68% of total revenues (2017: three customers, represented 81% of total revenues).

30. PROMOTIONAL PRIVILEGES

By virtue of the provisions of Industrial Investment Promotion Act B.E. 2520, the investment promotion certificate No. 59-0060-0-00-1-0, the Company were granted certain privileges on their Manufacture of metal structures and equipment for industrial applications as follows;

- a. Exemption of corporate income tax on the profit for five years from the date of earning operating income from promoted activity.

- b. In case of loss from operation during the exemption period, it can deduct from the profit beyond the exemption period for five years.
- c. Exemption of import duty on raw materials and the need to import from abroad for use in manufacturing for export for a period of one year from the date of first import.
- d. Exemption of income tax on dividends paid from the profit of the promoted activity throughout the promoted period.

As a promoted industry, the Company must comply with certain conditions and restrictions provided for the promotional certificate.

Revenues from construction services classified as promoted and non-promoted business for the years ended 31 December 2018 and 2017 of the Company are summarized as follows:

Separate financial statements

	In Million Baht					
	2018			2017		
	Promoted business	Non-promoted business	Total	Promoted business	Non-promoted business	Total
Revenues from construction services	73	115	188	204	427	631

31. Fair value hierarchy

As at 31 December 2018 and 2017, the Group had the assets that were measured at fair value using different levels of inputs as follow:

(Unit: Million Baht)

	Consolidated Financial Statements			
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
As at 31 December 2018				
Mutual fund- Available-for-sale securities	-	5.76	-	5,76
As at 31 December 2017				
Mutual fund- Available-for-sale securities	-	5.72	-	5,72

32. FINANCIAL INSTRUMENTS

As at 31 December 2018, the Group is not engaged in the trading of any derivative financial instruments for speculative purposes.

32.1 Liquidity Risk

Liquidity risk, or funding risk, is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

32.2 Interest Rate Risk

The Group is exposed to interest risks because it held deposits with financial institutions. However, The Group believed that the future fluctuation on market interest rate would not provide significant effect to their operation and cash flow; therefore, no financial derivative was adopted to manage such risks.

32.3 Credit Risk

The Group is exposed to credit risks mainly relating to their trade accounts receivable. However, the management has policies to provide adequate allowances for any possible losses that might be incurred in connection with their receivables.

32.4 Fair Value of Financial Instruments

The financial assets and liabilities include cash and cash equivalents, short-term investments, trade accounts receivable, accrued income, unbilled completed works, retention receivable, tax refundable, trade accounts payable, other payable, retention payables and accrued income tax and expenses. Their carried values approximate to their fair values.

33. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2018, the Group and the Company have commitments and contingent liabilities as follows:

33.1 The Company has commitments regarding to the agreements for construction amounting to Baht 54.45 million.

33.2 The Group and the Company have commitment under the lease and service agreements are as follows:

	In Baht
	Consolidated and Separate financial statements
<u>Paid within</u>	
Within 1 year	5,909,880
1 to 5 years	5,949,880

	In Baht
	Consolidated and Separate financial statements
<u>Paid within</u>	
Total	11,859,760

In during the years ended 31 December 2018, the Company had lease expenses recognized in statement of comprehensive income totaling Baht 5.91 million.

- 33.3 The Company has contingent liabilities in relation to letter of guarantees issued by the banks for collateral in customer agreement amounting to Baht 82.31 million and letters of guarantee issued for electricity amounting to Baht 4.91 million. These letters of guarantees are pledged by fixed deposits at bank (Note 12).

34. CAPITAL MANAGEMENT

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

As at 31 December 2018, debt to equity ratio in the consolidated financial statement is 0.10: 1 (the separate financial statement: debt to equity ratio is 0.09: 1).

35. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on 25 February 2019.

Management Discussion and Analysis

Operations Overview of the Company and its Subsidiaries

The Company operates a metalworks construction service business for main contractors and companies that are direct project owners. Forming the majority of the Company's customer base are customers in the energy industrial sector engaged in heavy industries and requiring mechanical constructions. These include oil refineries, powerplants, as well as firms in petrochemical and mining industries. Most of the works are complex construction requiring special expertise, such as metal structure construction, and installation of piping systems, large metal tanks, and large industrial machinery. The Company is experienced in producing detailed engineering designs, procuring machinery and equipment, and constructing heavy industry plants, all in a comprehensive manner, with special emphasis on providing expertise in heavy industry plant construction, in line with the Company's primary strategy of building customer confidence and maintaining the Company's long-term reputation. Factors that are indicators of success include work quality control, cost control, and construction project management for consistency with set plans and completion within specified durations. Intake of the Company's revenue is dependent on its ability to obtain work from bids to customers as well as uncertainties arising in projects obtained that may lead to delays. As a result, despite the Company's effort to preserve the continuity of its revenue flow, its revenue will fluctuate pursuant to the amount of work it manages to obtain through bids.

Competition is limited in the contractor sector for heavy industry plant construction, and each competitor has different emphasis. The Company focuses on contracting heavy industry plant construction works, with engineering design and production material procurement constituting a smaller ratio of its business as compared to its competitors. In Thailand, the Company is still continuously engaged in construction projects and projects to expand production capacity.

In 2018, the Company and its subsidiaries have primarily focused their business operations on managing projects already in hand, which include the following:

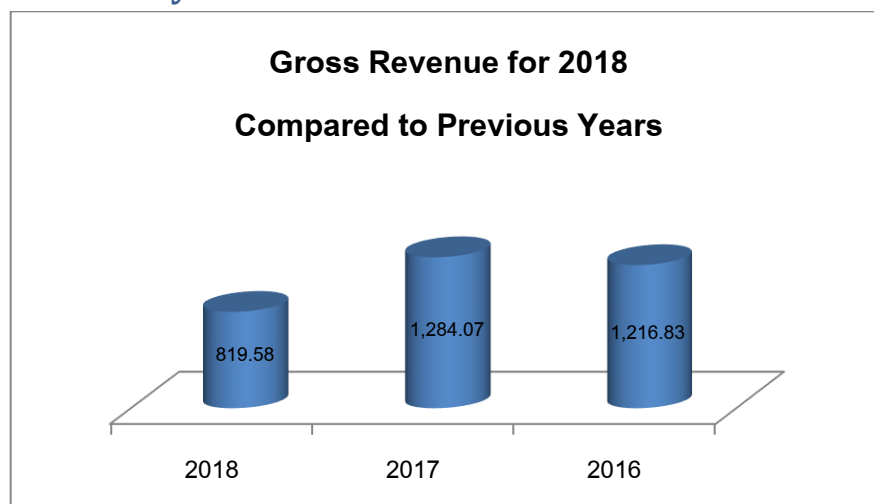
- Machinery control and maintenance in the Ambatovy Project in Madagascar, with the value of 11.36 million USD per year, or around 371.51 million THB per year, since 2012 (the Company has presently operated the project for more than six years)
- TOP Crude Oil Tank Project, for Thai Oil PCL, with the value of 286.21 million THB
- VEOLIA HTI Project, for Mikropul France, with the value of 13.37 million THB
- Site Preparation for ERU Construction of CEP Project (PLOT X), for Thai Oil PCL, with the value of 71.36 million THB
- As of 31 December 2018, the Company has a revenue backlog of 504.30 million THB, consisting of 17.05 million THB from the TOC Crude Oil Tank Project, 37.40 million THB from the Site Preparation for ERU Construction of CEP Project (PLOT X), and 449.85 million THB from the Ambatovy Project in Madagascar
- The Company's subsidiaries have an annual recognized revenue of 240 million THB on average from their machinery maintenance projects

Displayed below are details on the overall operation of the Company and its subsidiaries for the years ending on 31 December 2018 and 31 December 2017.

Overall Operation (Unit: million THB)	For years ending on 31 December			
	Consolidated Financial Statement Amount		Increase / (Decrease)	
	2018	2017	Amount	Percent
Construction revenue	188.02	630.95	(442.93)	(70.20)
Service revenue	622.20	631.57	(9.37)	(1.48)
Other revenue	9.36	21.55	(12.19)	(56.57)
Construction cost	(189.41)	(725.86)	(536.45)	(73.91)
Service cost	(398.51)	(352.89)	45.62	12.93
Administrative cost	(317.91)	(233.32)	84.59	36.25
Financial cost	(0.12)	(0.21)	(0.09)	(42.86)
Corporate income tax	(7.46)	(8.53)	(1.07)	(12.54)
Net loss	(93.83)	(36.74)	(57.09)	155.39
Net profit attributable to shareholders of the parent	(99.15)	(46.25)	(52.90)	114.38

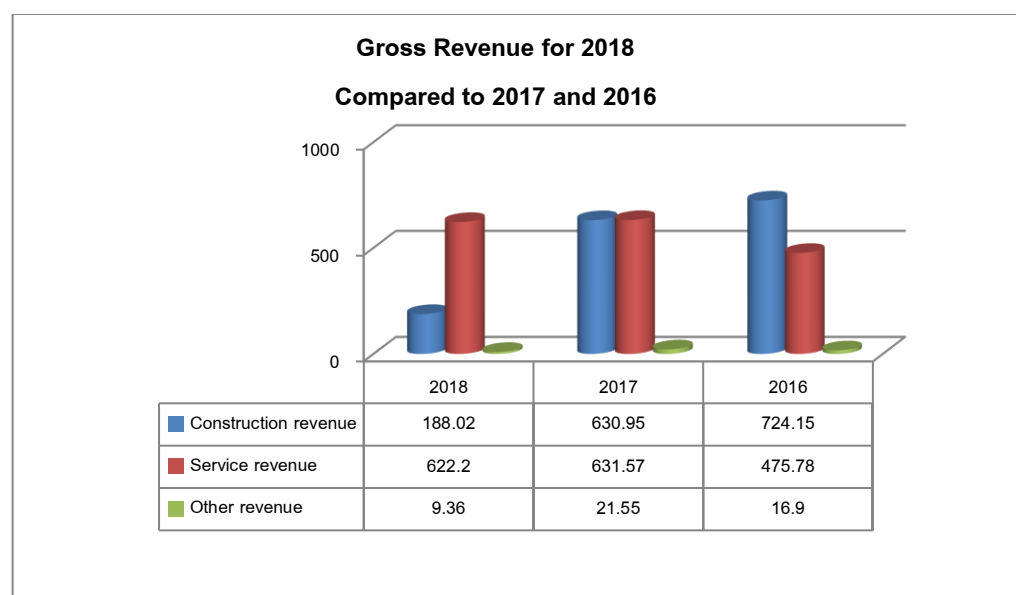
Net loss for the year 2018 represents an increase in loss of 52.90 million THB, or 114.38 percent, as compared to the year 2017. Construction revenue had decreased by 442.93 million THB, or 70.20 percent, while service revenue had decreased by 9.37 million THB, or 1.48 percent, the significant cause being that the Company's project work management service in 2017 had overseen complete project work transfers to customers, which resulted in a decrease of the Company's work amount and recognized revenue for the year 2018 as compared to 2017. Also, due to economic slowdown, there were fewer construction works in 2018. Construction revenue is revenue calculated from the percentage of construction works that are complete. An overview of the construction revenue for 2018, which was 188.02 million THB, reflects a 442.93 million THB or 70.20 percent decrease from the construction revenue for 2017, which was 630.95 million THB. The 12.19 million THB or 56.57 percent decrease in other revenue could be explained by the sale of land valued at 8.7 million THB in 2017. Construction cost had decreased by 536.45 million THB, or 73.91 percent, proportionate to the decrease in revenue. Service cost had risen by 45.62 million THB, or 12.93 percent, proportionate to the change in revenue. Administrative cost had risen by 84.59 million THB, or 36.25 percent, as a result of the loss from project devaluation of 65.48 million THB. The 1.07 million THB or 12.54 percent decrease in corporate income tax was the result of the Company experiencing loss.

Performance Analysis



Operations revenue

Operations revenue, classified by significant sources, consists of construction revenue, service revenue, and other revenue.



Revenue for the year ending on 31 December 2018

Revenue Type	Amount (million THB)	% of Gross Revenue
1. Construction revenue	188.02	22.94
2. Service revenue	622.20	75.92
3. Other revenue	9.36	1.14
Total operations revenue	819.58	100.00

Revenue by type for the year ending on 31 December 2018,

Revenue Type	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Construction revenue	188.02	630.95	(442.93)	(70.20)
Service revenue	622.20	631.57	(9.37)	(1.48)
Other revenue	9.36	21.55	(12.19)	(56.57)
Total	819.58	1,284.07	(464.49)	36.17

Construction revenue is revenue obtained by the Company's group through operating as customers' contractor for construction works, which include metal structure construction, pipe systems assembly and installation, and machinery and equipment installation. Service revenue is revenue obtained by the Company's group through service provision pursuant to machinery and equipment maintenance contracts.

Construction revenue

Revenue Type	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Construction revenue	188.02	630.95	(442.93)	(70.20)
Total construction revenue	188.02	630.95	(442.93)	(70.20)

In accounting year 2018, the Company's construction revenue totaled 188.02 million THB, reflecting a 442.93 million THB or 70.20 percent decrease as compared to 2017. Construction revenue constituted 22.94 percent of the Company's gross revenue in 2018, and was primarily derived from the following projects:

- 1) TOP Crude Oil Tank Project, for Thai Oil PCL;
- 2) VEOLIA HTI Project, for Mikropul France; and
- 3) Site Preparation for ERU Construction of CEP Project (PLOT X), for Thai Oil PCL.

An increase or decrease in each type of revenue is dependent on the work obtained from each customer. The Company primarily operates its business as part of projects, and the proportion of the Company's work for each project will differ.

Service revenue

Revenue Type	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Service revenue	622.20	631.57	(9.37)	(1.48)
Total service revenue	622.20	631.57	(9.37)	(1.48)

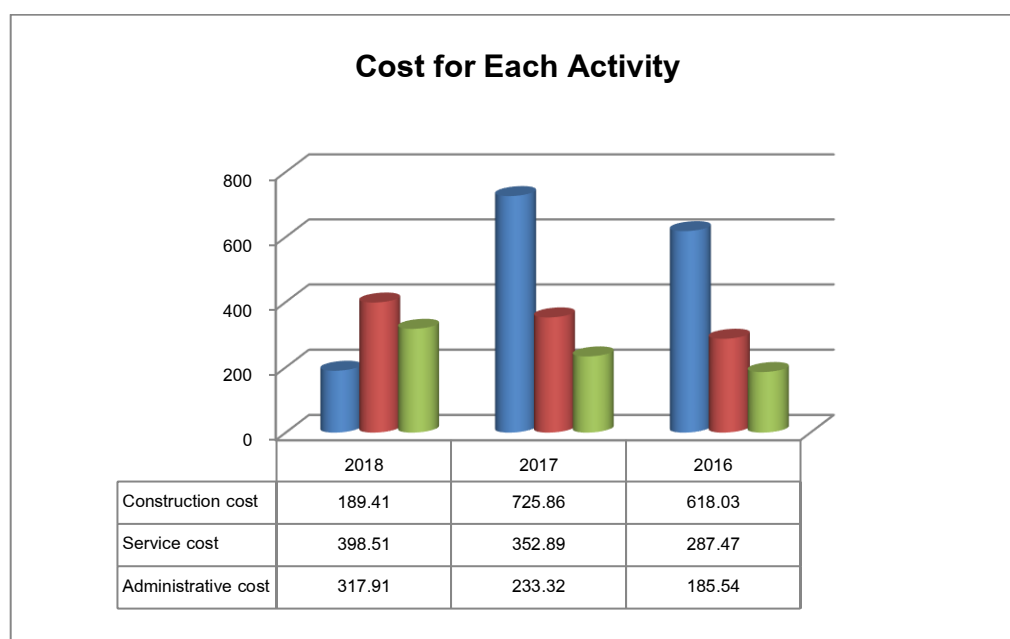
The Company's service revenue in 2018 totaled 622.20 million THB, reflecting a 9.37 million THB or 1.48 percent decrease as compared to 2017. Service revenue constituted 75.92 percent of the Company's gross revenue in 2018. Revenue from providing machinery control and maintenance service

in the Ambatovy Project in Madagascar and from providing machinery and equipment maintenance service for SCC Maintenance Services Co., Ltd. totaled 245.60 million THB, constituting 39.47 percent of the Company's total service revenue.

Other revenue

Revenue Type	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Other revenue	9.36	21.55	(12.19)	(56.57)
Total other revenue	9.36	21.55	(12.19)	(56.57)

Other revenue in 2018 had decreased by 12.19 million THB or 56.57 percent as compared to 2017. Primarily consisting of revenue from interests, profits from property sale, and foreign exchange earnings, other revenue constituted 1.14 percent of the Company's gross revenue in 2018.



Cost for the year ending on 31 December 2018,

Cost Type	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Construction cost	189.41	725.86	(536.45)	(73.91)
Service cost	398.51	352.89	45.62	12.93
Construction and service cost	587.92	1,078.75	(490.83)	(45.50)
Administrative cost	317.91	233.32	84.59	36.25
Total	905.83	1,312.07	(406.24)	(30.96)

Construction cost and service cost constitute the Company's primary cost. These include cost for construction materials, labour cost, and production cost. In accounting year 2018, the Company's

construction and service cost totaled 587.92 million THB, constituting 64.90 percent of the Company's total cost and reflecting a 406.24 million THB or 30.96 percent decrease as compared to 2017. Details on each cost type are as follows.

Construction cost in 2018 totaled 189.41 million THB, reflecting a 536.45 million THB or 73.91 percent decrease as compared to 2017. The cost was also equivalent to 100.74 percent of the Company's construction revenue and constituted 20.91 percent of the Company's total cost in 2018.

Service cost in 2018 totaled 398.51 million THB, reflecting a 45.62 million THB or 12.93 percent increase as compared to 2017. The cost was also equivalent to 64.05 percent of the Company's service revenue and constituted 43.99 percent of the Company's total cost in 2018.

Administrative cost in 2018 — the majority of which consists of employee salaries, employee related expenses, and depreciation — totaled 317.91 million THB, reflecting a 84.59 million THB or 36.25 percent increase as compared to 2017. The increased administrative cost came as a result of the loss from project devaluation of 65.48 million THB.

Gross profit and net profit

Details on gross profit and net profit for the Company's construction and service activities are shown below.

	2018		2017		Increase / (Decrease)	
	Gross Profit (million THB)	Profit Ratio (percent)	Gross Profit (million THB)	Profit Ratio (percent)	Gross Profit (million THB)	Profit Ratio (percent)
- Gross loss from construction activities	(1.39)	(0.74)	(94.91)	(15.04)	93.52	(98.54)
- Gross profit from service activities	223.69	35.95	278.68	44.12	(54.99)	(19.73)
Total gross profit	222.30	27.44	183.77	14.56	38.53	20.97

In accounting year 2018, the Company's total gross profit totaled 222.30 million THB, equivalent to a gross profit ratio of 27.44 percent and reflecting a 38.53 million THB or 20.97 percent increase as compared to 2017.

In 2018, the Company had gross loss from construction activities totaling 1.39 million THB, equivalent to a gross loss ratio of 0.74 percent of construction revenue and reflecting a 93.52 million THB or 98.54 percent decrease as compared to 2017. The decrease in gross profit resulted from a low gross profit ratio of structure construction and machinery assembly works in the previous year.

Net profit

	2018		2017		Increase / (Decrease)	
	Amount (million THB)	Ratio (percent)	Amount (million THB)	Ratio (percent)	Amount (million THB)	Ratio (percent)
Profit before financial cost and tax	(86.24)	(10.52)	(28.00)	(2.18)	(58.24)	208.00
Net profit attributable to shareholders of the parent	(99.15)	(12.10)	(46.25)	(3.60)	(52.90)	114.38

As of 31 December 2018, the Company had loss before financial cost and income tax totaling 86.24 million THB, reflecting a 58.24 million THB increase as compared to 2017. It also had net loss attributable to shareholders of the parent totaling 99.15 million THB, reflecting a 52.90 million THB increase as compared to 2017. This caused the Company's net loss per share ratio to fall from (0.15) THB to (0.32) THB, and resulted in a return on equity of (6.02) percent, decreasing by 137.01 percent from the previous year, a return on assets of (4.61) percent, decreasing by 249.24 percent from the previous year, and an asset turnover ratio of 0.44, decreasing from the ratio of 27.87 in the previous year.

Analysis of Financial Status

In operating a heavy industry metalworks construction contractor business — or a mechanical construction business — certain items appearing on the balance sheet will be specific to the business, and thus, it is necessary to first explain the nature of such items as well as that of construction contractor business operations.

When the Company enters into a long-term construction contract, the Company will negotiate to secure advance construction funds from the owner to be used for procurement of construction materials (e.g. steel and other equipment). In each project, the proportion of such funds will differ depending on the result of negotiations between the Company and the owner. The Company will record this advance amount in its "Customer Advances" account, and the sum in the account will decrease over time pursuant to the project's progress or the percentage of work complete.

After beginning construction, the Company will constantly evaluate the progress of work and calculate the percentage of completion to be used for recognition of revenue in each accounting period. Work that is already complete (the revenue for which has been recognized) but for which the Company has not issued an invoice to collect payment from the customer will be recorded in the "Accrued Revenue" or "Value of Completed but Unbilled Work" account. If an invoice has already been sent and payment from the customer is pending, the amount due will be recorded in the "Trade Receivable" account. If the Company has requested and obtained an advance sum, the amount will be recorded in the "Revenue Advance" account. As the Company recognizes revenue, it will also recognize construction cost pursuant to the progress of work and cost estimates evaluated by the Company's engineering team and management. Construction material cost that has been paid but not recognized as construction cost will be recorded in the "Construction in Progress" account.

When the Company has completed and delivered all construction work pursuant to the project to the customer, the customer will normally request to retain a partial sum (e.g. 10 percent of the project value) as performance guarantee of the Company's work. The customer will retain the sum for a period of time (e.g. 1 year) — a "warranty period" — and the Company will obtain the sum when such period has passed. The proportion of the guarantee sum to be retained and the duration of the warranty period will differ depending on the result of negotiations between the Company and the customer. If there are many phases to a project, the Company will let the customer retain a guarantee sum when construction has finished for each phase, and the customer will return the guarantee amount for each phase when the respective warranty period has passed. The Company will often negotiate to have the guarantee amount returned earlier in time in exchange for a letter of credit being issued by the Company to the customer. In such case, the Company's deposit account will be used as security for issuing the letter of credit.

Balance Sheet	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Assets				
Current assets	1,037.06	1,244.06	(207.00)	(16.64)
Non-current assets	708.54	753.17	(44.63)	(5.93)
Total assets	1,745.60	1,997.23	(251.63)	(12.60)
Liabilities				

Balance Sheet	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Current liabilities	82.06	173.15	(91.09)	(52.61)
Non-current liabilities	74.75	68.57	6.18	9.01
Total liabilities	156.81	241.72	(84.91)	(35.13)
Shareholder's equity				
Parent's equity	1,565.14	1,728.94	(163.80)	(9.47)
Non-controlling interests	23.65	26.57	(2.92)	(10.99)
Total shareholder's equity	1,588.79	1,755.51	(166.72)	(9.50)

Details on significant changes in assets, liabilities, and shareholder's equity of the Company as of 31 December 2018, as compared to the status as of 31 December 2017, are as follows.

Assets

As of 31 December 2018, the Company and its subsidiaries had assets totaling 1,745.60 million THB, reflecting a 251.63 million THB or 12.60 percent decrease from 2017, which results from:

- **a decrease in current assets** by 207 million THB or 16.64 percent, primarily brought about by an increase in cash and cash equivalents of 88.24 million THB, an increase in temporary investment of 255.46 million THB, a decrease in trade receivables of 101.63 million THB, a decrease in other receivables of 91.15 million THB, a decrease in value of completed but unbilled work of 77.03 million THB, and a decrease in inventory of 17.60 million THB; and
- **a decrease in non-current assets** by 44.63 million THB or 5.93 percent.

Liabilities

As of 31 December 2018, the Company and its subsidiaries had liabilities totaling 156.81 million THB, reflecting a 84.91 million THB or 35.13 percent decrease from 2017, which results from a 91.09 million THB decrease in current liabilities, primarily brought about by a decrease in trade payables. The Company's current liabilities mainly consisted of current capital elements, in particular 17.89 million THB in trade payables, 57.98 million THB in other payables, 1.56 million THB in revenue advance from owner, and accrued expenses, where the Company had no interest liabilities for any such items. The Company's non-current liabilities consisted of 74.51 million THB in estimated employee benefit liabilities. The Company had a debt to equity ratio of 0.10, reflecting a change from the ratio of 0.04 in 2017.

Shareholder's Equity

As of 31 December 2018, the Company and its subsidiaries had shareholder's equity totaling 1,588.79 million THB, reflecting a 166.72 million THB or 9.50 percent decrease from 2017, which results from a 161.13 million THB decrease in accumulated profits, brought about by the 80.68 million THB loss in business operations of the Company and its subsidiaries in 2018 as well as the 2017 annual dividend payment.

Liquidity Analysis

In terms of liquidity, for the year ending on 31 December 2018, the Company and its subsidiaries had a net cash flow increase of 88.22 million THB. With 542.26 million THB in net cash flow carried over

from 2017, net cash flow at year's end thus became 630.48 million THB. Details on cash flow source and use are as follows.

Type of Cash Flow	Consolidated Financial Statement			
	Amount (million THB)		Increase / (Decrease)	
	2018	2017	Amount	Percent
Cash flow from operating activities	169.76	3.31	166.45	5,028.70
Cash flow from investing activities	(6.56)	105.51	(112.07)	(106.22)
Cash flow from financing activities	(72.27)	(133.30)	61.03	(45.78)
Difference from translation of financial statement	(2.71)	(9.44)	(6.73)	(71.29)
Net cash and cash equivalents increase / decrease	88.22	(33.92)	(122.14)	(360.08)
Cash and cash equivalents at year start	542.26	576.18	(33.92)	(5.89)
Cash and cash equivalents at year end	630.48	542.26	88.22	16.27

Net cash flow from operating activities totaled 169.76 million THB, derived from 86.36 million THB in loss attributable to the parent per the income statement with adjustments to reconcile net profit to net cash provided by (used in) operating activities. Principal items resulting in an increased cash flow include trade receivables of 101.32 million THB, depreciation of 54.30 million THB, and estimated employee benefit liabilities of 8.52 million THB, while principal items resulting in a decreased cash flow include revenue advance from owner of 10.83 million THB and income tax payment of 16.72 million THB.

Net cash flow from investing activities totaled negative 6.56 million THB, mostly as a result of the 212.84 million THB in temporary investment and 9.42 million THB in land, building, and equipment purchase expenses.

Net cash flow from financing activities totaled negative 72.27 million THB, mostly as a result of the 61.97 million THB in annual dividend payment for 2017 and 8.25 million THB in non-controlling interests.

The cash cycle of the Company and its subsidiaries increased from 49 to 102 days in 2018, as a result of the increase in average collection period from 78 to 132 days — which fell within the normal collection period — while the average payment period was 29 days.

Although the Company and its subsidiaries had 630.48 million THB in cash and cash equivalents at the end of 2018, which constituted an 88.22 million THB increase from the previous year (cash and cash equivalents in 2017 totaled 542.26 million THB), no liquidity issues were faced. Liquidity ratio remained above 1, more specifically at 12.64, increasing from the previous year's ratio of 5.46, while the quick ratio was still in a good range, at 11.10. The Company and its subsidiaries had the capacity to make payments for all liquid liabilities from all its liquid assets. Analysis of the current assets structure at year's end revealed 250.90 million THB in receivables from operations, 81.34 million THB in other receivables, and 26.87 million THB in value of unbilled work. Current liabilities at 82.06 million THB — with 17.89 million THB in trade payables and 1.56 million THB in revenue advance from owner — were lower as compared to the 2017 figure of 91.10 million. The revenue advance had no effect of decreasing liquidity in 2018. On the other hand, it obviated the Company's need to advance its own funds for raw material purchase and served as partial guarantee of payment to the Company.

PART 1: BUSINESS OPERATION

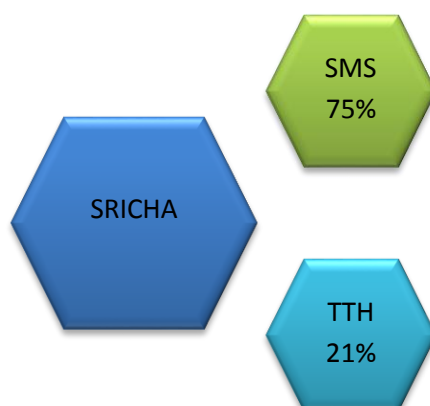
1. Policy and Overview of Business Operation

❖ Overview on Business Operation Policy of the Company and the Group of Companies

The company engages in steel structure construction business to the main contractor and the project owner directly. Main customer bases of the Company are customers in energy industry, i.e. oil refinery, power generation industry, petrochemical industry and mining industry. Engineering services rendered by the Company can be divided into:

1. Steel Structure. The Company will design details, procure materials, assemble and install steel structure of pipe bridge and pipe rack for transmission of liquids, including equipment and machineries in various industries, such as oil refinery, power generation industry, petrochemical industry, beverage industry as per specified by the customers
2. Piping. Fabrication, installation and connection of pipes used for transportation liquid and gas, such as oil and solvents and etc., to heavy industries, such as petrochemical plant, oil refinery and power plant.
3. Tanks, Equipment & Mechanical Installation and Modification. The Company provides services of fabrication, installation and modification of liquid tanks, equipment and materials including Heavy Lift Operation used in industrial factories, i.e., petrochemical plant, oil refinery, beverage manufacturing plant and etc.
4. Other Works apart from the above mentioned work, i.e. improvement and maintenance of machinery and equipment, which include moving of machinery, equipment and materials used in heavy industry, i.e. petrochemical plant, oil refinery, beer manufacturing plant, which requires specify expertise. Such work can be performed on live plant and area of new construction plant.

As at December 31, 2018, the Group of Companies consists of the Company, 1 affiliate and 1 joint-stock company, as follows:



1. **SCC Maintenance Services Co., Ltd. ("SMS")** - a affiliate, which engages in business of maintenance services for the machineries, annual overhaul or improvement of manufacturing unit in Eastern Seaboard areas, as well as construction work which has value less than 100 million baht in Rayong Province, Most of income derived from maintenance work in Rayong province, particularly in petrochemical plant, beverage

2. **Thai Taihei Co., Ltd.** – a joint-stock company. This company was established in 1990 by Taihei Denkyo Kaiza Co., Ltd. which was the construction company with proficiency in the design and construction of power plants. Taihei Co., Ltd. was established for construction of power plants business in Thailand. The Company joined as shareholder for the benefits of procurement of the power plants project. At present, Taihei Co., Ltd. does not have any significant project construction.

2. Mission and Objective

❖ Mission

To become one of the leadings company with world class standard that sustained the reliability and acceptability in mechanical and engineering construction from people in heavy industrialized business both domestic and international and to be known as one of the most reliable and acceptable construction company worldwide.

❖ Organization values :

To complete work within the specified time period.

To maintain the highest level of safety standard.

To submit work in accordance with customer's requirements.

To increase the competency of staffs, management system, information system with advances technologies system.

To Keep up with the World class Construction Standard.

To have a strong corporate social responsibilities.

❖ Objectives

The Company sets the clear vision to become one of the leadings company with world class standard that sustained the reliability and acceptability in mechanical and engineering construction from people in heavy industrialized business both domestic and international and to be the most reliable and acceptable construction company worldwide. In order to achieve such vision, the Company sets the objectives of 3 main aspects; to success in mechanical construction of heavy industrial business, to continue develop the capabilities of the staffs, and to work in transparency.

To success in mechanical construction of heavy industrialized business.

The Company focuses on developing the organization and increasing the potential in business operation in several aspects as follows:

To become the leader in construction business of heavy industrialized business

The Company focus on being the leader in mechanical, engineering construction and services of heavy industrialized business as the main business of the Company, The Company emphasizes on developing the competency of staffs, management, information system and advance technologies

system so that the Company can gain the best in service qualities with world class standard and to complete the project in time.

Enhance the financial status

In conversion to public company limited and in registration with the Stock Exchange of Thailand, the company has a great chance to raise fund for business expansion in the future. It also enhances the company's profile that would also give a greater chance of acquiring a good project in the future from both domestic and international clients.

Create and maintain the business allies

Presently, the company has business allies who are the project executives or the main contractors in many international projects. The Company is generally accepted and well known for the best quality of work as from history the company has shown the competent in completing many projects that required good experiences, proficiency, highest safety standard and special expertise in the operation. The mentioned business alliance increased the opportunity to earn the big construction or services projects in foreign countries continuously. The Company has set the goal of creating more alliance both in the numbers and the relationship.

The objective in developing and maintaining the staffs

The Company is well aware that staff is one of the most crucial part for successful of the company. That's why there are the policies that enhance the development of staff in both management and operational levels, especially engineer which is considered to be the most important resources of the Company. The Company sets forth the plan to continually develop the knowledge and competence of staffs both in special fields and principle of project management as well as encouraging team work for exchanging the opinion and learning from others. There is also the development of efficiency in operation while maintain the competitiveness of work. Moreover, the company also planed to create the learning institute for developing the proficiency of all human resources of the company. The Company maintains valuable human resources by monitoring their needs and constantly assess their performance as to provide the benefit that match their ability. An increase in salaries, bonus and other benefit of the employee depends on individual work performance along with the financial status and work performance of the Company. Furthermore, the Company also issued an ESOP (Employee Stock option) to employees and key persons of the Company. The company believes that if employees' need and requirement are met, they will work happily and devote more to the company. These all enforce the Company to be able to maintain the staffs with quality and significance for the Company.

The objective in business operation with transparency

The Company sets the goal in operating with transparency, honesty, and efficiency. The policies are set for good governance that cover the important principle in the rights of shareholders, the treat with shareholders equally, the consideration on the roles of stakeholder, the sufficiently revelation of data for all related person and the responsibilities of committees. These will be the guidelines in operating the business to achieve the objectives and the goals set in the business operation following the correctness and transparency.

Background and significant development during the past period

Sriracha Construction PLC (“the Company”) operates business in Mechanical Engineering and Construction. Most tasks are complicated and require high proficiency, for example, Mechanical Construction, pipeline system construction, and large metal tanks including the installation of Machine and Equipment. The Company has a lot of experience in Detailed Engineering, Procurement, and Construction of industrialized business focusing on the specialty in the construction of heavy industrial factories.

The Company was established by Mr. Boonkrua Khemapiratana in 1994 with the registration capital of 10 million baht. After that, the registration capital was increased for serving the operational expansion in the future. At present, the registration capital of the Company is at 310 million baht. The Company is located in Chonburi Province near the location of industrial estates and industrial factories which are the main target groups of the company, for example, petroleum industrial factories, petrochemical industrial factories, energy industrial factories, power plants, and large food and agriculture industrial factories.

Earlier, most tasks were the civil construction and mechanical Construction. Especially for the Mechanical Construction, it could bring a lot of fame to the Company proven by the tasks both in the quality and the Track Record. The Company was also acceptable and well known among customers in the heavy industrial business both domestic and international. Therefore, the Company changes the strategy to focus more on Mechanical Construction which can create more profits and reduce the work of Civil construction which creates lower profits. The Company is well aware of the tendency for the continually increasing demand of the Mechanical Construction in heavy industrialized business on July 23rd 1997 the Company had increased the registration capital from 10 million baht to 50 million baht. The Par value was at 100 baht per share as to serve the expansion of the company which require an increasing capital. The Company was invited to participate in the expansion of production in the oil distillation factory of Esso (Thailand) Public Co., Ltd. The Foster Wheeler company was the administrator of the main project leading the fame to the Company including the acceptance from the project’s owner both in the construction operation with quality and in the punctual submission of tasks to be acceptable in the construction of heavy industrialized business, especially in the petroleum and petrochemical industries. The Company gained great reliability from construction contractor of oil distillation factories and other large industrial factories and become well known among customers ever since.

For more than 18 years, the Company has continually succeeded in the construction of several projects in the heavy industry, for example, petroleum, petrochemical industrial factories, energy industrial factories, power plant, mineral smelting factories, and food and beverage production factories. This results in the fame of the company to be reliable among customers for the standardized construction operation, the quality of work, the punctuality in work submission, and the highest safety during the operation. The successful and experience history made the Company to be able to enlarge the scope of service to cover the large construction for both domestic and international.

In 2008, the company was awarded the project with value over 7,000 million baht by the large construction company from foreign countries. Then the Company decided to increase the registration capital to 225 million baht in 2010 and to 310 million baht in 2011 respectively as to serve the rapid expansion of Company’s operation in the future. Presently, the Company has 3 factories based to support the construction in several projects, for example, factory of cutting and welding mechanical

construction, factory of cutting and welding pipelines, and factory of sand blasting and painting. The 3 factories have productivity in mechanical instruction and pipelines in the quantity of about 20,000 tons per year including the productivity in the welding of metal pipes of about 1,000,000 Diameter Bore/year.

The Company develops the organization to reach the international level by improving the organization structure, developing the operational process and internal control, and developing the knowledge and competence of personnel. The continual development causes the Company to reach international standard and receive several certificates, for example, the standard of ISO 9001:2008 for the mechanical construction and pipe assembly as well as the certificate of safety from the Main contractors of the world.

Part 2 Business Structure

Type of Income

The revenue structure of the Company and the affiliates in 2016 - 2018 was classified and described as follows:

Types of Income		2018		2017		2016	
		Approved FS		Approved FS		Approves FS	
		Value	%	Value	%	Value	%
1. Steel Structure							
Domestic	SCC	46.92	5.72	143.2	11.11	268.3	22.4
International	SCC	-	-	-	-	-	-
2. Piping and and installation							
Domestic	SCC	134.10	16.36	427.9	33.3	397.7	33.1
International	SCC	-	-	-	-	-	-
3. Machine and equipment installation							
Domestic	SCC	9.21	1.12	59.9	3.9	67.2	5.6
International	SCC	-	-	-	-	-	-
4. Installation and maintenance							
Domestic	SCC	1.76	0.22	3.4	0.3	198.4	16.5
Domestic	SMS	246.72	30.10	212.2	16.5		
International	SCC	371.51	45.33	410.4	32.0	265.5	22.1
5. Other income*							
Domestic	SCC	9.36	1.15	25.4	2.0	2.8	0.2
International	SCC	-	-	1.6	0.1		
Total		819.58	100.0	1,284.1	100	1,199.9	100

Unit: million baht

Note: SCC = Sriracha Construction Public Co., Ltd. / SMS = SCC Maintenance Services Co., Ltd.

Our products and service can be classified into 4 types as follows:

❖ Steel Structure

The company works with fabrication and installation of steel structure for heavy industrial factories, by using steel plate and structural steel from both domestic and international as the main materials. Those steel structures will be prefabricating from our fabrication shop in order to reduce time consume and solving problem before deliver to site for installation. At present, the Company can produce the steel structure in the maximum of 20,000 tons per year. The constructions of steel structure mostly use in a large scale industrial, particularly, power plants, oil and gas, petrochemical and oil refinery.

❖ Piping

The company has high proficiency in piping installation. Most customers will usually provide pipe material for the company due to engineering design. Those pipes are imported from oversea due to high quality of pipe in which cannot produce domestically. Most of pipes are seamless with special diameter and thickness more than pipes used in other industries, For example, Carbon Steel, Stainless Steel and Alloy with and special metal such as titanium. Especially for the pipelines in petrochemical factories and oil refinery factories, those pipes are used for carrying chemical substance in the production process. The materials used in those industrial must be resistant to high pressure and heavy environmental conditions. Therefore, that type of work will need high accuracy in the construction. We have a very high experienced engineering team with proficiency in piping installation and fabrication along with the quality control of inspection.

❖ Tanks, Equipment & Mechanical Installation

The company provides the service of fabrication, installation and modification of liquid tanks, equipment, and materials including Heavy Lift Operation in industrial factories, for example, oil refinery factories, beverage manufacturing factories, plastic manufacturing factories and petrochemical factories, etc. The examples of this kind of work are the installation of metal tanks, compressors, big pumps, etc. We provide service from the material supply until complete installation or only installation depends on customer demand.

❖ Other operations; maintenance of machines

We provide maintenance service of machines and equipment in industrial factories for increasing the efficiency in the operation and for the expansion of capacity. The operation mostly consists of lifting, transferring, and installing machines and equipment in which requires special competence and experience construction team while those plant are running (Live Plant). Most of the operations are the projects with limited duration and high regulation of safety. We provide service of maintenance mostly for petrochemical factories, oil refinery factories, beverage manufacturing plants, etc.

BOI Received

Currently, Sriracha Construction Co., Ltd. has been promoting in the investment of the Board of Investment (BOI) in the manufacture of Steel Structure equipment for industrial type 19.04: Fabrication Industry or repair Platform by benefits and conditions.

Marketing Conditions and Competition

❖ Marketing Strategies

In selecting a contractor for the construction project in most heavy industrial business, the owner/main contractor will consider mainly on the contractor's reputation and their past experience. This is because the failure, delay, or construction under-standard will vastly and directly effect on the operation of the owner/main contractor. As a result, the main strategies of the Company are to build a strong relationship with customers and maintain a good reputation of the company. The long term strategic plan for achieving the Company's objectives will be as follows:

❖ Operational Safety Standard

The safety at work is considerably important both for the owner/main contractor and the contractor. The occurring accident can directly affect the project possibly causing the project to delay or damage. Moreover, the occurrence of accident may affect the encouragement of the employees as well. Therefore, controlling the operation to have high level of safety standard is the most important factor in creating the reliability to the owner/main contractor and reputation of the Company. Before start construction a new project, the Company will do an analysis on the possibility of accident which may occur in each process as well as finding the preventive to reduce the risk from accident, training the employees to be aware of the possibility of accident, educate employees, and increase the carefulness. In each project, the Company provides adequate Personal Protection Equipment (PPE) to all employees in order to meet with international safety standard. The Company has excellent history in safety proven record as can be seen by various safety award certificates received from the customers (Please see section 4.5; Safety certificates and past construction record).

❖ Continual Improving High Quality of Work

The reputation of the quality construction work is the keys success factors in the construction industry. The company has long-lasting reputation and contains vast experience in the construction field. Our mission is to strengthen the quality of construction works which will be a strong point in supporting company growth in the future. The Company continually develops the competitiveness both in the employees, technologies, machinery, and operational process. For employees, the Company provides continual training for improving knowledge and skill in relation to their work field. The company also seeks to acquire new higher efficiency machinery and to improve the operational process. This is to ensure that the Company can continually improve the quality of work.

❖ Completion of Work On Time

The construction of steel structure in mechanical work requires long time planning and it is very importance to finish the work within the specified time period. The Company has reputation in complete the work on time. This is one of the successful factors in the construction business. The Company has the systematic planning in all processes for continually develop the competitiveness of the Company. This is to ensure that our operation will succeed within the specified time.

❖ Contract Award Process

The company provides construction services in mechanical areas both domestic and international. The main channels of the Company to be awarded the construction projects are 1) bidding directly from Project Owner and 2) bidding from the Main Contractor.

Bidding from Project Owner

The Company directly contacts the project owners for several projects. Most project owners which are the Company's customers are the leading companies in basic industry of the country and the industry group which has plan to expand the investment in order to increase productivity and/or improve the factories to operate with more efficiency, for example, oil and gas refinery plants, power plants, food industry, small and medium plastic plants and petrochemical plants, etc. Most customers have good relationship with the Company.

Bidding from Main Contractors

The Company has vast experienced in the construction for both domestic and international through international main contractors. The Company usually works as sub-contractor. The main contractors will have huge investment capital with internationally reputation. The main contractor will operate the bidding in the large construction projects or the entire project from the project owners. After that, the main contractor will divide the area and hire Sub-contractors to perform the construction work. The main contractors will select only the sub-contractors with the performance reputation of quality construction with international standard in the industry. The company continually receives the contract from a main contractor.

Group of Customers and Target Group

The target groups of customers can be classified into 4 groups as follows:

❖ Petroleum and Petrochemical Industry

The group of customers in the petroleum and petrochemical industry are oil and gas group and refinery industry group, for example, oil refinery plants, gas refinery plant, etc. which are the upstream industry and the product of petroleum industry, for example, olefin manufacturing factories used as the raw material in manufacturing plastic industry and other aromatic products, also to be used as the raw material in manufacturing Polyurethane and form and also the group of downstream products such as other petroleum products. The Company has proven records in construction both green field and brown field from construction a new plant to expansion the existing plant. From previous construction work in the past, the Company has a potential to be the main contractor in the expansion project for Thai Oil PCL as well as being the contractor of oil refinery plant for international oil refinery in the world such as: Esso Standard (Thailand) Co., Ltd. and Caltex Oil (Thailand) Co.,Ltd. in which Caltex is renamed to Chevron (Thailand) Co.,Ltd., also is the affiliated to Chevron Corporation. The work experience continues in the oil refinery plants lead us a good reputation and to be accepted in the petrochemical industry which caused the Company to have a chance to be the contractor continually in petroleum and petrochemical industries

❖ Energy Industry

The group of customers of the Company in the energy industry is power plants. Most operations of the Company are the construction of power plants, assembly and installation of gas and steam pipes including the maintenance of machines and equipment. Previously, the Company was the contractor for the construction of Bangpakong Power Plant by responsible for the construction of steel structure unit 3 and 4 of 4 units of power plant, also the construction of COCO Phase III Project of the Co-Generation Co., Ltd. (currently is Glow Energy PCL) which is the power plant from coals, and including construction Small Power Producer – SPP Projects.

❖ Mining Industry

The groups of customers in mining industry are manufacturing plants and processing plants; for instance, steel plant, aluminum plants, copper plant, etc. At present, the Company has finished the construction which submitted in early 2012 are the construction project of Ambatovy in Madagascar

which the project was joint venture between Sherritt International Corporation (Canada), Sumitomo Corporation (Japan) and Kores (Korea). This project is considered to be the largest mining project with the total value about 7,500 million baht. The company is responsible for all construction works of steel structure, including assembly and installation gas pipelines, storage tanks, machinery and equipment installation.

❖ Others Industry

The Company's customers in others industry are in mechanical engineering such as: food processing manufacturing, large agricultural industrial factories and other processing plants. Previously, the Company was the contractor in the construction project of brewery plant in Kamphaengpetch Province of Beer Thai (1991) PCL owned by Thai Beverage Group PCL. This competence in continually operating the construction work with higher value contract indicates the success in competitiveness of the Company.

Industrial conditions and competition

Industrial condition of construction in heavy industry

As the customer of the company are heavy industry the growth of those heavy industry, for example, energy industry, petroleum and petrochemical industry, mine industry, and other heavy industries positively affect the Company's business. These heavy industries continually grow following the demand of energy usage and petrochemical products. Besides, the growth of Gross Domestic Products (GDP) of the world along with the economic and industrial growth at present are also likely to grow a lot indicate the increase of energy demand as well as the industrial expansion in energy and petrochemical industry. Moreover, the rapid economic growth of China and India is also the main factor in the growth of world economy with the average growth rate (CAGR) 10.7% and 7.8%, respectively during 2001 to 2010. The rapid expansions of both countries lead to increase demand of consumption products of the world significantly. As a result the product prices are increasing due to the demand, for example, oil price and mineral price. Those are factors in increasing demand of construction in heavy industrial factories.

Competition in the mechanical construction

Most of the Mechanical Construction has slight competition as the customers always choose the reputation contractors from proven record in the field in order to ensure that the contractors can perform the construction work which meets the specified design and standard. This is due to the size of the project with mostly huge investment. The emerging of new born contractor is very difficult due to lack of trust from the owner and no proven record for the industry. From this reason, the competition is not a big issue as there are few of companies with proficiency and potential in the construction. Each contractor possesses some different strong points and different target group. The Company has strong points in the operation of construction with standard. The quality of work is reliable and the submission is also punctual. Besides, the competence in safety control during the operation with international standard also makes the company to be accountable and reliable in the field of Mechanical Construction throughout 18 years of experiences. The companies in which in same business in Thailand are STPI PCL, Shino-Thai Engineering and Construction PCL, and Watthanapaisan Engineering Co., Ltd. However, each company focuses differently. The Company focuses on the mechanical Construction with less proportion of engineering design and Procurement of raw materials compared to those above companies. For the

construction in foreign countries, the Company received the construction work directly from the project owners or the main contractors.

Future Trend

The continual expansions of world economy and industry lead the construction in mechanical work are likely to increase. Moreover, the maintenance of machines and equipment in the industrial factories following the usage duration and the shutdown in production line for improving the efficiency of factories as well as the increase in productivity also lead the mechanical construction business likely to expand more in the future, especially for petroleum and petrochemical industry which is expected to have some investment in the new project and the maintenance of factories around the world of not less than 56,430 million US dollars and 63,875 million US dollars, respectively in 2011 and it is likely to gradually increase.

Those above factors increase the opportunity of the company in the construction in other countries. The Company has an alliance whose are the expert in the mechanical construction in the international level and are the leaders in the construction service of industrial factories which are internationally reliable among project owners. Therefore, the Company alliance has a project the company will have a chance to receive a construction work as well. For the previous projects in foreign countries which the Company has done the construction work, the project owners are confident in the quality and operation standard of the Company. As a result the company has many of contract amendment with high value continually.

For the construction in Thailand, although the expansion rate of investment in petroleum and petrochemical expansion slows down due to the fluctuation of oil price in the world market, the investment in the construction of new plant and/or the expansion of productivity in Thailand still remain. The Company is well-known among business operators in the industry and is reliably in the quality of work leading the Company to have a construction work continually.

Procurement of Raw Material

The procurement process of raw materials for the mechanical construction seeks from several suppliers. The Company has no policy to buy from any single supplier. The raw materials procured for the Company's operation can be classed into 2 types as follows:

❖ Raw Materials

The Company specifies the properties of raw materials together with the customers and purchases the raw materials with the quality to meet the customer's demand/standard. The Company will check the price from several supplier and suppliers for comparing the price, quality, and conditions to be suitable before deciding to purchase in order to receive the raw materials with the highest quality and good price. Moreover, the Company also has the policy in not depending on any particular supplier or producer for reducing the risk in business operation and increasing the bargaining power to the company. Most raw materials are metal pipes, fitting, and several types of iron such as steel sheet, structural steel, etc.

❖ Machines and Equipment

At present, the Company has sufficient machines and equipment for the construction. In the case of the Company has to procure more machines and equipment, the Company will purchase and/or rent

following the suitability. In the process of purchase or rental, the Company will consider the properties, price, and conditions from several suppliers before making final decision to purchase.

Environment Impact

The company objective is to operate our construction work without negative impact to environment. The Company sets the policies to following all environment regulations. Moreover, the Company has never received any complaint from the communication and has never prosecuted from the government agency.

Remaining work on hand.

The remaining works which have not been submitted on 31st December, 2018 hold the total value of 1,192.3 million baht. The total value of Backlog was 504.3 million baht.

Customer's names/project's location	Project's features	Duration Time	Project value	Backlog
Dynatec Madagascar	Maintenance Services	3 Years	821.4	449.9
Thaioil / Thailand	Structure & Piping works for TOP Crude Oil Tank Project	1.5 Years	286.2	17.0
Thaioil / Thailand	Site Preparation for ERU Construction of CFP Project/Plot X	11 Month	71.4	37.4
Total			1,179.0	504.3

Significant Changes and Development

In 2012, the Company was converted to a public limited company (Sriracha Construction Public Company Limited) with registered capital of 310 million THB, and subsequently became a listed company in the Stock Exchange of Thailand (SET) — a SET Index company trading since 2 July 2012 under the symbol SRICHA.

At present, the Company operates three industrial plants to support its construction projects: a metal structure cutting and welding plant, a pipe cutting and welding plant, and a sand blasting and painting plant. All three plants have a combined capacity per year to manufacture around 20,000 tons of metal structures and piping system components and to weld around 1,000,000 diameters bore of metal pipes.

In terms of human resource management, the Company has strived to become more in line with international standards, and has taken measures to improve its organizational structure, its work process and internal control procedures, as well as the knowledge and capacity of its personnel and operating teams.

Through this continuous process of development, the Company has obtained internationally recognized standards and certificates, which include ISO 9001:2008 for steel structure manufacture and piping assembly, and the globally recognized Safety Certificate for Main Contractors. In 2017, the Company

upgraded its quality standard to ISO 9001:2017 to ensure that its operations measure up to contemporary benchmarks and to build confidence for consumers.

Significant changes and development for 2018 are as follows.

❖ **February 2018**

The Company became a certified member of Thailand's Private Sector Collective Action Coalition against Corruption (CAC), with approval from the CAC Committee, and was awarded a certificate to that effect by the Institute of Directors on 12 February 2018, with Mr. Yiem Chundprasit, Chairman of the Board, and Mr. Kamol Ratanachai, an independent director, as representatives of the Company receiving the certificate.

❖ **April 2018**

The Company held the Annual General Meeting of Shareholders for 2018 on 20 April 2018 at The Tide Resort, Bangsaen Beach, at 10.00 hours. Shareholders attended the meeting and exercised their voting rights to appoint replacements to three directors whose term had ended — Mr. Narong Sooksawasdi, Mr. Kamol Ratanachai, and Mrs. Sudchinda Sethakulvichai. The meeting also approved the annual dividend payment for 2017 of 0.20 THB per share, as there were no interim dividend payments.



Policy and Overview of Business Operation

Risk Factors for Company Operation

❖ The Risk of Revenue Fluctuation

The main revenues of the Company are from construction contracts and services. In the fiscal accounting period of 2010, 2011, and 2012, the estimated annual net revenue of construction contracts and services were 98.0%, 97.7%, and 94.2% of the company's total revenue respectively. The fluctuations in company's revenue depend on the business cycle of petroleum and petrochemical industries, energy industry, and mining industry. Over the past three years, demand for mechanical construction in petroleum and petrochemical industries, energy industry, and mining industry has been continually grown up. In addition, this growth rate depended on the demand of Commodity in which results from the growing demand of countries with have a lot of population such as China and India. However, the Company could not predict the future trend of the industry. In the event of global demand for petroleum products, petrochemical products, energy products and mining products decrease that could make entrepreneurs and project owners to delay or to terminate the production expansion project which possibly impacted to revenue and profits of the Company eventually. Moreover, earning revenue also depends on the Company's capabilities for bidding, the uncertainty of bidding project in which could be delay by itself. These impacted to the Company's revenue to be fluctuated by the uncertainties in quantities of awarded projects. Although, the Company attempts to maintain the company's revenue by producing the high quality and standards of performance, on time delivery, offering reasonable price, satisfying customers' needs, and building strong relation with the main contractors. However, the Company cannot assure that the above mentioned strategy for risk management will be able to assist the Company to maintain revenue and profits level continually. In the past, the Company's revenue had fluctuated significantly due to the Company was awarded on the very large, high- value projects.

❖ Risk Prevention and Reduction

The Risk of Human Resources Loss

The mechanical construction of steel structure in large-scale industry is requires special expertise and high proficiency in the field. Since this construction is to support the heavy industry. Therefore, the construction must support high pressure, high temperature, pH level, and also corrosion resistance which possibly occurring. If there is non-standard work, it could cause damage to the entire production processes. These constructions require the high competency engineering and technicians teams who have high experience and competency. Thus, losing these key human resources may cause the Company to loss in competitiveness and will greatly affect the company's future operating performance.

❖ Risk Prevention and Reduction

Personnel are defined as one of the main key factors that directly contributing to the achievement of business strategy, especially for the construction of large mechanical construction of steel structure, in which, the Company has high-level competence personnel with special proficiency and expertise in this field. To prevent and reduce the risk of losing valuable personnel, the Company set up the policy to keep these valuable personnel by consideration promotion and remuneration annually, including special remuneration based on skill and expertise.

❖ **The Risk of Operation**

The Risk of work complete out of time. For the construction companies, general contracts and agreement will specify the completion date and will have penalty item in case failure to deliver on time. The delay could occur from several causes; some causes could not control by the Company such as delay by subcontractor or other subcontractor. Even though the Company has never had any record of delay which leads to penalty fine but the Company cannot ensure that all future projects will be able to deliver on time. If the company unable to deliver the project on time which specified in the contracts, the company will have to pay a late penalty and will lead to an increase in operating costs which will reduce company's profits greatly. This might cause the company to lose its reputation for reliability among other customers and also impact the future business opportunities.

❖ **Risk Prevention and Reduction**

In order to prevent risk factors of a delayed delivery, the company has focused on the detail of agreement. Due to long-term experience, the Company found that most awarded construction contracts are the modification or Change Order /Decreasing in almost every projects, including some cases by other subcontractor which could cause delay. For these factors, the Company would make a concisely contract and some conditions to cover these risk factors every time. However, with business operations and management philosophy of the Company has clear goal to emphasize on quality. The Company also has focused on personnel potential and sufficient personnel resources to complete project on time and to achieve the defined goal.

❖ **The Risk of Fluctuations of Raw Materials and Constructional Materials**

The cost of raw material and constructional materials are the major cost of the Company's Operation which accounted for 30% of the total construction costs Generally, the Company attempts to reduce the risk of fluctuation in the price of raw materials and constructional materials by negotiating with the customer that the price shall be adjusted as per the market price and/or by negotiating the customers to be responsible for procurement and/or purchasing with suppliers when the project is awarded. However, practically, the company may not be able to avoid the responsibility or put all the burden cost of raw materials to the customers and the Company could not purchase all raw materials on the date of award also. Consequently, the company still has the risk of fluctuation of raw materials and constructional materials price. If the price of raw materials and constructional materials is increased, it could increase the cost of construction also and impact to the Company's' performance eventually.

❖ **Risk Prevention and Reduction**

The Company has developed raw material and constructional materials management system by maintaining the strong relationship with all distributors, also monitoring and tracking the raw materials price all the time, as well as opening for the competition among the distributors in order to create the most price advantage for the Company, then could use for planning and maintaining appropriate cost level and comply with current raw materials market pricing. Or, the Company could confirm the purchase order in order to fix the price in accordance with the bidding price.

❖ **The Risk of the Political Situation**

National political stability is one of the most important factors for investment decision making by foreign investor, especially high-value project with long-duration; for example, the investment in a new manufacturing plant to expand production bases. The instability of the politics situation may result in the change of policy and government regulations which can impact on the investment project.

❖ Risk Prevention and Reduction

In this case, the Company is closely monitoring the situation, including setting up plan to expand its service to overseas markets. This could help the Company to reduce the risk of the political instability but also increase business opportunities. However, over nearly 20 years of business operation, the Company had never served in any public service project and currently, there is no such policy.

The Risk of Managing and Administrating the Company Business.

❖ The Risk of Controlling the Votes at a Shareholder's Meeting by Majority Shareholders

Khemaphirat family including juristic persons (holding company), which this family has a larger portion of shares more than 55% of the paid-up capital after offering ordinary shares in this time contributes that the Khemaphirat family still in the position of executive management, and authorized person to sign on behalf of the Company. This makes them to be the major shareholder holding power in controlling the company's operations and management including the control of votes in shareholder's meeting for nearly the whole both in the nomination of committee or any resolution in other subjects which requiring majority votes from the shareholder's meeting except for the subjects specified by the law or company's regulations specifying that shall receive 3 of 4 votes of the shareholder's meeting. Therefore, it is very difficult for other shareholders to collect shareholders' votes for inspection and balancing consideration subjects proposed by the largest shareholder.

❖ Risk Prevention and Reduction

The Company attempts to develop a transparency and controllable system. The Company appoints five (5) Independent Committees in which three (3) of them serve as Audit Committee. There is also Internal Audit and Internal Control Department which report directly to the Audit Committee to be a mechanical for monitoring and inspection the Company's operation and management. Moreover, there are six (6) directors from nine(9) directors who are not in the Khemaphirat family which can balance the powers in proposing any subject for consideration to the general shareholder's meeting

The Risk of Unable to Pay Dividend

At present, although, the Company's Board of Directors has a dividend policy proposing to shareholders to pay dividend at least 50% of net profit before foreign exchange shown in financial statement under the conditions of the investment plans and any other relevant factors. Payment future dividend payment (if any) will depend on the discretion of the Company's Board of Directors as specified in the Public Company Limited Act B.E.2535 (and additional amendments) including other conditions; for example, actual cash flow, profits, financial status, demand for capital, and any other investment of the Company as well as any other factors that the board of directors consider that it relevant to the company's business. The Company cannot guarantee that the Company will earn enough profit and pay out a dividend in any year. In spite of the Company may earn enough profit, it may not approve for paying dividends to shareholders. By the way, according to the Public Company Limited Act B.E.2535 (and additional amendments), if there is still accumulated losses, it is prohibited to pay dividend, no matter that the Company has the net profits in that year or not.

Operating Assets

Main Fixed Assets

As at December 31, 2018, the operating assets of the Company and its affiliate were as follows:

(Unit : Million Baht)

Nature of Asset	Consolidated Financial Statement		
	Nature of Ownership	Value	Encumbrance
Land and land improvement	Owner	237,870,666	Partial
Building and structure	Owner	307,617,526	None
Machinery and equipment	Owner	273,060,637	None
Furniture and office equipment	Owner	11,278,715	None
Computer and computer program	Owner	51,464,150	None
Vehicle	Owner	55,986,682	None
Total Value of Assets		635,524,918	
Less Depreciation		(41,160,478)	
Total Book Value - Net		594,364,440	

Details on location, utilization areas and objective on ownership of the important assets for business operation of the Group of Company could be summarized as follows:

Land of the Group of Companies

Type of Asset	Location	Areas	Objectives on Ownership	Nature of Ownership	Encumbrance
Land	No. 97 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province Title deed no. 104807, 104808, 29038, 49488, 18809, 8347	30 Rai, 1 Ngan, 66 Sq. w.	Occupied as headquarter building, piping fabrication and construction plant and liquid tank fabrication and installation plant.	The Company is the owner.	None
Land	No. 153 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province Title deed no. 156533	16 Rai, 3 Sq. w.	Occupied as steel structure fabrication plant	The Company is the owner.	None
Land	Surasak Sub-district, Sriracha District, Chonburi Province Title deed no. 13854, 156533	18 Rai, 2 Ngan, 45 Sq. w.	Occupied as steel structure temporary warehouse prior to installation and as sand blasting areas.	Rented from SCC Park Co., Ltd.	None

Land of the Group of Companies (Cont'd)

Type of Asset	Location	Areas	Objectives on Ownership	Nature of Ownership	Encumbrance
Land	Makhamkoo Sub-district, Nikom Pattana District, Rayong Province. Title deed no. 1579-1580, 2178	64 Rai 22 Sq. w.	Occupied as office of SCC Maintenance Services Co., Ltd. at Rayong Province	The Company is the owner.	None
Land	Pananikom Sub-district, Ban Khai District, Rayong Province. Title deed no. 1963, 2521	48 Rai, 59.2 Sq. w. ๑๘	To support for future business expansion	The Company is the owner.	None

Building and Structure of the Group of Companies

Asset	Location	Objectives on Ownership	Nature of Ownership	Encumbrance
Headquarter building and plant - Headquarter – 1,120 Sq. m. - Office building – 468 Sq. m. - Warehouse – 228 Sq. m. - Piping and tank fabrication and construction plant – 7,204 Sq. m. - Canteen - 286 Sq. m.	No. 97 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province	Occupied as headquarter and piping and tank fabrication and construction plant and employees' canteen	The Company is the owner.	None
Office building and plant - Steel structure fabrication plant – 2,387 Sq. m.	No. 153 Moo. 3, Surasak Sub-district, Sriracha District, Chonburi Province	Occupied as steel structure fabrication plant	The Company is the owner.	None

Building and Structure of the Group of Companies (Cont'd)

Asset	Location	Objectives on Ownership	Nature of Ownership	Encumbrance
Office building and equipment warehouse (Makhamkoo Sub-district) <ul style="list-style-type: none"> - Building 1 - 960 Sq. m. - Building 2 - 1,920 Sq. m. - Building 3 - 672 Sq. m. - Building 4 - 450 Sq. m. - Building 5 - 2,040 Sq. m. 	Makhamkoo Sub-district, Nikom Pattana District, Rayong Province	Occupied as office of SCC Maintenance Services Co., Ltd. and equipment warehouse	Owned by the Company.	None
Clubhouse <ul style="list-style-type: none"> - 432 Sq. m. - Sandblasting Plant (Temporary) 	Surasak Sub-district, Sriracha District, Chonburi	Occupied as sport complex for employees and sand blasting plant	Owned by the Company.	None

Machineries, Tools and Equipment used in Construction Work

Asset	Nature of Ownership	Encumbrance
Tools and Equipment <ul style="list-style-type: none"> - Shearing Steel Machine - Welding Machine - Sand Blasting Machine 	Owner	None
Vehicles <ul style="list-style-type: none"> - Crane - Crane with Aerial Device - Truck and Crane Truck 	Owner	None

Computer and Computer Program

Asset	Nature of Ownership	Encumbrance
Computer System Program, software and Information technology	Owner	None

Company's major shareholders and equity

On 31st December, 2018 the Company had registration capital of 310,000,000 baht. The paid-up capital was 309,879,000 baht of 309,879,000 ordinary shares with 1 baht of par value.

Shareholders Name list of 10 main shareholders on 31st December, 2018

No.	Name list		On 31st December, 2018	
			Paid-up capital of 309,879,000 baht	
			Numbers of shares	Percentage
1.	Sriracha Holding Company Limited *		145,300,000	46.89
2.	Mr.Banlung	Khemaphiratana	7,033,000	2.27
3.	Mr.Konthee	Khemapiratana	6,879,000	2.22
4.	Mrs.Sudchinda	Sethakulvichai	6,878,900	2.22
5.	Mr.Preecha	Angkhumsap	6,041,000	1.95
6.	Mr.Kasermsak	Sukoltamarn	4,350,000	1.40
7.	Mr.Gridsada	Potisomporn	4,288,300	1.38
8.	Dhibhaya Insurance PLC		3,461,000	1.23
9.	Mr.Aphisak	Teppadungporn	3,461,000	1.23
10.	Mr.Kiat	Srijomkwan	3,035,400	0.98

Note : Shareholders of the Company and Sriracha Holding and also the committee and/or executives

(*) Sriracha Holding Co., Ltd. is the Holding company containing the largest proportion of shareholders in SRICHA.
As of 31st December, 2018, the details information of shareholder shall be as follows;

No.	Shareholders		Numbers of shares	As of 31st december, 2018
				Percentage
1.	Group of Khemaphiratana		845,646	58.20
2.	Mr.Gridsada	Potisomporn	181,625	12.50
4.	Mr.Kamthorn	Youngkong	71,197	4.90
5.	Mr.Sompong	Cha-umpong	61,026	4.20
6.	Mr.Somboon	Yingyongkitmongkol	47,949	3.30
7.	Mr.Sompak	Rirermsoonthorn	47,949	3.30
8.	Mr.Sorasak	Chunvirat	37,778	2.60
9.	Mr.Jarin	Sawangjaeng	29,060	2.00
10.	Mr.Chaiporn	Sirichan	29,060	2.00
11.	Mr.Sakdadet	Sridaumpha	29,060	2.00
12.	Mr.Ekachai	Thanomrat	27,607	1.90
13.	Mr.Soracja	Ruangworadakul	26,154	1.80
14.	Mr.Somchai	Yahatta	18,889	1.30
	Total		1,453,000	100

Group of Khemapiratana consists of, Mr.Konthee Khemapiratana, Mr.Banlang Khemaphiratana and Mrs.Sudchinda Sethakulvichai

Dividend Policy

The Company's Policy

The Board of Directors will consider from the company's performance each year and see if the company has earned enough profit to pay dividend and has yet remained the substantial Capital fund to accommodate growth and business expansion. However the company must reserve the legal amount of 31,000,000 baht which is 10% of registered capital in accordance with the law and AOA article 59 of the company. The Dividend policy of the company is to pay dividend at no less than 50% of net profit which is stated and shown in the approved company financial statement each year. The Board of Directors will propose for approval from shareholder in annual general meeting each year. The Board of Directors also has the right to approve an interim dividend if there is enough profit to spare. However, if there is an accumulation loss, the dividend shall not be paid. The affiliates of the Company sets the policy to pay dividend of not less than 50.0% of net profits from financial statements of the affiliates after the deduction of corporate income tax, legal reserves, and all necessity reserves by considering together with cash flow, financial status, liquidity, and investment plan in each period.

The affiliate policy

The dividend policy of the affiliate company will pay at no less than 50% of net profit which is stated and shown in the approved financial statement of each year. The company will take Cash Flow, Liquidities and retained earning into consideration as well.

Detail of Dividend for the past 3 years.

	2018	2017	2016
Dividend per share			
3.1 interim dividend	-	-	-
3.2 annual dividend	Waiting	0.20	0.40
Total Dividend	Waiting	0.20	0.40

Company Board of Director's Structure

For the year 2018, The company is consist of 4 Boards set which are The Company Board of Director, The

Audit Committee, the Executive Committee and the Nominated and Remuneration Committee in which each group has different scope of duties and responsibilities as shown in the details below ;

The Board of Directors

The Board of Directors consists of 9 persons full with qualification, competence, and work experiences. At present, the Board of Directors consists of 9 persons who are 4 directors and 5 independent directors. An independent director means being the director without any participation in company's management. They do not held any position as the executives or the permanent employees of the Company as well as not having any authorization in signing following the Company's regulations. The executives director mean the director who participate greatly in the Company's management or be the permanent employees who receive regular salaries as well as having an authorization in signing following the Company's regulations.

On 31st December, 2018 the Company's Committees consist of 9 committees as follows:

No.	Name	Position
1.	Mr. Yiem Chundprasit	Chairman
2.	Mr. Dusit Choopanya	Independent director and chairman of Audit Committee
3.	Mr. Narong Sooksawasdi	Independent director and Audit Committee
4.	Mr. Trairak Tengtrairat	Independent director and Audit Committee
5.	Mr. Kamol Ratanachai	Independent Director
6.	Mr. Boonkrua Khemapiratana	Director/Managing Director
7.	Mr. Gridsada Potisomporn	Director/Deputy Managing Director
8.	Mr. Chatmongkol Khemapirat	Director/Asst. Managing Director in operation
9.	Mrs. Sudchinda Sethakulvichai	Director/Company Secretary

Authorized Director who have the power of signing on behalf of the Company and the affiliates Sriracha Construction Public Co., Ltd.

Mr.Boonkrua Khemapiratana, Mr.Chatmongkol Khemapirat and Mrs.Sudchinda Sethakulvichai are directors with authorization to sign on behalf of the company and two directors must sign together along with the company seal.

SCC Maintenance Services Co., Ltd. Either Mr. Boonkrua Khemapiratana or Mr. Chatmongkol Khemaphirat or Mrs.Sudchinda Sethakulvichai has the authorization to sign on behalf of the company along with company seal.

Board of Directors Detail

The Board of Directors consists of 9 persons with 4 executive directors and 5 independent directors. All directors are qualified fully according to related law or official regulations. The Board of Directors meeting must consist of no less than half of the board to attend the meeting.

Scope of duties and responsibilities

1. Provide overall business Strategies and Tactics including setting up the policy, direction, vision, plan, guidance and budget etc. of the executive board then supervise and control the company to go as directed.
2. Supervise and manage the Company to operate in accordance with law, objectives, and Company's regulations as well as the resolution of shareholder's meeting with honesty, loyalty, and carefulness in maintaining the Company's benefits
3. Having the financial and accounting report that present the real status of the Company's Finance statement that follows the accounting standard and to propose to the shareholder's meeting for consideration and approval
4. Consider the nomination of directors, audit committees and/or other sub-committees following the suitability and necessity for supervising and managing system together with internal control to be in accordance with specified policies as well as nominating the suitable top executives management for supervising the Company's operation assigned by the Board of Directors including the consideration and specification on the remuneration of Top management.
5. Consider the suitability in assigning and specifying the scope of duties of sub-committees
6. Manage to receive enough information from management team in order to work fully and accordingly with the scope of work and responsibilities as stated.
7. Manage to have the good corporate governance as a general practice of the company.
8. Consider and propose for the nomination of auditor and fixing the suitable remuneration before proposing to the shareholder for the approval
9. Consider the approval of operational expense within the financial budget under the authorization of managing director, executive board, and other sub-committees
10. Perform other operations related to the business operation in comply with the law, regulations, and

resolution of the shareholder's meeting of the Company

The Board of Directors Meeting

The Company specifies the meeting schedule of committee in advance causing the committee to be able to manage their time for attending the meeting. Except for the case of special occasion, the Chairman or directors in numbers specified by the law can hold the meeting following necessity. The board of directors specifies normal meeting in every 3 months. The Office of Managing Director and Company's Secretary will send the invitation

letter for the meeting along with the agenda and supplementary documents to the board members for at least 7 days in prior of the meeting date in order to allow sufficient time to the board of directors to study all information.

Each meeting, Chairman will carefully supervise the consideration of each agenda and allow every director to express their opinion freely and mutually discuss. The top executives are required to attend the meeting for explaining the information as directly related persons to the operation before the resolution is passed in each agenda. Moreover, the minute of meeting is also conducted in written form and carefully stored for the audit as well. In 2018, the Company held the meetings and the board members attended as follows:

Meeting of the Board of Directors in the past year

No.	Name		Numbers of attendance in 2018
1.	Mr. Yiem	Chundprasit	4/4
2.	Mr. Boonkrua	Khemapiratana	2/4
3.	Mr. Dusit	Choopanya	4/4
4.	Mr. Narong	Sooksawasdi	4/4
5.	Mr. Trairak	Tengtrairat	4/4
6	Mr. Kamol	Ratanachai	4/4
7..	Mr. Gritsada	Potisomporn	4/4
8.	Mr. Chatmongkol	Khemapirat	4/4
9.	Mrs. Sudchinda	Sethakulvichai	4/4

Audit Committee

On 31st December, 2018, the Audit Committee of the Company consists of 3 persons who are independent directors with diverse abilities in each field of occupation for both engineering, and Finance Account. They are responsible for considering and approving of the company's financial statements and the affiliates, verifying the internal audit and internal control, holding the meeting with the auditor, assistant managing director in financial and accounting department and considering the referential details. The Audit Committees consist of:

No.	Name	Position
1	Mr. Dusit Choopanya	Chairman of Audit Committee

2	Mr. Narong Sooksawasdi	Audit Committee
3	Mr. Trairak Tengtrairat	Audit Committee

Mrs. Sudchinda Sethakulvichai is the secretary of Audit Committee

The Audit Committee term is 3 years except resignation case following the Company's regulation. They can be re-elected to return to the position again.

Elements of Audit Committee

Among 3 audit committee, there must be at least 1 Auditing Committee with proficiency in accounting or financial management of the Company. The meeting of Audit Committee consists of no less than two third to attend the meeting.

Scope of duties and responsibilities of Audit Committee – in internal audit

1. Verify the Company to have correct, complete, sufficient, and reliable financial report
2. Verify the Company to have sufficient, suitable, and effective internal control and internal audit systems. Consider the independence of internal audit department and consider approving the nomination, transfer and dismiss the head of internal audit department
3. Verify that the company works in comply with the related law and regulation.
4. Consider recruiting or nominating the persons to be independently responsible for the auditor of the Company and propose the remuneration of such persons as well as attending the meeting with the auditor without the participation of management department for at least once a year
5. Openly conduct the report of the Audit Committee in the annual report of the Company. The mentioned report must be signed by the Chairman of Audit Committee and must consist of the following data:
 - 1) Opinion on the correctness, completeness, and reliability of financial report of the Company
 - 2) Opinion on the sufficiency of internal control system of the Company
 - 3) Opinion on the conformity to the law related to the Company's business
 - 4) Opinion on the suitability of auditor
 - 5) Opinion on the details possibly related party transaction.
 - 6) Other details which the shareholders should be acknowledged under the scope of duties and responsibilities assigned by the Board of directors.
6. Report the operation of the Audit Committee to the Board of Directors for at least four times a year.

7. Be responsible for the duties of Audit Committee. The Audit Committee has authorization in holding the meeting with the executives or employees to request for necessary data being use by the Audit Committee.
8. If the Audit Committee find or be doubtful in any detail or activity which may significantly affect the financial status or operational performance of the Company, the Audit Committee must report the Board of Directors to verify such detail or activity immediately
9. Perform other things following the assignment of the Board of Directors and the approval of the Audit Committee

Scope of duties and responsibilities of Audit Committee– in risk management

1. Consider the policies and guidelines in the risk management of the Company covering several kinds of risks, for example, financial risk, the risk affecting the Company's reputation, for proposing to the approval of the Board of Directors.
2. Specify the guidelines in the risk management of the Company to be in accordance with the policy of risk management by assessing, observing, and supervising the amount of risk of the Company to be in the of the Company suitable level
3. Supervise and observe the conformity to the policy of risk management under the guidelines and policies approved by the Board of Directors.
4. Provide the assessment and analysis on the damage possibly occurring systematically and continually for assuring that the risk survey covers all processes of business operation
5. Specify the criteria and limit of risk which is acceptable by the Company
6. Support and develop the risk management to continually occur throughout the whole Company
7. Review the sufficiency of policies and system of risk management including the effectiveness of the system and the conformity to the specified policies
8. Regularly report the operational performance to the Board of Directors on the operation and status of risk of the Company as well as to propose to the Board of Directors for considering the improvement and correction on the Company's operation in order to agree with the specified policies and strategies of risk management

Meeting of Audit Committee in the past year

No.	Name		Numbers of attendance in 2018
1.	Mr. Dusit	Choopanya	4/4
2.	Mr. Narong	Sooksawasdi	4/4
3.	Mr.Trairak	Tengtrairat	4/4

Board of Executive Committee

On 31st December, 2018, the Executive Committees consist of 5 committees as follows:

No.	Name	Position
1.	Mr. Boonkrua Khemapiratana	Chief Executive Officer / Managing Director
2.	Mr. Gridsada Potisomporn	Executive director / Deputy Managing Director
3.	Mr. Chatmongkol Khemapirat	Executive director / Assistant Managing Director in operation
4.	Mrs. Sudchinda Sethakulvichai	Executive director / /Purchase Manager
5.	Mrs. Boonlom Farkmitra	Executive director/ Assistant Managing Director in Finance and Account

Board of Executive Committee

The Executive committee with management power and authorization consists of not less than 5 persons appointed by the Board of directors. The meeting of Executive Committee shall consist of no less than half of the whole committee to attend the meeting.

Scope of duties and responsibilities for Board of Executive Committees are as follows:

1. Plan and set the policies, direction, strategies, financial plan, budget, and other managements to meet with the economic conditions and competitive conditions of market and to propose to the Board of Directors for the approval
2. Study the possibility for new projects. Consider the approval to participate in bidding as well as supervise and control the current project to go as directed.
3. Inspect and observe the operation following the policies and guidelines in the management specified by the Company efficiently for facilitating the business operation and report the operational result to the meeting of Company's Committee
4. Give some advice and consultation. Specify the policies and authorization of managing director and committees for supporting the business of the Company

5. Consider the approval of authorization in the management and business operation to the executives following the Company's regulations
6. Consider the approval of payment for the management and business operation in the part over the financial budget of managing director following the approval announced at that time. Report to the Company's Committee is required in the first meeting of Company's Committee from the date of approval
7. Operate others following the policies assigned by the Company's Committee

The aforementioned authorization to the Executive Committees must be under the regulation of law and Company's rules. In the case that any operation with or possibly with the benefits or stakes of Executive Committees and/or persons possibly with conflict, the Executive Committees and/or assigned persons do not have authorization in approving the mentioned operation. This must be proposed to the Company's Committee for the consideration later.

Meeting of Executive Committee

No.	Name		Numbers of attendance in 2018
1.	Mr.Boonkrua	Khemapiratana	6/6
2.	Mr Gridsada	Potisomporn	6/6
3.	Mr.Chatmongkol	Khemapirat	6/6
4.	Mrs.Sudchinda	Sethakulvichai	6/6
5.	Mrs.Boonlom	Farkmitra	6/6

Nomination and Remuneration Committee of the Company

As at December 31, 2018, the Company's Nomination and Remuneration Committee comprised of 3 independent directors who have various knowledge and capability in different professions. Duties of this Committee are to nominate and select the directors in case of resignation or retire on rotation of any directors as well as to consider on appropriated remuneration of each Committee. List of the Nomination and Remuneration

No.	Name	Position
1	Mr. Narong Sooksawasdi	Chairman of the Nomination and Remuneration Committee
2	Mr. Dusit Choopanya	Member of the Nomination and Remuneration Committee
3	Mr. Trairak Tengtrirat	Member of the Nomination and Remuneration Committee

Committee are as follows:

The Nomination and Remuneration Committee shall hold office for a term of 3 years each. The director who is retired on rotation pursuant to the Company's Article of Association may be re-appointed.

Components of the Nomination and Remuneration Committee

In order to constitute the quorum during the meeting, the number of the Nomination and Remuneration Committee must not be less than two thirds.

Scope of Power and Responsibility of the Nomination and Remuneration Committee

Scope of power, duties and responsibility of the Nomination and Remuneration as per specified by the Board of Directors are as follows:

Duties and responsibilities regarding the nomination

To consider an appropriateness of the organizational structure including components of the Board of Directors and the Committees of Sriracha Construction Public Co., Ltd.

To consider guideline and criteria on appropriated qualifications of the Board of Directors, the Committee, the Executive Committee, the Managing Director and High-level Executives as well as criteria on recruitment of the appropriated personnel to hold such positions.

To perform other works as per assigned by the Board of Directors.

Duties and responsibility related to remuneration consideration

To consider fair and reasonable remuneration criteria for the Board of Directors, the Committees, the Executive Committee, Managing Directors and High-level Executives who have been appointed by the Company's Board of Directors.

To consider other remuneration criteria, i.e. reward, meeting allowance, pension, bonus and other benefits of the Board of Directors and the Committees including the Executive Committee, and high-level executives who have been appointed by the Board of Directors, and propose to the shareholders' meeting for consideration and approval

The Board of Directors may assign the Nomination and Remuneration Committee to perform other tasks related to remuneration and other benefits of the high-level executives in order to achieve the company's objectives, as follows:

To determine and operate pursuant to the policy as well as the Human Resources Department for the high level executives to be in the same direction of the Company's business objectives.

To strengthen confidence that remuneration including benefits of the high-level executives are on par with other business operators in the same industry.

To maintain qualified and appropriated personnel in the high-level executives to work for the Company.

Meeting of the Nomination and Remuneration Committee

The meeting should be held at least once a year and the management or the executive or the relevant employees or the person deemed necessary may attend the meeting or provide related or necessary information

to the meeting. In addition, the Nomination and Remuneration Committee may specify the number of the meeting, as it deems appropriated.

In order to constitute the quorum during the meeting, the number of the Nomination and Remuneration Committee must not be less than two thirds and to consider all remuneration of the people currently holding the position.

The Nomination and Remuneration Committee who has interests in the matter considered must not vote for such matter, except in the case of considering about the remuneration for the whole Board of Directors.

In case of vote, each member of the Nomination and Remuneration Committee can have 1 vote, in case of tie vote, the Chairman of the Nomination and Remuneration Committee shall cast the vote.

Meeting of the NRC for the year 2018

No.	Name		Numbers of attendance in 2018
1.	Mr.Narong	Sooksawasdi	2/2
2.	Mr.Dusit	Choopanya	2/2
3.	Mr.Trairak	Tengtrairat	2/2

Remuneration

Remuneration for Board of Directors and others sub-committee

The remuneration of the Board of Directors, Audit Committee, and Executive Committee are as follows:

(Unit : baht)

Position	Meting allowance/time	Operational remuneration	
		Monthly	Annual
Chairman	15,000	50,000	The remuneration of all Directors in total is no less than 0.1% but not greater than 0.5% of gross revenue stated in Financial Statement that has been approved by shareholders in the Annual General Meeting.
Directors	15,000	25,000	
Chairman of audit Committee	20,000	-	
Audit Committee	10,000	-	
Chairman of NRC Committee	15,000		
NRC Committee	10,000		
Chief Executive Officer	-	10,000	

Executive Officer	-	5,000	
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Monthly remuneration and meeting allowance

The criteria of remuneration of Company's Committee, Auditing Committee, NRC Committee and Executive Committee are as mentioned above.

Annual remuneration

The Board of Directors receive remunerations in total of all members is between 0.1 - 0.5 percent of the total revenue of the Company's annual financial statements that have been approved by shareholders at the Annual General Meeting of shareholders. The annual bonus allocation shall be determined, considered and approved each year by the Board of Directors depending on the operation performance of the company.



Corporate Governance

Policy and Compliance with the Corporate Governance Principles

Corporate Governance means the system to create structure and relationship process between the Board of Directors, the management and shareholders in order to create competitive edge which can lead to prosperity and add value to the shareholders in the long term by taking into account the other stakeholders.

The Company realizes the importance of having corporate governance in the organization because it can strengthen the organization on having quality management, transparent disclosure and standardization which can create confidence to shareholders, investors, creditors and other relevant parties and it is also the support fundamental for sustainable growth of business. Important components of corporate governance principles of the Company are as follows:

Right of the Shareholders Principles

The shareholders have the ownership right of the Company via the appointment of the Board of Directors to perform duties on their behalf and have the right to make decision regarding the material changes of the Company.

Fundamental rights of the shareholders:

- ❖ Right to sell, buy or transfer shares
- ❖ Right to share in the profit of the business
- ❖ Right to have adequate access to the organization's information
- ❖ Right to participate in the shareholders' meeting to vote on election or removal of the directors, appointment of an auditor and significant matters which have impact to the Company, i.e. allocation of dividend, determination or amendment of the Article of Associations and Memorandum of Association, capital increase or decrease and approval of the special transaction, etc. .

The shareholders should be acknowledged about criteria and method on participation in the meeting and they should receive information adequate for consideration of each agenda before the meeting on appropriated time, have opportunity make an enquiry to the directors during the meeting and sending question in advance, the opportunity to propose the meeting agenda and proxy others to attend the meeting.

The Board of Directors shall be well aware and puts emphasis on the right of the shareholders and shall not perform any act which might violate or lessen the right of the shareholders.

Operating Guidelines

- ❖ The Company values shareholders and their rights on ownership and right to make decision on significant changes of the Company, so the Company encourages the shareholders to exercise their rights and protects their fundamental rights by operating the work to ensure that the

shareholders shall have the Company's information correctly, completely, adequately and on timely manner.

- ❖ The Company shall send the meeting invitation including supporting information pursuant to each agenda to the shareholders at least 7 days before the meeting, which is pursuant to the Company's regulations so that the shareholders shall have adequate time to consider each agenda. The shareholders who are unable to attend the meeting by themselves may proxy the Chairman of the Audit Committee or the member of the Audit committee or other person to attend the meeting and vote on their behalf.
- ❖ The Company has a policy to encourage all directors to attend the shareholders' meeting and chairman of the meeting will open the opportunity for all shareholders to have equitable right to inspect the Company's operations. Time will be allocated for the shareholders to fully make enquiry or express opinion or suggestion.

The Equitable Treatment of Shareholder Principles

All shareholders, including those who are the Company's executives and non-executives, should be equally and fairly treated. The minority shareholders whose rights have been violated should be entitled to be compensated

The Board of Directors and the management should make the shareholder feel confidence that they shall supervise on appropriate usage of their fund as it is the important factor to make the shareholders feel confidence in investment with the Company. The Board should supervise to ensure that the fundamental right of the shareholders has been equally protected.

The shareholders' meeting should be arranged to support equitable treatment of all shareholders and the minority shareholders should have the opportunity to nominate the person to hold the director position in advance as appropriated. In addition, the shareholders who are unable to attend the meeting by themselves may proxy other person to attend the meeting and vote on their behalf.

The Board of Directors should have measures to prevent the directors and the executive from usage of inside information for their own or other benefits or to exploit other shareholders' benefits, for instance, sell and buy share by using inside information, or disclose inside information to the person who is related to the directors and the executive which may cause damage to overall shareholders, etc.

The Board of Director should specify that the Board of Directors and the management should disclose information about their interests and the interests of their relevant person, so that the Board can consider the Company's transaction which might have conflict of interest and can make decision for overall benefits of the Company. In addition, the director or the executive who have interested transaction with the Company should not participate in making decision of such transaction.

Operating Guidelines

- ❖ The Company opens opportunity to the shareholders to propose the meeting agenda during the Annual General Meeting of Shareholders and to propose the person who is qualified and has appropriated qualification to be considered and appointed to be the director before the meeting. The Board of Director shall consider whether to include the meeting agenda proposed by the shareholders or not.
- ❖ The shareholder meeting shall be conducted in accordance with the sequence of the meeting agenda listed in the invitation to the meeting no agenda which has not been notified to the

shareholders in advance shall be added, so that the shareholders shall have time to study the support information in each agenda.

- ❖ The appointment of the new director in replacement of the retired director on rotation. The Company allows the shareholder to exercise their rights to nominate the director individually.
- ❖ The Company has policy and strictly adherence on usage of inside information, where only the relevant person could be accessed to such information and the report or dissemination of inside information can be performed by the designated person only. In addition, all directors and executives acknowledged about the obligation and responsibility towards inside information and they shall not exploit such inside information for their own benefits
- ❖ The connected transaction of the Company must be approved by the Board of Directors with the consent from the Audit Committee. Approval of such transaction shall be based on the utmost benefit of the Company and with fairness and reasonableness of such transaction. Moreover, the interested person or the person who may have interest in the connected transaction shall not participate in approval of such transaction for fairness and for benefit of the Company.

Shareholders' Meeting

The Company has policy that the arrangement of the shareholders' meeting shall be pursuant to the regulations, laws and requirements of the Stock Exchange of Thailand, with regards to calling for a meeting, notification of the meeting agenda, sending the invitation to the meeting, conduct of the meeting and recording of the minutes of meeting as well as the facilitation to the shareholders during each shareholders' meeting.

Method Before the Meeting

In 2018, the Company arranged the 2018 Annual General Meeting of Shareholders on April 27, 2018. The Company sent invitation to the meeting including the support information of each agenda to the shareholders at least 14 days in advance before the meeting date and publicized the supporting document for the meeting via the Company's website approximately 30 days in advance of the meeting date as well as notified and disseminated such information to the Stock Exchange of Thailand, so that the shareholders shall have adequate time to study the support document before the meeting date.

Information provided in the invitation to the meeting which can facilitate decision making of the shareholders during the annual general meeting of shareholders is as follows:

- Facts and reason including opinion of the Board of Director of each transaction
- Important information, i.e. biodata of the candidate proposed to be the director (in the agenda on selection of the director to replace the director who is retired on rotation), details on remuneration of the Board of Directors and the Committee, details of the auditor and the annual remuneration of the auditor.
- Details on proxy where the Company increases more option to the shareholders by proposing more than 1 Independent Director to be proxy of the shareholders to attend and vote in the meeting in case the shareholders are unable to attend the meeting.

Additionally, the Company facilitated the shareholders and the proxy who attend the meeting by providing the officers to arrange for registration with bar code system and providing voting paper in each agenda.

During the Meeting

Before commencing the meeting pursuant to the meeting agenda, the chairman of the meeting shall notify about operating procedures on voting in each agenda and notify the voting result after ending of each agenda. The Company shall conduct the meeting in accordance with the sequence of the meeting agenda listed in the invitation to the meeting and open opportunity to the shareholder to vote on appointment of the director individually during the agenda on director selection. In addition, the Company has principle that in order to make the shareholder have opportunity to make decision, the Company shall not add the agenda without notifying the shareholders for acknowledgment in advance.

During the meeting, the chairman of the meeting shall allow the shareholders to equally inspect the Company's operations and express opinion and suggestion. Moreover, both majority and minority shareholders shall have information on business operation and financial report as well as right for dividend allocation equally.

Method after the Meeting

The Company shall record the minutes of meeting and voting result in each agenda correctly and completely and shall record the important enquiries and suggestions of the shareholders such minutes as well. Minute of meeting of the shareholders' meeting arranged in 2015 has been submitted to the Stock Exchange of Thailand 14 days after the end of the meeting and it has been publicized in the company's website: www.sricha.com for the shareholder's acknowledgement and inspection.

Roles of Stakeholders Principles

Stakeholders should be taken care by the Company pursuant to their rights under the relevant laws. The Board of Directors should consider and implement the process to promote cooperation between the Company and the stakeholders on creating prosperity, financial stability and sustainability of the business.

Under corporate governance system, there are many important stakeholders, such as customers, employees, business partners, shareholders or investors, creditors and communities where the Company is located at, society or public sectors. Other stakeholders are competitors and independent auditors, and etc. The Board of Directors should specify the policy on treatment of each group of stakeholders by considering about their rights pursuant to the laws or as per agreement made with the Company and shall not perform any act which may violate their rights. Moreover, compensation measure in case any stakeholder suffered from right violation should be specified.

The Company should develop participation mechanism for the stakeholders on strengthening operating results of the Company in order to create sustainable stability to the business and should adequately disclose important information to those stakeholders so that they can effectively contribute in such participation.

The Board of Directors should have measure on clue notification to the Board in matters concerning law breaking, correctness of financial report, defective internal control system or violation of code of ethics. Additionally, there should be mechanism to protect such informant or whistle blower as well.

The Board of Directors should specify the clear policies on taking care of the environment and the society as well as anti-corruption.

Operating Guidelines

The Company places importance to the rights of all groups of stakeholders, either internal stakeholder, i.e. the Company's employees and executives or external stakeholders, i.e. customers, business partners, competitors, creditors, community, society, public sector and other relevant organizations to ensure that fundamental rights of such stakeholders have been protected and taken care pursuant to the related regulations, laws and rules. The Company has performed as follows:

Shareholders

Perform duties with integrity and fairness, by taking into consideration all shareholders and for overall benefits of the related groups. Manage the Company's business for prosperity, stability and to create good returns to the shareholders. Properly manage the Company's properties to ensure that they will not be wasted.

Disclose both financial and non-financial information which is related to business and performance of the Company which are true, completely, adequately, constantly, on a timely manner and present actual status of the operation and financial condition of the Company.

Business Partners and/or Creditors/ Debtors

Treat all business partners and/or creditors/debtors equally and fairly, by considering about the best interest of the Company and it must be based on fair returns of both parties. Avoid the situation which may cause conflict of interest as well as to comply with the obligations. Provide actual information, correct report and problem-solving discussion must be based on business relationship basis.

Customer

Must have good attitude and place importance to the customers, treat customer with willingness, enthusiasm, generously and keep confidentiality of the customers and shall not wrongfully use such information for their own or other benefits, as well as treat all customers equally.

Competitor

Do not defame reputation of the business competitors without factual information. Act under prudent competition basis. Do not access to confidential information of the competitor by using wrongful method or other impropriate methods.

Business Stakeholders

The Company has clearly specified approval procedures on connected transaction to prevent possible conflict of interest. The Company puts strong emphasis and opposes usage of work or information of the third party within the Company. The inspection should be performed to ensure that it does not violate any person's intellectual property rights.

Employee

The Company is well aware of importance of the employees and in order to achieve the targets set, the Company has recruited and employed knowledgeable, competent and experienced personnel to perform the work who meet the Company's requirements and growth. The Company shall treat employees impartially and equally by providing appropriate and fair remuneration and welfare.

The Company emphasizes on personnel development by having clear internal personnel development plan and encourages the employees at all levels to attend the training to enhance their

knowledge, as well as to have employment under fair and proper conditions pursuant to the market conditions and corresponding to the labor laws.

Society and Community at Large

Consider about public benefits and do not perform any act which may cause negative impact to reputation of the Company, natural resources, environment and public interest. Do not help, support and consent for any act to cause avoidance on compliance with the laws Support environmental conservation and provide cooperation with the employees, customers, public and private organization as well as general public on creating good image and understanding on environmental management of the Company.

Information Disclosure and Transparency Principles

The Board of Director should supervise to ensure that the important information related to the Company, both financial and non-financial information has been correctly, completely, timely and transparently disclosed via the easily accessible, equitable and credible channel. Important information of the Company includes financial report and other non-financial information pursuant to regulations of the relevant government agencies.

The shareholders and the third party places important on quality of the financial report, therefore, the Board of Directors should ensure that the information presented in the financial report correct and is pursuant to the generally accepted accounting standards and they have been audited by the independent auditor.

The Chairman and the Managing Director are the most appropriated persons to act as the “Spokesman” of the Company. However, the Board may appoint other director or executive to perform such duty. The person appointed must perform duties with carefulness. In addition, the Board of Directors may establish the unit or appoint the responsible person related to “Investor Relations” to equally and fairly communicate with the third party, such as shareholders, institution investors, general investor, analysts and the public sector.

Operating Guidelines

1. The Company recognizes the importance of good corporate governance policy, by specifying as policy so that the Company’s business operation should have transparent, auditable corporate governance, whereas duty and responsibility has been clearly defined. Moreover, the Company also puts emphasis on internal audit & internal control system including risk management and considering about the business ethics by maintaining fairness to the business partners, shareholders and all stakeholders.
2. The Board of Directors shall be responsible for important business operations and corporate governance. The Company’s financial statement and information must be pursuant to the generally accepted accounting principles in Thailand and they must be constantly adhered. In this regard, the Board has established the Audit Committee, which comprises of non-executive directors who have adequate independency to be responsible for the correctness of the financial report and internal control system.

3. The Company places importance on correct, complete, transparent, thorough and timely disclosure of information related to the Company. Investor Relations Department shall have duties on disclosure of information to the shareholders and the relevant parties.
4. The Company has correctly disclosed financial information and has report on responsibility of the Board of Directors to the financial together with the auditor's report.
5. The Company has clearly and transparently specified the remuneration policy for the Board of Directors and the executives and the remuneration rates can be comparable with those in the same industry and is high enough to retain the directors who have required qualifications. Remuneration of the executives shall be as per principle and policy specified by the Board of Directors which must be correspondent to the performance of the Company and performance of the executives.
6. The Board of Directors places importance to the operations and the reporting on business ethics, policy concerning with environment and society, anti-corruption policy and they have been disclosed for the shareholders' acknowledgement in the Annual Report.

Responsibility of the Board of Directors Principles

The Board of Directors have important roles on supervisory of the business for maximum benefits of the Company. The Board of Directors has responsibility towards the shareholders and is independent from the management.

The Board of Director should have leadership, vision and independency on making decision for the best interests of the Company and the shareholders in overall. The Board should arrange the system to clearly segregate roles, duties and responsibility between the Board and the management and supervise to ensure that the Company has work systems which can be confidently that the activities have been undertaken lawfully and ethically.

The Board of Directors should comprise of the members who have diversified qualifications, skills, experiences and specialized fields of expertise which will be beneficial to the Company as well as ability to devote time and effort to perform the duties to strengthen teamwork of Board of Directors.

Nomination procedures of the candidate to hold the position of the Company's director as appointed by the shareholders shall be transparently and free from power of the shareholders who have controlling power or the management team and to strengthen confident to the third party.

In order to make the operations of the Board of Directors effectively and efficiently, the Board should establish the Committees to study and screen the work as necessary, particularly in the case where neutrality on considering is needed, and should clearly specify policy, roles, duties, responsibility, work process, i.e. arrangement of the meeting and reporting to the Board.

All directors should have keen understanding about their roles and responsibilities and nature of business operations of the Company, are ready to express their opinions independently and improve themselves to up-to-date. The directors should perform duties with honesty, carefulness and cautiousness by taking into account the best interest of the Company and fairness of all shareholders and receive correct and complete information. Moreover, all directors should adequately devote their time to

fully perform their duties and responsibilities. The directors are obligated to attend the meeting every time, except, in case such member has special reason.

Fixing remuneration the directors are directly related to the benefits of the directors, so the Board should not approve remuneration of their own. The Board should arrange to have the transparent remuneration fixing process and approval must be obtained from the shareholders. Level and components of directors' remuneration should be appropriated and enough to motivate and retain the directors who have required qualification. However, over payment of remuneration should be avoided.

The directors in the listed companies of the Stock Exchange of Thailand shall not hold director position more than 5 companies in total.

The Subsequent Boards of The Company are as follows ;

The Board of Director.

The Board of Directors consists of 9 persons full with qualification, competence, and work experiences. At present, the Board of Directors consists of 9 persons who are 4 directors and 5 independent directors. An independent director means being the director without any participation in company's management. They do not held any position as the executives or the permanent employees of the Company as well as not having any authorization in signing following the Company's regulations. The executives director mean the director who participate greatly in the Company's management or be the permanent employees who receive regular salaries as well as having an authorization in signing following the Company's regulations. Scope of duties and responsibilities

1. Provide overall business Strategies and Tactics including setting up the policy, direction, vision, plan, guidance and budget etc. of the executive board then supervise and control the company to go as directed.
2. Supervise and manage the Company to operate in accordance with law, objectives, and Company's regulations as well as the resolution of shareholder's meeting with honesty, loyalty, and carefulness in maintaining the Company's benefits
3. Having the financial and accounting report that present the real status of the Company's Finance statement that follows the accounting standard and to propose to the shareholder's meeting for consideration and approval
4. Consider the nomination of directors, audit committees and/or other sub-committees following the suitability and necessity for supervising and managing system together with internal control to be in accordance with specified policies as well as nominating the suitable top executives management for supervising the Company's operation assigned by the Board of Directors including the consideration and specification on the remuneration of Top management.
5. Consider the suitability in assigning and specifying the scope of duties of sub-committees

6. Manage to receive enough information from management team in order to work fully and accordingly with the scope of work and responsibilities as stated.
7. Manage to have the good corporate governance as a general practice of the company.
8. Consider and propose for the nomination of auditor and fixing the suitable remuneration before proposing to the shareholder for the approval
9. Consider the approval of operational expense within the financial budget under the authorization of managing director, executive board, and other sub-committees
10. Perform other operations related to the business operation in comply with the law, regulations, and

resolution of the shareholder's meeting of the Company.

The Board of Directors Meeting

The Company specifies the meeting schedule of committee in advance causing the committee to be able to manage their time for attending the meeting. Except for the case of special occasion, the Chairman or directors in numbers specified by the law can hold the meeting following necessity. The board of directors specifies normal meeting in every 3 months. The Office of Managing Director and Company's Secretary will send the invitation letter for the meeting along with the agenda and supplementary documents to the board members for at least 7 days in prior of the meeting date in order to allow sufficient time to the board of directors to study all information.

Each meeting, Chairman will carefully supervise the consideration of each agenda and allow every director to express their opinion freely and mutually discuss. The top executives are required to attend the meeting for explaining the information as directly related persons to the operation before the resolution is passed in each agenda. Moreover, the minute of meeting is also conducted in written form and carefully stored for the audit as well.

Audit Committee

The Audit Committee of the Company consists of 3 persons who are independent directors with diverse abilities in each field of occupation for both engineering, and Finance Account. They are responsible for considering and approving of the company's financial statements and the affiliates, verifying the internal audit and internal control, holding the meeting with the auditor, assistant managing director in financial and accounting department and considering the referential details. The Audit Committee term is 3 years except resignation case following the Company's regulation. They can be re-elected to return to the position again.

Elements of Audit Committee

Among 3 audit committee, there must be at least 1 Auditing Committee with proficiency in accounting or financial management of the Company. The meeting of Audit Committee consists of no less than two third to attend the meeting.

Scope of duties and responsibilities of Audit Committee – in internal audit

1. Verify the Company to have correct, complete, sufficient, and reliable financial report
2. Verify the Company to have sufficient, suitable, and effective internal control and internal audit systems. Consider the independence of internal audit department and consider approving the nomination, transfer and dismiss the head of internal audit department
3. Verify that the company works in comply with the related law and regulation.
4. Consider recruiting or nominating the persons to be independently responsible for the auditor of the Company and propose the remuneration of such persons as well as attending the meeting with the auditor without the participation of management department for at least once a year
5. Openly conduct the report of the Audit Committee in the annual report of the Company. The mentioned report must be signed by the Chairman of Audit Committee and must consist of the following data:
 - ❖ Opinion on the correctness, completeness, and reliability of financial report of the Company
 - ❖ Opinion on the sufficiency of internal control system of the Company
 - ❖ Opinion on the conformity to the law related to the Company's business
 - ❖ Opinion on the suitability of auditor
 - ❖ Opinion on the details possibly related party transaction.
 - ❖ Other details which the shareholders should be acknowledged under the scope of duties and responsibilities assigned by the Board of directors. Report the operation of the Audit Committee to the Board of Directors for at least four times a year.
6. Be responsible for the duties of Audit Committee. The Audit Committee has authorization in holding the meeting with the executives or employees to request for necessary data being use by the Audit Committee
7. If the Audit Committee find or be doubtful in any detail or activity which may significantly affect the financial status or operational performance of the Company, the Audit Committee must report the Board of Directors to verify such detail or activity immediately
8. Perform other things following the assignment of the Board of Directors and the approval of the Audit Committee

Scope of duties and responsibilities of Audit Committee– in risk management

1. Consider the policies and guidelines in the risk management of the Company covering several kinds of risks, for example, financial risk, the risk affecting the Company's reputation, for proposing to the approval of the Board of Directors.
2. Specify the guidelines in the risk management of the Company to be in accordance with the policy of risk management by assessing, observing, and supervising the amount of risk of the Company to be in the of the Company suitable level
3. Supervise and observe the conformity to the policy of risk management under the guidelines and policies approved by the Board of Directors.
4. Provide the assessment and analysis on the damage possibly occurring systematically and continually for assuring that the risk survey covers all processes of business operation
5. Specify the criteria and limit of risk which is acceptable by the Company
6. Support and develop the risk management to continually occur throughout the whole Company
7. Review the sufficiency of policies and system of risk management including the effectiveness of the system and the conformity to the specified policies
8. Regularly report the operational performance to the Board of Directors on the operation and status of risk of the Company as well as to propose to the Board of Directors for considering the improvement and correction on the Company's operation in order to agree with the specified policies and strategies of risk management

The Nominated and Remuneration Committee.

As at December 31, 2018, the Company's Nomination and Remuneration Committee comprised of 3 independent directors who have various knowledge and capability in different professions. Duties of this Committee are to nominate and select the directors in case of resignation or retire on rotation of any directors as well as to consider on appropriated remuneration of each Committee. The Nomination and Remuneration Committee shall hold office for a term of 3 years each. The director who is retired on rotation pursuant to the Company's Article of Association may be re-appointed. Components of the Nomination and Remuneration Committee. In order to constitute the quorum during the meeting, the number of the Nomination and Remuneration Committee must not be less than two thirds.

Scope of Power and Responsibility of the Nomination and Remuneration Committee

Scope of power, duties and responsibility of the Nomination and Remuneration as per specified by the Board of Directors are as follows;

Duties and responsibilities regarding the nomination

- ❖ To consider an appropriateness of the organizational structure including components of the Board of Directors and the Committees of Sriracha Construction Public Co., Ltd.

- ❖ To consider guideline and criteria on appropriated qualifications of the Board of Directors, the Committee, the Executive Committee, the Managing Director and High-level Executives as well as criteria on recruitment of the appropriated personnel to hold such positions.
- ❖ To perform other works as per assigned by the Board of Directors.

Duties and responsibility related to remuneration consideration

- ❖ To consider fair and reasonable remuneration criteria for the Board of Directors, the Committees, the Executive Committee, Managing Directors and High-level Executives who have been appointed by the Company's Board of Directors.
- ❖ To consider other remuneration criteria, i.e. reward, meeting allowance, pension, bonus and other benefits of the Board of Directors and the Committees including the Executive Committee, and high-level executives who have been appointed by the Board of Directors, and propose to the shareholders' meeting for consideration and approval
- ❖ The Board of Directors may assign the Nomination and Remuneration Committee to perform other tasks related to remuneration and other benefits of the high-level executives in order to achieve the company's objectives, as follows:

To determine and operate pursuant to the policy as well as the Human Resources Department for the high level executives to be in the same direction of the Company's business objectives.

To strengthen confidence that remuneration including benefits of the high-level executives are on par with other business operators in the same industry.

To maintain qualified and appropriated personnel in the high-level executives to work for the Company.

Board of Executive Committee

The Executive committee with management power and authorization consists of not less than 5 persons appointed by the Board of directors. The meeting of Executive Committee shall consist of no less than half of the whole committee to attend the meeting.

Scope of duties and responsibilities for Board of Executive Committees are as follows:

1. Plan and set the policies, direction, strategies, financial plan, budget, and other managements to meet with the economic conditions and competitive conditions of market and to propose to the Board of Directors for the approval
2. Study the possibility for new projects. Consider the approval to participate in bidding as well as supervise and control the current project to go as directed.
3. Inspect and observe the operation following the policies and guidelines in the management specified by the Company efficiently for facilitating the business operation and report the operational result to the meeting of Company's Committee
4. Give some advice and consultation. Specify the policies and authorization of managing director and committees for supporting the business of the Company

5. Consider the approval of authorization in the management and business operation to the executives following the Company's regulations
6. Consider the approval of payment for the management and business operation in the part over the financial budget of managing director following the approval announced at that time. Report to the Company's Committee is required in the first meeting of Company's Committee from the date of approval
7. Operate others following the policies assigned by the Company's Committee

The aforementioned authorization to the Executive Committees must be under the regulation of law and Company's rules. In the case that any operation with or possibly with the benefits or stakes of Executive Committees and/or persons possibly with conflict, the Executive Committees and/or assigned persons do not have authorization in approving the mentioned operation. This must be proposed to the Company's Committee for the consideration later.

Nomination of Director and Executives

(1) Independent Director

Qualifications of the Independent Director

1. Holding shares not exceeding 1.0 percent of paid-up capital of the Company, its affiliate, its joint-stock company or the relevant company.
2. Not being a director who involved in the management of the Company, its affiliate, its joint-stock company, the relevant company or a major shareholder of the Company.
3. Not being a director who is an employee, an officer or a consultant with a monthly wage of the Company, its affiliate, its joint-stock company, the relevant company or a major shareholder at least 2 years.
4. Not being a director who has directly or indirectly financial and managerial benefits or interests of the Company, its affiliate, its joint-stock company or the Company's major shareholder.
5. Not having a director who had a business relationship with the Company at least 2 years prior to the appointment as an Independent Director.
6. Having ability to perform duty, express opinion or report on operating results pursuant to the duties and responsibility assigned by the Company's Board of Directors, without having under control of the management or the Company's major shareholder, as well as the relevant persons or closed relatives of such persons.
7. Not being a director who is appointed to represent and maintain benefits of the Company's Board of

Directors, the major shareholder or the shareholder who is related to the Company's major shareholder.

* Business relationship, i.e. creditor, debtor, consultant, supplier, or a person who is significantly related to the business

(2) Nomination of Directors and High Level Executives

The Company has appointed the Nomination and Remuneration Committee to select the candidate to be appointed as directorship position when such position is vacant as well as the executive at level from Assistant Managing Director including the Company's representative who shall act as the director or the executive of the affiliate. The Nomination and Remuneration Committee shall nominate and select the person to hold such position by considering from various factors, i.e. knowledge, capability and experiences relevant to the business before proposing to the Meeting of the Board of Directors for consideration and approval.

In addition, directors and executives of the Company shall not have any untrustworthy characteristics as specified by the Notification of the Securities and Exchange Commission as follows:

Having deficiency in legal competence or having been subject to any legal proceeding under the law governing capital market as follows:

- 1) Being a person who has been declared by any court as an insolvent person; or
- 2) Being an incompetent or a quasi-incompetent person; or having been named in any criminal complaint filed by the SEC Office; or having been subject to any legal proceeding following the criminal complaint initiated by the SEC Office; or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three-year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over, provided that the action taken hereto shall base upon the violation of the law on securities and exchange, the law on derivatives,
2. Having managerial record regarding deceitful, fraudulent or dishonest management of assets or having been sentenced to imprisonment by the court's final judgment and it has not yet surpassed the three- year interval time after either the person completed the term of imprisonment or the suspension of sentence period was over or having been subject to the court's order of asset seizure under the Counter Corruption Act, the Anti-Money Laundering Act;
3. Having reasonable ground on having behavior on treatment of the shareholders, the company or the capital market in the following significant matters:
 - 1) Having dishonestly behavior on acting or refrain from acting or gross negligence on performing transaction of the company or the subsidiary which cause the company or the shareholders or others to wrongfully obtain benefits;
 - 2) Having behavior that indicates disclosure or dissemination of false or misleading information or documents, or concealment of any material facts which should have been expressly disclosed to investors, shareholders, or relevant persons for making investment decisions,

- 3) Having any behavior that indicates unfair practices or disadvantage to investors in securities or derivatives trading, or aids or abets or used to aid or abet the others in connection with such behavior

(3) Procedures on Selection of the Executives

The Management shall consider and select the person who has appropriated qualification to be appointed as the executive position in the Executive Committee to request for an approval from the Board of Directors. The appointment of the executive who shall not be the member of the Executive Committee shall be performed by the executives in such line of business jointly with the Human Resources Department and to be finally approved by the Chairman or the Managing Director.

Supervision on Operations of the Affiliate and the Joint-Stock Company

The Board of Directors has supervisory mechanism to oversee, manage the responsibility on operation of the affiliate and the joint-stock company to preserve the Company's interests on investment in such company by:

1. Assign the Company's representative to be the director, the executive or the person with controlling power in such company pursuant to the shareholding proportion with the consent from the Meeting of the Executive Board.
2. Define scope of power, duties, responsibility of the director, the executive from level of the assistant managing director and the executive who is the Company's representative pursuant to the manual on delegation of authority of such affiliate.
3. Have the supervision mechanism which can result in the disclosure of information on financial position and operating results pursuant to the fiscal year and such fiscal period including material accounting policy must be the same as those of the Company. Related transaction of such company with the connected person, asset acquisition and disposition or any material transaction of such company shall be completely and correctly and pursuant to criteria on information disclosure pursuant to the Act on Securities, the Notification of the Capital Market Supervisory Board and the Notification of the Stock Exchange of Thailand and shall be in the same way observed by the Company. Such transaction shall be the same as criteria of the Company via the central unit by the finance and accounting department and corporate secretary department of the Company. Moreover, regulations of the affiliate on connected transaction, asset acquisition and disposition shall be as per the Law on Securities.
4. Define appropriated, concise and adequate internal control system of the affiliate which passed the audit and internal control system inspection by the Office of the Consulting Internal Audit of the Company every year.

Supervision on Usage of Inside Information

The Company puts emphasis on usage of inside information of the Company for personal benefits and has specified in the code of business ethics manual and the operating guidelines of the Company which prohibits the usage of the Company's inside information to purchase or sell of the Company's securities or submission such information to others to purchase and sell of the Company's securities. The policy and measure to prevent insider trading of the relevant person, who are the Company's directors, the Company's executives and employee in the department related to such information, including spouse and children or adopted children under legal age of such person, as follows:.

1. Policy on Usage of Inside information

The Company specified that the executive and the officer who can access to inside information shall report on purchase and sales of the Company's securities and shall not perform any act for personal benefit from such inside information that they know before it shall be disclosed to the public. The directors and the executives of the Company are required to file a report on their holdings of the Company's securities, including of their spouses and children under legal age to the Meeting of the Board of Directors at the end of the year every year.

2. Preventive Method on Insider Trading

During 1 month before disclosure of the financial statement, the executives/officers who can access to inside information are prohibited to purchase, sell, transfer, receive the Company's securities. Every time that the directors or the executives purchased or sold the Company's securities, such directors or the executives are required to file a report on the change of their holdings of the Company's securities, (Form 59-2) to the Office of the Securities and Exchange Commission within 3 days so that the SEC can disclose the such holding of securities to the public via the SEC's website.

3. Penalty Measure

In case the executive and the officer who can access to inside information fail to comply with the Company's regulation, they shall be subject to the Company's disciplinary penalty.

Corruptive Acts

1. Has found or become aware of dishonest act concerning the organization directly or indirectly, such as, knowing that a person within the organization offered bribe to/accepted bribe from, a competent officer of a government agency or a private agency.
2. Has found or become aware of wrongdoings according to the steps and regulations of the Company, or an act that has impacts on the internal control system of the Company in such a way that it is suspicion that such may be a channel for corruption.
3. Has found or become aware of an act that causes the Company to lose benefits which sends impacts to the reputation of the Company.
4. Has found or become aware of commission of offences under the law, the good morals, and the business etiquettes.

Receiving Leads Info or Complaints of Corruption

The Board of Directors has assigned the Audit Committee to consider receiving leads info, complaints of acts that may cause suspicion that it might be a corruptive act against the Company either directly or indirectly, via an official channel provided under this Policy. In this respect, the person lodging complaint must however state the details of the leads info or complaints, together with his/her name, address, and telephone number, and send same to the following channels:

1. Sending a letter addressing to:

The Chairman of Audit Committee/Audit Committee Sriraacha Construction Public Company Limited

97 Moo 3, Surasak Sub-District, Sriracha District, Chon Buri Province, 20110.

2. Sending message via the web site of the Company: scc@sricha.com, or
3. By phone at no. 038-317555 Ext. 1134 (Secretary of the Company).
4. Sending message via the Leads Info Box in front of the Personnel Department.

However, if the informant or the complainant has a complaint against a director or the Managing Director, he/she should send his/her complaint to the Audit Committee directly. A person who may send a lead or a complaint concerning corruption is a person who has interests in all groups of the Company, namely shareholders, customers, trade competitors, debtors, government sector, community, society, executive and staff of the Company. Whether he/she sent the info by whatever method mentioned above, the Company shall keep it confidential as the best it can.

Protective Rights for Informant

In order to provide protection of the rights of the complainant and the informant who did so in good faith, the Company shall not disclose the name, address, or any info of him/her that can be used to identify him/her, and shall also keep the information of the complainant and of the informant in confidential, whereby only the persons responsible for the investigation of complaint may have access to the said information.

In the case there is a complaint against a person holding a position from executive level upwards, the Audit Committee shall provide protection for the informant or the complainant, the witnesses, and the persons who gave information for the investigation of facts, so that they may not have any distress, danger, or unjustness, as arisen from the giving of information, complaint, acting as witness or giving of information, whereby the complainant shall send the complaint to the Audit Committee directly.

The Chief Executive Officer and/or the Managing Director may assign works to any executive to carry out such on their behalf, whereby the assigned executive *must not have any connection with the information given and the complaint, either directly or indirectly* (for example, the accused is his/her direct subordinate).

In this respect, the person receiving information from the carrying out of duties concerning complaint shall have the duty to keep the information, the complaint, and documentary evidences of the

complainant and of the informant confidential. It is forbidden to disclose information to any person who has no concerned duties thereof, except it is a disclosure under the law.

Process of Investigation and Penalty

1. Upon having received a lead info, the Chief Executive Officer and/or the Managing Director and the Audit Committee shall screen and conduct an investigation to gather facts.
2. During the process of investigation, the Chief Executive Officer and/or the Managing Director and the Audit Committee may assign its agent (executive) to report the progress thereof from time to time to the informant or the complainant.
3. If the investigation of facts reveals that the data or evidence gathered could be reasonably believed that the accused actually did commit a corruptive act, the Company shall inform the accused of the allegation, and the accused shall be given a right to defend himself/herself by gathering information or additional evidences to show that he/she had no part in the corruption as accused.
4. If the accused has actually committed the said corruption, it shall be regarded as an offence against the Anti-Corruption Policy, business etiquettes of the Company, and the offender shall be punished by disciplinary action according to the regulations prescribed by the Company. And if such action is an offence against the law, the offender may be punished by law also.

The disciplinary punishment according to the regulations of the Company, the decision of the Chief Executive Officer and/or of the Managing Director, shall be final. In the case there is lodged a complaint against a person who holds a position of executive level upwards, the Audit Committee shall have the duty to receive the complaint and shall seek information and investigate the facts as reported for reporting to the Board of Directors for consideration and inflicting punishment as it may deem fit.

Propagation of Anti-Corruption Policy

In order that everyone in the Organization may learn of the Anti-Corruption Policy, the Company shall proceed with the following:

1. The Company shall post its Anti-Corruption Policy at conspicuous places so that everyone in the organization can read it.
2. The Company shall publish the Anti-Corruption Policy via the communication channels of the Company, such as, e-mail, web site, Annual Data Disclosure Report (Form 56-1) and Annual Report (Form 56-2).
3. The Company shall arrange a training course on the Anti-Corruption Policy for new staff.
4. The Company shall review the Anti-Corruption Policy regularly every year.

Corporate Social Responsibility

The Company operates its business in ways that are responsible to society and communities. It has established guidelines for all company personnel to follow, seeking to continuously create an awareness of corporate social responsibility and environmental protection within the Company. The Company has consistently been engaging in activities that benefit society, communities, and the environment, all the while aiming to better the quality of life of those living in areas in which the Company operates. The Company also strives to ensure that its business operations would have the least possible impact on society, the environment, and the people's quality of life, and that it would be capable of responding promptly and effectively to circumstances affecting the environment and communities caused by its business operations, while being fully cooperative with public officials and relevant agencies.

1. Respect for human rights and fair labour practices

The Company supports respecting human rights both within and outside the organization, and has incorporated guidelines on respect for human rights and fair labour practices into its business ethics. The Company promotes and respects compliance with laws and regulations related to employees, including universally recognized fundamental human rights principles, without distinction as to race, gender, skin colour, religion, language, political belief or other beliefs, deficiency or disability, or any other status not directly related to work conduct. Up to the present, there has never been any complaint on human rights violation.

2. Employee involvement to create sustainable welfare within the organization

The Company has hired labour relations officers to oversee welfare issues, and has worked to increase communication channels with its employees. The Company uses both its intranet system and suggestion boxes placed in set areas to receive useful suggestions, such as on welfare arrangements. These are also communication channels through which employees can make recommendations and grievances on work-related frustrations, inconveniences, or uncleanness, which relates to good health and living conditions, in order to provide them with satisfaction in their work. Such suggestions and recommendations will be considered by a welfare committee, which will represent the employees in discussions with the employer (the Company) to arrange for welfare other than that specified by the law, as appropriate to the workplace, taking into account suitability, rationality, and consistency with regulations and laws, as well as to mutually seek solutions for the benefit of all sides and in turn promote good working relations. Up to the present, there has never been any report or complaint on human rights violation or unfair labour practices.

3. Environmental protection

The Company recognizes that the environment — water, sea, mountain, forest, and air — is important to human's health and living. In 2017, the Company began a campaign to encourage its employees to take due care in using resources, and to use them only as necessary for living. As an organization that consumes a lot of energy in its business operations, the Company has established a social responsibility policy which emphasizes environmental protection by reducing greenhouse gas emissions from the use of air conditioners, gasoline, coal, and natural gas that is used for electricity generation, as well as by reducing waste, the disposal of which through combustion also leads to emissions. Consequently, the Company undertook measures to reduce the use of electricity as well as paper, as detailed below.

1) Reducing electricity use within the office

In 2018, the Company undertook energy conservation measures to reduce electricity use. Such measures include turning off the light and air conditioners during lunch hours, turning off computer monitors when not in use, and switching from fluorescent to LED lighting, which

helps to conserve around 65% of electricity and has over 2.5 times the lifespan of the former. This has resulted in reduced electricity use and lower expenses, as shown in the table below.

	2017	2018	Difference (Decrease)
Usage	141,200	130,400	10,800
Electricity charge	564,800	521,600	43,200

2) Reducing paper use within the office

In 2018, the Company initiated a campaign to encourage using both sides of the paper, and bringing back used document folders for reuse instead of making new purchases. Using the second page of the paper for non-important work and reusing old document folders help lead to reduced paper use, reduced deforestation, as well as reduced work on waste management and disposal, as shown in the table below.

	2017	2018	Difference (Decrease)
Expense for paper	297,000	163,350	133,650
Expense for folders	44,172	16,848	27,324
Total expense	341,172	180,198	160,974

4. Anti-corruption practices

As of 12 February 2018, the Company has become a certified member of the Private Sector Collective Action Coalition against Corruption (CAC). At present, the Company is conducting public relations and communication campaigns to promote the understanding of its directors, management, and employees on the relevant guidelines to ensure that the Company holds a status as an organization with good governance that is responsible to society and all stakeholders. The Company has arranged a channel to receive notifications or complaints on suspicions or behaviours that indicate corruption, with protection measures for informants, through the website www.sricha.com. The Company also formulates annual training plans to educate new employees on compliance with its anti-corruption policy by incorporating such content into their orientation, as well as training plans to educate its directors, management, and employees on CAC measures and to share best practices on anti-corruption. Such practices include refusing gifts, refusing to receive all kinds of service from interested parties, and refusing to provide political assistance to avoid hidden interests. Aside from having established communication channels within and outside the organization to inform and educate stakeholders, including its directors, management, and employees, the Company has established a process to analyze the risk, opportunity, and impact arising from corruption within the Company's business operations, as well as guidelines on risk management and accountability to be used for follow-up, monitoring, prevention, and developing an anti-corruption corporate culture for employees since their first step into the Company. Further, in 2018, the Company has hired internal auditors and formulated plans to audit its operations and compliance with its anti-corruption policy.
