

**TRC**



# รายงานประจำปี 2555 Annual Report 2012

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

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



# Vision

To become the leading contractor of Thailand delivering projects in respect of standard and safety for both natural gas pipeline, petrochemical industry and energy fields along with its sustainable growth.



# Mission



- ▶ To enhance the company's consistent growth with the good conduct of the corporate governance practice for highly benefit of the company and its shareholders.
- ▶ To recognize human dignity by treating all employees on fairly basis with disregard of race, class, complexion or religion.
- ▶ To emphasize human development through rendering knowledge gain, skill and expertise trainings as well as required knowledge in concerned areas for the company's sustainable growth.
- ▶ To strive toward teamwork performance, passing on skill and knowledge including experience from one generation through another.
- ▶ To emphasize design engineering works, encourage learning participation and utilize new technology in cooperation with both domestic and international alliances to develop Thai engineers' capability to be identical with the international ones.
- ▶ To reward society and community.

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## Message from Chairman of the Board of Directors



The 2012 operating result of the group of companies of TRC Construction Public Company Limited contributes growth of revenue and outstanding operating performance as a result of working principle on quality under the highest standard and continuous intention of working to correspond to the customers' satisfaction. With its long contractor experience and expertise, TRC group can self-develop to be EPC contractor (Engineering, Procurement and Construction) in energy and petrochemical industries and maintain being the leading contractor for natural gas pipeline construction business. In the meantime, in 2012, TRC and its subsidiaries have earned recognized revenue from Baht 4,315 million increasing 94% from 2011 with net profit of Baht 241 million which is 61% higher than 2011 representing net profit per share of Baht 0.71

The service revenue in 2012 was suddenly grown significantly earning from Bio Ethanol Plant with capacity of 400,000 liter per day of Ubon Bioethanol Co., Ltd., IPP-Nong Sang Power Plant Gas Pipeline Project, 7 SPP Project and GUT Gas Pipeline Project of GULF JP Group. In addition, TRC Middle East LLC, the subsidiary in Sultanate of Oman, was awarded the 1-year extension contract of the Construction of Flow Line Rima Satellites Small Fields additionally from the previous extension (3 year+1 year+1 year). As end of 2012, TRC and subsidiaries have projects on hands totally 23 projects with unrecognized work value of Baht 2,782.04 million of which revenue will be recognized until 2014.

Continually since 2001, in 2012 the Company has been assessed its vendor performance under yearly ISO quality management system by Procurement and Materials Management Section of PTT Plc. in the level of "Grade A" for every assessed items.

TRC Group has continuously realized on profit return to the society, community and environment. The budget allocation has been provided to support CSR activities in relation to education, social and community development as well as environmental concern. Those activities have been encouraged for participation of the management and employees. In 2012, the Company participated with Thai Listed Companies Association to launch the project of "Return schools to children and Create community relation" in order to help rehabilitate schools facing flood situation in 2011 by devoting both effort and fund to renovate Wat Pa Huay Yang in Ubon Ratchathanee nearby Ubon Bio Enthanol Project, yearly blood donation project, etc. Moreover, the Company also initiates "Payback to Homeland Project" which is a long-term project to rehabilitate and develop society and communities of employees' homeland and this project will be started substantially since 2013 onwards.

On behalf of TRC' s Board of Directors, I would like to express my thankfulness to all shareholders, customers, suppliers, financial institutes, government and private authorities including our business partners for their continuous good support as well as management and employees for their confidence, reliance and full effort of working. I commit that the Company will operate its business for sustainable and stable development and growth of the group of companies so as to achieve the target of being the leading natural gas pipeline contractor, petrochemical and energy industries of Asian Community and entering into the investment in potential energy business on the purpose of sustainable long-term revenue and profit gaining under the transparent business operating and in accordance with the corporate governance.



(Mrs. Paichit Rattananon)

Chairman of the Board of Directors

28 February 2013



## 2012 Report of the Audit Committee

The Audit Committee was appointed by the Board of Directors consisting of 3 independent directors who were qualified according to the rules and regulation of the Stock Exchange of Thailand. Those are :

- |  |   |
|--|---|
| 1. Assoc. Prof. Kamjorn Tatiyakavee, MD.               | Chairman of the Committee (Expert)              |
| 2. Assoc. Prof. Pises Sethsathira                      | Audit Committee (Legal Expert)                  |
| 3. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. | Audit Committee (Accounting and Finance Expert) |

The Audit Committee carried out their duties independently and completely as assigned by the Board of Directors. They had participated in the meeting with the Company's management, auditors, internal auditors to propose, discuss and exchange their opinions in concerned agenda. The Audit Committee Meetings were held through the year 2012 for 4 times with their 100 per cent attendances. In addition, the meetings among the Audit Committee and the auditors were also held without the attendances of the Company's management. Their performance in 2012 can be summarized as follows:

**To review the quarterly financial statements and 2012 Financial Statements** The Audit Committee inquired and acknowledged clarifications of the Company's management on accuracy, completeness and adequacy of the information disclosed in the Company's 2012 financial statements and its subsidiaries on quarterly basis and had their opinions in line with the auditors that the financial report of them were arranged accurately and in compliance with the general accepted accounting principles and containing an adequacy of information disclosure.

**To review adhering to rules and laws, internal control system and internal audit** The Audit Committee have strictly reviewed adhering to rules and laws of the Securities and the Stock Exchange of Thailand and other related laws especially the connected transactions and any transactions which may cause the conflict of interest. The Committee also approved the yearly internal audit plan and reviewed the Internal Audit Department's performance in every quarter, propose the Audit Committee's Minutes of Meeting and reported our review to the Board of Directors to ensure that the Company's management had emphasized on the correction of any fault found by the Audit Committee.

**To select and nominate for appointment and propose remuneration of the auditors** The Audit Committee had considered the auditors' performance for the past year with realization on reliance, service capability and consulting provided on the accounting standard, auditing and punctual certification of the financial statements. The Audit Committee expressed our comments to the Board of Directors to later propose for approval to the 2012 Annual General Meeting of Shareholders for the appointment of Ernst & Young Office Limited as the 2012 auditors of TRC Construction Public Company Limited and Sahakarn Wisavakorn Co., Ltd.

In conclusion, the Audit Committee has performed our duties under the scope and responsibilities as assigned by the Board of Directors with deliberation, carefulness, independence and could straightforwardly express our opinions and was of the view that the 2012 Company's and subsidiaries' financial statements has shown and contained significant and reliable information. The Company and subsidiaries have strictly performed their business operation under the effective internal control system and in compliance with the related rules and regulation of the Securities and the Stock Exchange of Thailand. In 2012, the Company and subsidiaries has no any connected transaction.

  
(Assoc. Prof. Kamjorn Tatiyakavee, MD.)  
Chairman of the Audit Committee  
28 February 2013

## Report of Board of Directors Responsibilities

The Company's Board of Directors is responsible for TRC Construction Public Company Limited and its subsidiaries' financial statements prepared in compliance with general accepted accounting principles and with selected accounting policy as deemed appropriate, applicable on consistency basis and with awareness and reasonability in preparing the financial statements including forecasting the financial transactions under the new accounting standards.

The Board of Directors and management have well prepared for adhering to the new accounting standards which will be enforced in 2013 especially on Accounting Standards Vol. 12 "Income Tax" and Financial Statements Standards Vol. 8 "Operating Segments" and had participated in the meeting with the auditors to plan, get ready and study in advance the impact to the financial statements.

The Board of Directors had appointed the Audit Committee and Internal Audit Department since 2005. The Internal Audit Department directly reported their auditing performance to the Audit Committee and the Audit Committee has overseen and reviewed the preparation of the Company's and its subsidiaries' financial statements to be accurate containing thorough information disclosure and in accordance with the general accepted accounting standards and also monitor the Company and its subsidiaries to perform their duties in accordance with the internal control system concisely, appropriately and in line with the related rules and regulations.

The Board of Directors was of the view that the internal control system of the Company and its subsidiaries were adequate and could assure that the financial statements as ended 31 December 2012 presenting appropriate and accurate financial position, result of operation, cash flow including notes to financial statements with appropriate accuracy according to the general accepted accounting standards and in relation to the comments of the auditors as presented in the auditors' report.

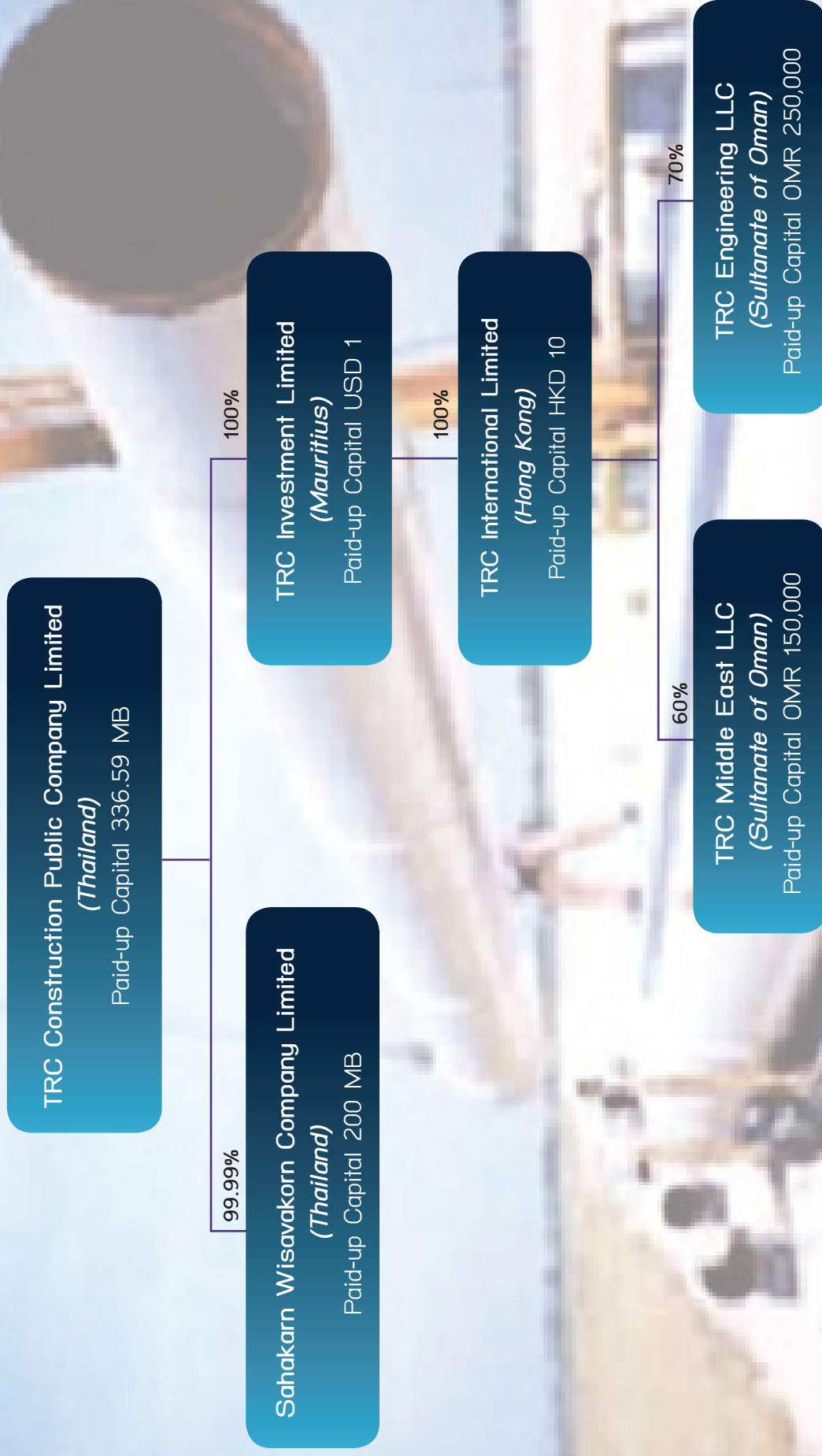


Mrs. Paichit Rattananon

Chairman of the Board of Directors

28 February 2013

## TRC Group Structure as at 31 December 2012





# The Board of Directors and Managements

## Mrs. Paichit Rattananon



*Age 57 years old*

**Chairman of the Board and Authorized Director of TRC**

### **Appointment Date to be TRC's Director**

25 April 2005

### **Education**

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

### **Training**

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

### **Shareholding in TRC as at 31 December 2012**

23.61% (79,452,611 shares)

Directly and indirectly holds the shares through KPK 1999 Co., Ltd. in which Mrs. Paichit holds 50% of its shares

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

- ▶ 2008-present Director  
TRC International Limited (Hong Kong)
- ▶ 2005-present Chairman of the Board  
TRC Construction Public Company Limited
- ▶ 2004-present Managing Director  
Thai Tokushukai Company Limited
- ▶ 2002-present Managing Director  
KPK 1999 Company Limited

## Assoc. Prof. Kamjorn Tatiyakavee, MD.

*Age 57 years old*

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



### Appointment Date to be TRC's Director

25 April 2005

### Education

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

### Training

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

Shareholding in TRC as at 31 December 2012      0.082% (277,142 shares)

### Working Experience in the last 5 years

- ▶ 2009-present      Deputy Secretary-General and Chairman of Remuneration and Nomination Committee  
Office of the Education Commission, Ministry of Education
- ▶ 2005-present      Independent Director and Chairman of Audit Committee  
TRC Construction Public Company Limited
- ▶ 2001-2009      Director  
Information Technology Center, Thai Red Cross
- ▶ 1996-2009      Director  
Medical Information Center, Faculty of Medicine, Chulalongkorn University

## Assoc. Prof. Pises Sethsathira



*Age 56 years old*

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

**Appointment Date to be TRC's Director**

25 April 2005

### Education

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

### Training

Thai Institute of Director Association:

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

**Shareholding in TRC as at 31 December 2012**

None

### Working Experience in the last 5 years

- ▶ 2011-present      Executive Vice President, Banking Finance 1 and Capital Market Division  
Siam Commercial Bank Public Company Limited
- ▶ 2009-present      Remuneration and Nomination Committee  
TRC Construction Public Company Limited
- ▶ 2009-2010      Executive Vice President, Corporate Finance Law Division  
Siam Commercial Bank Public Company Limited
- ▶ 2005-present      Independent Director and Audit Committee  
TRC Construction Public Company Limited
- ▶ 2005-2009      Managing Director  
Trinity Advisory 2001 Company Limited
- ▶ 1994-2009      Independent Director and Audit Committee  
Scandinavian Leasing Public Company Limited
- ▶ 1991-2012      Independent Director and Audit Committee  
Thailand Iron Works Public Company Limited

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



*Age 49 years old*

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

### **Appointment Date to be TRC's Director**

25 April 2005

### **Education**

- PH.D. in Finance
- Manager: FRM<sup>®</sup>, Global Association of Risk Professionals (GARP), U.S.A.

### **Training**

Thai Institute of Director Association:

- Director Accreditation Program (DAP) 35/2005
- Role of the Compensation Committee (RCC) 11/2010

**Shareholding in TRC as at 31 December 2012**      0.030% (100,000 shares)

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

- ▶ 2011- present
  - Independent Director and Audit Committee  
Stars Microelectronics (Thailand) Public Company Limited
  - Independent Director and Audit Committee  
Panjawattana Plastic Public Company Limited
- ▶ 2010-present
  - Associate Professor, NIDA Business School  
National Institute of Development Administration
- ▶ 2010-present
  - Independent Director and Chairman of Audit Committee  
Universal Adsorbents and Chemicals Public Company Limited
- ▶ 2009-present
  - Remuneration and Nomination Committee  
TRC Construction Public Company Limited
- ▶ 2008-present
  - Independent Director and Audit Committee  
German Thai Boiler Engineering Cooperation Ltd.
  - Director  
Securities Analysts Association
- ▶ 2007-2010
  - Dean  
National Institute of Development Administration
- ▶ 2005-present
  - Independent Director and Audit Committee  
TRC Construction Public Company Limited

## Pol. Lt. Gen. Jarumporn Suramanee

*Age 59 years old*

**Independent Director, Remuneration and Nomination Committee  
and Corporate Governance Committee of TRC**



**Appointment Date to be TRC's Director**

9 August 2007

### Education

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

### Training

Thai Institute of Director Association:

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

**Shareholding in TRC as at 31 December 2012**      0.059% (200,000 shares)

### Working Experience in the last 5 years

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

## Mr. Arun Chirachavala

*Age 59 years old*

Independent Director and Chairman of Corporate Governance Committee of TRC

### Appointment Date to be TRC's Director

18 June 2009

### Education

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

### Training

Thai Institute of Director Association:

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

Shareholding in TRC as at 31 December 2012      None

### Working Experience in the last 5 years

- ▶ 2012-present      Chairman of Corporate Governance Committee  
TRC Construction Public Company Limited
- ▶ 2012-present      Independent Director, Chairman of Nomination and Compensation  
Committee and Audit Committee  
United Overseas Bank (Thai) Public Company Limited
- ▶ 2009-present      Independent Director  
TRC Construction Public Company Limited
- ▶ 2009-present      Chairman  
K.W.C. Warehouse Company Limited
- ▶ 2008-present      Chairman  
Krungdhep Document Company Limited
- ▶ 2008-2012      Independent Director and Chairman of Audit Committee  
United Overseas Bank (Thai) Public Company Limited
- ▶ 2007-present      Director and Executive Chairman  
Krungdhep Sophon Public Company Limited
- ▶ 2006-present      Director  
Palang Sophon Company Limited





## Mr. Smai Leesakul



*Age 57 years old*

- Authorized Director and Chief Executive Officer of TRC and SKW
- Remuneration and Nomination Committee of TRC

### Appointment Date to be TRC's Director

9 May 2007

### Education

- Master of Management, SASIN Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Industrial Engineering, Chulalongkorn University
- The National Defense College: NDC 46

### Training

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

Shareholding in TRC as at 31 December 2012      0.802% (2,700,000 shares)

### Working Experience in the last 5 years

- ▶ 2012-present      Director  
Thailand post Company Limited
- ▶ 2011-present      Director  
TRC Engineering LLC (Sultanate of Oman)
- ▶ 2010-present      Director  
TRC Middle East LLC (Sultanate of Oman)
- ▶ 2009-present      Remuneration and Nomination Committee  
TRC Construction Public Company Limited
- ▶ 2008-present      Director  
TRC International Limited (Hong Kong) and TRC Investment Limited (Mauritius)
- ▶ 2007-present      Director and Chief Executive Officer  
TRC Construction Public Company Limited and Sahakarn Wisavakorn Company Limited
- ▶ 2006-2010      Director  
Ratcha Ploen Company Limited
- ▶ 2002-present      General Secretary  
The Federation of Design and Construction Services of Thailand (FEDCON)

## Mr. Paitoon Goserakwong



*Age 60 years old*

*(Retirement on 1 January 2013)*

- Authorized Director and President of TRC
- Director of SKW

### Appointment Date to be TRC's Director

25 April 2005

### Education

- Master of Arts in Industrial Management, Northern Illinois University, U.S.A.
- Bachelor of Chemical Engineering, Chulalongkorn University

### Training

Thai Institute of Director Association:

- Director Accreditation Program (DAP) 26/2004
- Director Certification Program (DCP) 53/2005

Shareholding in TRC as at 31 December 2012

None

### Working Experience in the last 5 years

- ▶ 2007- 2012     Director  
                         Sahakarn Wisavakorn Company Limited
- ▶ 1998-2012     Director and President  
                         TRC Construction Public Company Limited

## Mrs. Podchanee Phaosavasdi



*Age 51 years old*

- Authorized Director of TRC and SKW
- Vice President, Corporate Affairs Division and Corporate Governance Committee of TRC
- Deputy Managing Director, Corporate Affairs Division of SKW

### Appointment Date to be TRC's Director

9 August 2007

### Education

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

### Training

Thai Institute of Director Association:

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

Shareholding in TRC as at 31 December 2012

None

### Working Experience in the last 5 years

- ▶ 2012-present      Corporate Governance Committee  
TRC Construction Public Company Limited
- ▶ 2011-present      Director  
TRC Engineering LLC (Sultanate of Oman)
- ▶ 2007-present      Director and Vice President, Corporate Affairs Division  
TRC Construction Public Company Limited
- ▶ 2006-present      Director and Deputy Managing Director, Corporate Affairs Division  
Sahakarn Wisavakorn Company Limited
- ▶ 2004-2008          Director  
D E Capital Public Company Limited
- ▶ 2006-present      Director  
Sahakarn Wisavakorn Company Limited

## Mr. Sakda Tantivathanakul

*Age 55 years old*

Assistant Vice President, Operation Division of TRC

### Education

Bachelor of Civil Engineering, Chiang Mai University

Shareholding in TRC as at 31 December 2012

None

### Working Experience in the last 5 years

- ▶ 1999-present      Assistant Vice President, Operation Division  
TRC Construction Public Company Limited



## Mr. Chaveng Reesrikitti

*Age 53 years old*

- Assistant Vice President, Operation Division of TRC
- Director of SKW



### Education

Bachelor of Mechanical Engineering, Chiang Mai University

Shareholding in TRC as at 31 December 2012

None

### Working Experience in the last 5 years

- ▶ 1999-present      Assistant Vice President, Operation Division  
TRC Construction Public Company Limited
- ▶ 2010-present      Director  
Sahakarn Wisavakorn Company Limited

## Mr. Pasit Leesakul

*Age 29 years old*

- Vice President, Project Development and Investment Division of TRC
- Director of SKW



### Education

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

### Training

- NIDA-Wharton: NIDA Executive Leadership Program (ELP 5)
- Thai Listed Companies Association: TLCA Executive Development Program (EDP 7)
- King Prajadhipok's Institute: Political Leadership in the New Era Program (PNP 2)

Shareholding in TRC as at 31 December 2012

None

### Working Experience in the last 5 years

- ▶ 2012-present Vice President, Project Development and Investment Division  
TRC Construction Public Company Limited
- ▶ 2012-presnet Director  
Sahakarn Wisavakorn Company Limited
- ▶ 2010-2012 Acting Vice President, Project Development and Investment Division  
TRC Construction Public Company Limited
- ▶ 2009 Assistant Vice President, Project Development and Investment  
Division  
TRC Construction Public Company Limited
- ▶ 2007-2008 Financial Analyst  
BTU Ventures, U.S.A.



## Ms. Ounruen Sujarittham

*Age 45 years old*

**Corporate Finance Manager and the Company Secretary of TRC**



### Education

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

**Shareholding in TRC as at 31 December 2012**

0.057% (192,000 shares)

### Working Experience in the last 5 years

- ▶ 2007-present      Company Secretary  
TRC Construction Public Company Limited
- ▶ 2004-present      Corporate Finance Manager  
TRC Construction Public Company Limited

## Ms. Rewadee Ardarn

*Age 44 years old*

Accounting and Finance Manager of TRC



### Education

Master of Business Administration-Management, Eastern Asia University

Shareholding in TRC as at 31 December 2012

None

### Working Experience in the last 5 years

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

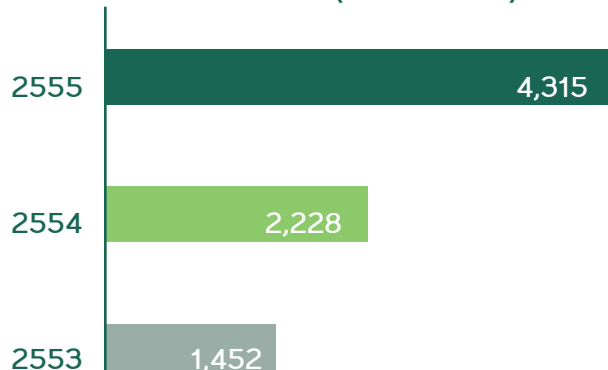
# 1. Financial Highlights

	2010	2011	2012
<b>Statements of Financial Position and Income Statements (Million Baht)</b>			
Total assets	1,082.24	2,377.97	2,496.48
Total liabilities	404.28	1,580.54	1,513.29
Shareholders' equity	677.96	797.43	983.20
Services income and sales	1,451.51	2,227.80	4,314.74
Total revenues	1,567.41	2,261.55	4,344.15
Gross profit	327.89	326.05	465.25
Profit before share of loss from investments in joint venture and associate, finance cost and income tax expenses	244.39	174.03	296.36
Finance cost	(5.04)	(3.77)	(4.91)
Share of loss from investment in joint venture and associate	(6.86)	(0.09)	(0.004)
Income tax expenses	(44.39)	(12.58)	(67.01)
Net income after tax	188.10	157.60	224.44
Minority interests of the subsidiaries	(5.26)	(8.56)	16.12
Net profit attributable to equity holders of the Company	182.84	149.04	240.56
<b>Financial Ratio</b>			
Gross profit margin	25.92%	14.65%	10.78%
Net profit margin	12.04%	6.59%	5.54%
Return on equity	30.92%	20.20%	27.02%
Return on assets	18.25%	8.61%	9.87%
Debt to equity (Time(s))	0.60	1.98	1.54
<b>Information about Common Shares</b>			
Dividend per share (Baht)	0.15	0.12	See Note*
Dividend payout ratio	48.13%	79.51%	50.18%
Earnings per share (Baht)	0.55	0.45	0.72
Book value per share (Baht)	2.05	2.39	2.92
Number of issued and paid-up ordinary shares (Shares)	330,668,089	333,558,339	336,585,589
Number of weighted average ordinary shares (Shares)	330,175,478	332,768,435	335,770,231
Closing market price at the end of December (Baht per Share)	4.16	3.20	7.35
Market capitalization (Million Baht)	1,375.58	1,067.39	2,473.90

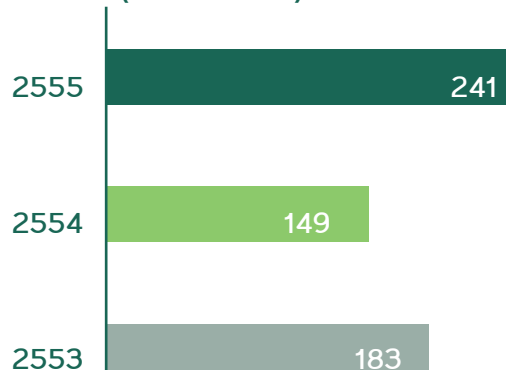
\*Note: The 2013 Annual General Meeting of Shareholders is scheduled in April 2013. The par split from Baht 1 per share to Baht 0.50 per share and the dividend payment at Baht 0.133694 /share will be proposed for approval. (Dividend payment consisted of cash dividend of Baht 0.050358 per share and stock dividend at the ratio of 6 existing shares to 1 new share or Baht 0.083336 per share.)

## Financial Highlights

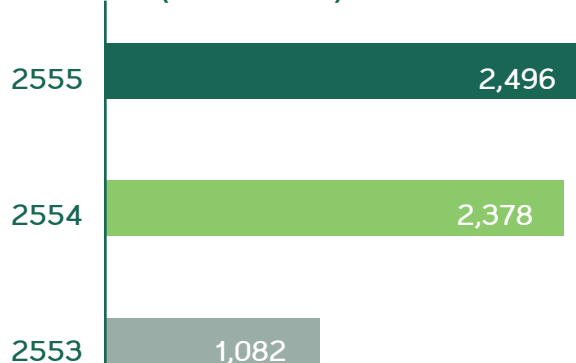
Services Income & Sales (Million Baht)



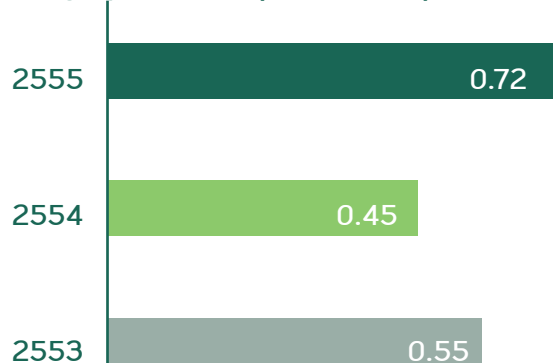
Net Profit (Million Baht)



Total Assets (Million Baht)

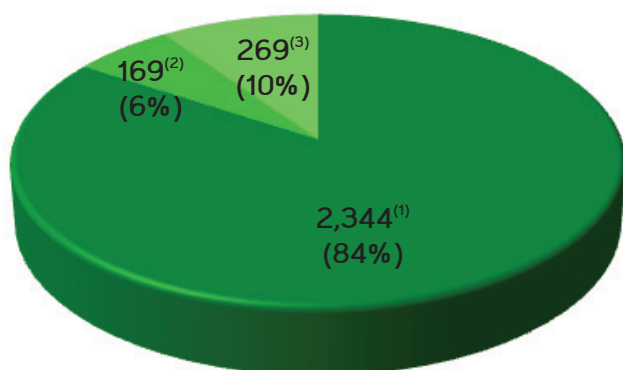


Earnings per Share (Baht/Share)



### Backlog on Hand

As at 31 December 2012 ( 2,782 Million Baht)



(1) TRC Construction Public Company Limited

(2) Sahakarn Wisavakorn Co., Ltd.

(3) TRC Middle East LLC, Sultanate of Oman

## 2. General Information

Name	:	<b>TRC Construction Public Company Limited ("the Company")</b>
Nature of Business	:	Engages in Pipeline System Construction, Engineering System Installation and Factory Construction in Energy and Petrochemical Businesses and Project Development and Investment Business
Head Office Address	:	TP&T Building, 14 <sup>th</sup> Floor, 1 Soi Vibhavadi Rangsit 19, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Registration Number	:	0107548000293
Website	:	www.trc-con.com
Telephone	:	+66 2936 1660
Facsimile	:	+66 2936 1670-1
Registered Capital	:	Baht 471,502,434
Paid-up Capital	:	Baht 336,585,589
Number of Issued Ordinary Shares	:	336,585,589 shares
Par Value	:	Baht 1

### References

<b>Share Registrar</b>	:	<b>Thailand Securities Depository Company Limited</b>
Address	:	The Stock Exchange of Thailand Building , 4th, 7th Floor, 62 Ratchadaphisek Road, Klongtoey, Bangkok 10110, Thailand
Telephone	:	+66 2229 2800
Facsimile	:	+66 2359 1259
<b>Auditor</b>	:	<b>Ernst &amp; Young Office Limited</b>
Address	:	Lake Ratchada Complex, 33rd Floor, 193/136-137 Ratchadaphisek Road, Bangkok 10110, Thailand
Telephone	:	+66 2264 0777, +66 2661 9190
Facsimile	:	+66 2264 0789-90, +66 2661 9192

## Companies in which TRC holds at least 10% stakes

### - Subsidiaries

Name	:	<b>Sahakarn Wisavakorn Co., Ltd. ("SKW")</b>
Portion of Share Holding	:	99.99%
Nature of business	:	Public Utility and General Construction Service Business
Head Office Address	:	TP&T Building, 14 <sup>th</sup> Floor, 1 Soi Vibhavadi Rangsit 19, Vibhavadi Rangsit Road, Chatuchak, Bangkok 10900, Thailand
Registration Number	:	0105497000257
Website	:	www.sahakarn.com
Telephone	:	+66 2936 1660
Facsimile	:	+66 2936 1670-1
Registered Capital	:	Baht 200,000,000
Paid-up Capital	:	Baht 200,000,000
Number of Issued Ordinary shares	:	20,000,000 shares
Par Value	:	Baht 10

Name	:	<b>TRC Investment Limited</b>
Portion of Share Holding	:	100%
Nature of business	:	Investment and bidding of new projects
Head Office Address	:	10 <sup>th</sup> Floor, Raffle Tower, 19 Cybercity, Ebene, Mauritius
Registration Number	:	079207 C1/GBL
Telephone	:	+66 2936 1660
Facsimile	:	+66 2936 1670-1
Registered Capital	:	USD 1
Paid-up Capital	:	USD 1
Number of Issued Ordinary Shares	:	1 share
Par Value	:	USD 1

Name	:	<b>TRC International Limited</b>
Portion of Share Holding	:	100% (Shareholding through TRC Investment Limited)
Nature of business	:	Investment and bidding of new projects
Head Office Address	:	Suites 2302-6, 23 <sup>rd</sup> Floor, Great Eagle Centre, 23 Harbour Road, Wanchai, Hong Kong
Registration Number	:	1202588
Telephone	:	+66 2936 1660
Facsimile	:	+66 2936 1670-1
Registered Capital	:	HKD 10,000
Paid-up Capital	:	HKD 10
Number of Issued Ordinary Shares	:	1 share
Par Value	:	HKD 10



Name	:	<b>TRC Engineering LLC</b>
Portion of Share Holding	:	70% (Shareholding through TRC International Limited)
Nature of business	:	Construction Service Business in Sultanate of Oman
Head Office Address	:	Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O.Box 659, Mina Al-Fahal, Muscat P. Code 116
Registration Number	:	1108601
Telephone	:	+968 246 140 48
Facsimile	:	+968 246 141 39
Registered Capital	:	Oman Rial 250,000
Paid-up Capital	:	Oman Rial 250,000
Number of Issued Ordinary Shares	:	250,000 shares
Par Value	:	Oman Rial 1

Name	:	<b>TRC Middle East LLC</b> (Original name TRC & Al-Ghalbi LLC and change name to TRC Middle East in 2012)
Portion of Share Holding	:	60% (Shareholding through TRC International Limited)
Nature of business	:	Construction Service Business in Sultanate of Oman
Head Office Address	:	Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19, Plot No. 105, Muscat, Sultanate of Oman, P.O.Box 659, Mina Al-Fahal, Muscat P. Code 116
Registration Number	:	1070009
Telephone	:	+968 246 140 48
Facsimile	:	+968 246 141 39
Registered Capital	:	Oman Rial 150,000
Paid-up Capital	:	Oman Rial 150,000
Number of Issued Ordinary Shares	:	150,000 shares
Par Value	:	Oman Rial 1

#### - Associate

None (Previously, the Company was in corporate with Thai Pressure Vessel and Steel Work Co., Ltd. in a form of joint venture. However, the Company later closed its business and completed its liquidation in 2012.

### 3. Nature of Business

#### Nature of Business

##### - TRC Construction Public Company Limited

TRC Construction Public Company Limited is a contractor whose works engage with pipeline system construction, and engineering system installation and factory construction in energy and petrochemical industries, as well as project development and investment business in real estate, power plant and petrochemical. TRC has its subsidiaries; Sahakarn Wisavakorn Co., Ltd., the over 50-year experienced civil contractor, and another 2 subsidiaries in Sultanate of Oman; TRC Middle East LLC and TRC Engineering LLC.

TRC may propose the bid by itself, coordinate with local/international partners or form a joint venture or consortium to bid and manage the projects.

The nature of services provided by the Company can be divided into 5 main types as follows:

1. **Engineering** service is the service that the customers hire the Company to design the engineering process. This service requires knowledge in engineering design regarding construction and installation in order to provide effective service to customers.
2. **Procurement** service is the service that TRC procures the construction materials as per the customers' demands for construction and installation as planned. TRC usually obtains this kind of service contract together with the construction service contract.
3. **Construction** service is the construction and engineering system installation after the engineering and procurement services are done.
4. **Construction Management** service is the service to manage the construction projects according to the construction plans.
5. **Project Development and Investment** is seeking for opportunities of development and investment in the projects related to the Company's core business.

The customers may sign the contract with the Company for sole or varied services. Also, the Company may subcontract some parts of the services to sub-contractors who are specialized in such services.

Currently, the Company has 4 business units, as follows:

##### 1. The Pipeline System Construction Business Unit

The Company's pipeline system construction business unit mainly focuses on natural gas transmission pipeline construction for companies in energy and petrochemical industries owing to the Company's specialization in energy and petrochemical sector. In the past, the Company mainly constructed the natural gas distribution pipeline system and entered into the business of the cross-country natural gas pipeline project, which was a large scale project, (in 2005, the Wangnoi-Kaengkhloi Natural Gas Pipeline Project was the first project that the Company undertook for the cross-country natural gas pipeline project through the CPP-TRC Joint Venture, the cooperation between China

Petroleum Pipeline Bureau and the Company). Until now, the Company itself can enter into bidding for large scale project of natural gas pipeline In addition, the Company has been specialized in other pipeline system projects such as pipeline system project for petrochemical raw materials, water pipeline project, etc.

## **2. The Engineering System Installation and Factory Construction for Energy and Petrochemical Business Unit**

This business unit engages in both engineering system installation and factory construction where most of the services are to be provided for companies in energy and petrochemical industries. The Company may carry out both factory construction and the engineering system installation. Most of the engineering installation works are factories in energy and petrochemical businesses. At this stage, the Company may seek for international partner(s) belonging to technology support (s) in order to enter into any project bids based on requirements of each customer.

## **3. The Project Development and Investment Business Unit**

The Project Development and Investment business unit has been additionally set since 2007. This business unit mainly focuses on the project development of energy, real estate, power plant, and petrochemical plant projects, as well as any projects which are under the feasibility study and under the joint development, such as the Stung Meteuk Hydropower Project in Cambodia, the large scale concession project, the energy industry project in abroad, etc.

## **4. The Overseas Business Unit**

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

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

Sahakarn Wisavakorn Co., Ltd. " Sahakarn Wisavakorn" , former name United Engineering Co., Ltd., was established by Mr. Pratueng Kamprakob in 1954 with a registered capital of Baht 500,000 to provide construction business service. At present, Sahakarn Wisavakorn has 4 main types of business: 1) general construction, 2) infrastructure construction, 3) buildings construction, and 4) factories construction in term of road, bridge, building, educational institute and industrial plant construction. Sahakarn Wisavakorn's services covers from an architectural design up to a completion of building construction.

Sahakarn Wisavakorn's business had a continuous growth until in 1997, it confronted with the financial crisis and entered into rehabilitation program in 2000. Eventually, Sahakarn Wisavakorn successfully rehabilitated and the Central Bankruptcy Court had an order to rule the Company out of the rehabilitation program as of 1 March 2004.

In April 2007, the existing shareholders of Sahakarn Wisavakorn swapped their shares with TRC Construction Public Company. As a result, Sahakarn Wisavakorn has become a subsidiary of TRC Construction Public Company since the second quarter of 2007.

In 2008, Sahakarn Wisavakorn Co., Ltd. increased its registered capital from Baht 160 million to Baht 200 million in order to enhance its potentiality and opportunity in entering bidding process for construction works.

In 2011, Sahakarn Wisavakorn was awarded for the large scale project of the Construction for Ethanol Processing Plant Project with production capacity of 400,000 liter per day under cooperation of the Chinese partner with work value of Baht 2,134 million in which Sahakarn Wisavakorn is responsible for plant outside battery limit (OSBL) while plant inside battery limit (ISBL) is responsible by the Oriental Scientific Instrument Import & Export (Group) Corp. ("OSIC") from People's Republic of China.

In 2012, Sahakarn Wisavakorn were additionally awarded for the following important projects:

1. Civil Works for ABS VI of Thai ABS Co., Ltd. with work value of Baht 280 million.
2. Bridge and Road Construction Project of Department of Rural Roads with work value of Baht 28 million

Sahakarn Wisavakorn has been registered and classified as a first class and special class contractor by many public entities such as Department of Highways, the Royal Irrigation Department, Department of Rural Roads, Bangkok Metropolitan Administration, Provincial Waterworks Authority, Ports Authority of Thailand, etc. Due to its creditability as a leading contractor, Sahakarn Wisavakorn can enter into highly valued public sector project biddings. In addition, in January 2012, Sahakarn has been certified for its ISO 9001:2008 representing its international standard of works.

- **Subsidiaries in Sultanate of Oman**

- **TRC Middle East LLC** was established in 2009 as the entity for specific purpose to operate the construction of Flow Lines Rima Satellites Small Fields awarded by Petrogas Rima LLC. The nature of works was to construct the distribution pipeline for crude oil with the 3-year first contract (May 2009-April 2012) and upon the customer's satisfaction, in 2012 the contract was additionally extended for 1 year + 1 year (end at April, 2014).
- **TRC Engineering LLC** was established in 2011 for construction business in relation to energy business. In 2011, the company was awarded by PTTEP (Oman) Co., Ltd. for the crude oil pipeline construction project with the period of contract to be finished at the end of 2012.

## **Background in Summary and Major Developments**

TRC Construction Public Company Limited has been incorporated since 20 November 1998 with 1 million of registered capital to provide service for transmission pipeline system and petrochemical and process plant construction and engineering. The Company has listed to the Market for Alternative Investment since 22 December 2005 with its 30 million shares offered to public at Baht 1.70 per share. The registered capital after share offering was Baht 150,000,000.

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

**2005** The first project for the Engineering System Installation and Factory Construction for Petrochemical Business Unit is WS Recovery Project, the Baht 515 million contract, for Thai Incinerate Service Co., Ltd. to construct and install the boiler for alkaline substance from Cyclo-hexanone for steam production and also undertaking of Baht 2,100 million contract of Wangnoi-Kaengkhoi Natural Gas Transmission Pipeline Project for PTT Public Company Limited in which the Company had incorporated in a form of CPP-TRC joint venture established under the cooperation of China Petroleum Pipeline Bureau (CPP), a subsidiary of the biggest energy Company in China, China National Petroleum Corporation (CNPC). The Company undertook this project by subcontracting from the joint venture for the works value of Baht 269.35 million.

**2006** The Company had been contracted for the cross country pipeline, Songkhla Transmission Pipeline Project, with the contract value of Baht 540 million and also contracted for the Water Transmission Network, Phase II of Prasae Project subcontracting from Sahakarn Wisavakorn Co., Ltd. (the project owner is the Royal Irrigation Department) with the contract value of Baht 140 million.

**2007** The Company increased its registered capital of 106,66,615 shares causing an increase of the registered capital from Baht 150,000,000 to Baht 256,666,615 for the purpose of new ordinary shares swap with Sahakarn Wisavakorn Co., Ltd. 's shares. As a result of such an exchange, Sahakarn Wisavakorn Co., Ltd. has become TRC's subsidiary since the 2nd quarter of 2007. Further to the captioned incorporation, this helps support both companies' capabilities in running their businesses and competitiveness including enlarging the scope of business in bidding participation for government projects.

After the acquisition of Sahakarn Wisavakorn, the Company set up the new business unit, namely "Project Development and Investment", responsible for the large scale project originally under the feasibility study of Sahakarn Wisavakorn Co., Ltd. This can enhance extending the scope of business and potentiality of the Company to generate continuous stream of revenue.

Along with establishment of the new business unit, the Company co-invested in Ratcha Ploen Co., Ltd. under cooperation with 2 business partners; Zelan Corporation Sdn Bhd. from Malaysia and Maneeya Reality Co., Ltd., with the proportion of share hold representing in percentage of 35:35:30, respectively. Consequently, the Ratcha Ploen Co., Ltd. became the associated Company. The associated Company obtained the right of long-term period land rent from The Crown Real estate Bureau for the land area of 6 rai on Rachdamri Road adjacent to Grand Hyatt Erawan Hotel to develop a large scale real estate project.

In addition, the Company had been contracted for the interconnecting project of SCG Group of Companies (CCC Interconnecting Pipeline Project) with the project value of Baht 357 million, Natural Gas Transmission Pipeline System Construction Project of PTT Public Company Limited for the group of industrial factories located in Navanakorn Industrial Estate, Bang Pa-in, with the project value of Baht 157 million and Bio-Diesel Plant Project, Bang Pa-in from Bangchak Bio Fuel Co., Ltd. for Baht 757 million (The construction was started in 2008.).

**2008** The Company had established 2 new subsidiary international companies, TRC Investment Limited in Republic of Mauritius and TRC International Limited in Hong Kong of which all shares were held by TRC Investment Limited. TRC International Limited invested in Ratcha Ploen Co., Ltd. resulting to TRC's and TRC International's share portions of 0.32% and 34.68%, respectively.

TRC and its subsidiaries had entered into the contracts of 6 large scale projects as follows:

1. Malibu Khao Tao of M Thalay Co., Ltd., the incorporated Company between Maneeya Group Co., Ltd. and Mr.Pravit Maleenont for Baht 2,000 million in which Sahakarn Wisavakorn undertook the structural and architectural works for Baht 372 million.
2. Reformer Complex II Project-H2 Line which contracted from PTT Aromatics and Refining Public Company Limited for Baht 219 million.
3. Bangchak Pipeline Project of PTT Public Company Limited for Baht 315 million.
4. CO<sub>2</sub> System Installation for Improvement of Natural Gas Project from PTT Public Company Limited for Baht 160 million.
5. Natural Gas Transmission to NGV Station of PTT Public Company Limited for Baht 242 million (totally 14 stations)
6. Natural Gas Pipeline for Bang Pa-In Industrial Estate, Ayutthaya of PTT NGD Co., Ltd. for Baht 131 million.

Apart from domestic bidding, the Company seeks for new opportunity to extend its business to abroad by entering bidding and being awarded for Long Term Contract for Piping and Steel Structural Works and Steel Structure Support Flame for Wind Turbine Project on Yadana Complex of Total E & P Myanmar.

The Company increased its register capital of Baht 73,333,319 for dividend allocation to shareholders and of Baht 7,700,000 to support the Employees Stock Option Program (ESOP) for warrants issued to directors and employees of the Company and subsidiary (TRC-WA1 ESOP) which were later allocated on 7 August 2009 and first right exercising on 30 September 2010.

The Company's registered capital as of 31 December 2008 was Baht 337,699,934 and paid-up capital of Baht 329,999,589.

**2009** The Company had succeeded in abroad expansion by being awarded for oil transmission pipeline from 72 oil fields to Rima Production Center, Construction of Flow Line Rima Satellites Small Fields of Petrogas Rima LLC, Sultanate of Oman with the approximate project value of Oman Riel 9.96 million with 3-year contract (May 2009-April 2012) which was undertaken by the Company's subsidiary, TRC & Al-Ghalbi LLC, the incorporated Company between TRC International Limited holding 60% and Omani partner. There were three large scale domestic projects as follows:

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



3. N/G Distribution for Rojana Industrial Estate from PTT Natural Gas Distribution Co., Ltd. for Baht 130 million

**2010** The Company and TRC International Limited, the subsidiary in Hong Kong, sold shares holding in Ratcha Ploen Co., Ltd. to Maneeya Realty Co., Ltd. at a total sale value of Baht 57 million earning capital gain from share sale of Baht 59 million (including Baht 21 million, the reversal of allowance for impairment of the investment in Racha Ploen).

The Company was awarded for the large scale projects of Gulf JP Co., Ltd., the Gas Pipeline Construction Work for Gulf JP's SPP Projects, totally 7 projects with the work value of Baht 831 million and US\$ 4.75 million.

On 1 October 2010, the Company registered its increased paid-up capital for the new increased capital shares occurred by exercising of TRC-WA1 of the 1st ESOP Program, totally 668,500 shares resulting to the registered capital ended 31 December 2010 to be at Baht 337,699,934 and paid-up capital of Baht 330,668,089.

**2011** TRC was awarded for the large scale projects as follows:

1. The projects of Gulf JP Group consist of the contract for the Gas Pipeline Construction Work for Gulf JP's SPP Projects which is the continuous on-hand project from last year. During 2012, the Company had started the Gas Pipeline Construction Work for the Independent Power Plant (IPP) Projects with work value of Baht 1,185 million and USD 16.345 million
2. PTTAR-IRPC Multiproduct Pipeline from IRPC Public Company Limited with work value of Baht 733 million
3. Schedule of Rates Period Contract for Main and Services at Various Location from PTT Natural Gas Distribution Co., Ltd. and Amata Corporation Public Company Limited with work value of Baht 144 million and Baht 58 million, respectively.

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

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

The Company's directors and employees exercised their rights for warrants of ESOP (TRC-WA1) continuously from the previous year. An aggregate of the 2<sup>nd</sup>- 5<sup>th</sup> exercising of their rights was 2,890,250 shares causing the Company's registered capital as of 31 December 2011 was Baht 337,699,934 and paid-up capital of Baht 333,558,339.

## 2012

- ▶ The Company and subsidiaries were awarded for the following projects:
  1. The Company was awarded for the designing, procurement and construction of the 28"Ø transmission pipeline project with 21 kilometer in length and Metering Station to serve Uthai Power Plant which is the large power plant in Rojana Industrial Estate (GUT Gas Pipeline Project) from Gulf JP UT Co., Ltd. with work value of Baht 1,547 million.
  2. Sahakarn Wisavakorn was awarded for the construction of reinforced building and infrastructure or Civil works for ABS VI/Green ABS Expansion Project from Thai ABS Co., Ltd. with work value of Baht 280 million.
  3. TRC Middle East LLC, a subsidiary in Sultanate of Oman was extended the period of contract for Construction of Flow Line Rima Satelites Small Fields from the existing contract of 3 years to plus 1+1 years, totally of work value to be approximately Omani rial 4.8 million.
- ▶ The 2012 Annual General Meeting of Shareholders held in April, 2012 approved the increase of the Company's registered capital under the General Mandate from Baht 337,699,934 to Baht 471,502,434 by issuing the 133,802,500 newly issued ordinary shares at par value of Baht 1 per share. The Board of Directors was also authorized by the Meeting to be empowered to consider and determine the objective of capital increase, any condition, and other details necessary for the pertinent to the issue of newly issued ordinary shares as well as sign any related agreements or documents including to perform any other acts necessary and related to the newly issued ordinary shares and listing newly issued ordinary shares on the Stock Exchange of Thailand.
- ▶ On 30 July 2012, it was the last day of ESOP Warrants Program or TRC-WA1 from which the exercising rights were periodically done on every 30th day of end of each quarter starting from 30 September 2010 totally 9 times. An aggregate of exercising rights was 6,586,000 units incurring a total of 6,586,000 shares of ESOP warrants enabling an increase to the Company's registered capital as of 31 December 2012 at Baht 471,502,434 and paid-up capital at Baht 336,585,589.

TRC & Al - Ghalbi LLC , the subsidiary in Sultanate of Oman, in which 60% of shares was held by TRC International Limited (TRC Construction Public Company Limited holds 100% shares in TRC International Limited.) was changed its name to "TRC Middle East LLC" effective since 17 December 2012.

## Revenue Structure

Revenue	Operated by	% Of Share Holding	2010		2011		2012	
			Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
<b>1 Sales and services income</b>								
1.1 Revenue from Pipeline System Construction	TRC		944.02	62.14	989.55	43.76	2,389.73	55.01
	SKW	99.99%	-	-	-	-	-	-
	TRC							
	Middle East	60.00%	267.83	17.63	281.25	12.44	177.39	4.08
	TRC							
	Engineering	70.00%	-	-	28.51	1.26	203.49	4.68
1.2 Revenue from Engineering System Installation and Factory Construction for Energy and Petrochemical Business	TRC		184.28	12.13	901.45	39.86	-	-
	SKW	99.99%	-	-	-	-	1,220.37	28.09
1.3 Revenue from Civil Work Construction	SKW	99.99%	41.19	2.71	14.18	0.63	319.67	7.36
1.4 Sales	SKW	99.99%	-	-	2.93	0.13	-	-
1.5 Revenue from Other Services	TRC		14.18	0.93	3.87	0.17	4.09	0.09
	TRC Inter	100%	-	-	6.07	0.27	-	-
<b>Total sales and services income</b>			1,451.50	95.55	2,227.81	98.51	4,314.74	99.32
<b>2 Interest income</b>	SKW	99.99%	4.00	0.26	10.88	0.48	6.99	0.16
<b>3 Gain on sale of investment in associate (Ratcha Ploen Co.,Ltd.)</b>	TRC		0.14	0.01	-	-	-	-
	TRC Inter	100%	59.03	3.89	-	-	-	-
<b>4 Other income</b>			4.46	0.29	22.87	1.01	22.42	0.52
<b>Total revenues</b>			1,519.13	100.00	2,261.56	100.00	4,344.15	100.00

## Projects on Hand

As of 31 December 2012, the Company and its subsidiaries had projects on hand as per below summary.

	Number of the Projects	Uncompleted Work Value (MB)
TRC Construction Public Company Limited	16	2,344.47
Sahakarn Wisavakorn Co., Ltd.	6	169.06
TRC Middle East LLC Sultanate of Oman	1	268.51
<b>Total</b>	<b>23</b>	<b>2,782.04</b>

### - TRC construction Public Company Limited

Project Name	Type <sup>(1)</sup>	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
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#### Pipeline System Engineering Unit

1. GUT Gas Pipeline Project	E,P,C	Gulf JP UT Co., Ltd.	1,547.43	1,547.43	Aug 12 - Jul 14
2. Gas Pipeline Construction Work for Gulf JP's IPP Project (The Project value 1,185 MB and USD 16.345 Million)	E,P,C	Gulf JP Co., Ltd.	1,684.22	433.97 <sup>(2)</sup>	Oct 11 - Jun 13
3. Schedule of Rate Period Contract for HDPE Natural Gas Pipeline Distribution Project	E,P,C	PTT Natural Gas Distribution Co., Ltd.	144.00	103.17	Nov 11 - Oct 13
4. PTTAR-IRPC Multiproduct Pipeline	E,P,C	IRPC Public Company Limited	722.50	90.60	Jul 11 - Apr 13
5. Mechanical and Piping Work Packing of C5	E,P,C	BST Specialty Co., Ltd.	72.00	45.42	Aug 12 - Feb 13

Project Name	Type <sup>(1)</sup>	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
6. N/G pipeline to OTS&PRS	E,P,C	AMATA Natural Gas Distribution Co., Ltd.	76.00	41.80	Jun 12 - Feb 13
7. Installation Equipment, Piping Electrical and Instrument System	E,P,C	PTT Global Chemical Public Company Limited	32.00	32.00	Jan 13 - Aug 13
8. Pilot Plant at BST Site#2-NB latex Plant Project	E,P,C	Bangkok Synthetics Co., Ltd.	38.00	26.05	Nov 12 - Feb 13
9. Schedule of Rate Period Contract for HDPE Natural Gas Pipeline Distribution Project	E,P,C	AMATA Natural Gas Distribution Co., Ltd.	58.00	11.70	Nov 11 - Oct 13
10-13. Gas Pipeline Construction Work for Gulf JP's SPP Project (2.1)	E,P,C	Gulf JP Co., Ltd.	559.45 (4 Uncompleted construction contract)	6.55 <sup>(2.2)</sup>	Oct 10 - Sep 13
14. SBR Ammonia Distribution Piping Project	E,P,C	Bangkok Synthetics Co., Ltd.	21.50	5.32	Nov 12 - Feb 13
15. TPP Pipe Rack Extension (State#1)	E,P,C	- Bangkok Industrial Gas Co., Ltd. - Thai Industrial Gases Public Company Limited - Vinythai Public Company	15.71	0.38	Sep 11- Dec 12
16. Detailed Design of Pipeline for TBKK (Thailand) Co., Ltd., Amata Nakorn Industrial Estate	E	TBKK (Thailand) Co., Ltd.	0.08	0.08	Jan 13
Total 16 Projects			4,970.89	2,344.47	

- Sahakarn Wisavakorn Co., Ltd.

Project Name	Type <sup>(1)</sup>	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
1. The Construction and Commissioning of 400,000 Liter per Day Ethanol Plant Project	E,P,C	Ubon Bio Ethanol Co., Ltd.	2,134.10	101.66	Mar 11 - Dec 12
2. Civil works for Green ABS VI Project	E,P,C	Thai ABS Co., Ltd.	280.00	23.17	Jan 12 - Dec 12
3. Water Treatment Plant	E,P,C	Electricity Authority of Thailand	20.36	20.36	Sep 11 - Oct 13
4. Klong Sai Bridge Project	C	Department of Rural Roads	14.05	9.88	May 12 - Apr 13
5. Sub district Administration Office Building Project	C	Nakhon Sawan Subdistrict Administration Office	9.32	9.32	Jul 11 - Oct 11
6. Khao Pra Wang Route Project, Nakhon Sawan Province	C	Department of Rural Roads	4.67	4.67	Jul 11 - Oct 11
Total 6 Projects			2,462.50	169.06	

- TRC Middle East LLC (Sultanate of Oman)

Project Name	Type <sup>(1)</sup>	Client	Project Value (MB)	Value of Uncompleted Work (MB)	Project Period
Construction of Flow Lines Rima Satellites Small Fields (The extension contract for another 2 years, work value approximately of OMR 4.8 Million	E,P,C	Petrogas Rima LLC Sultanate of Oman	387.67	268.51 <sup>(3)</sup>	May 12 - Apr 14
Total 1 Projects			387.67	268.51	

**Notes:**

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

(2.1) Project SPP of Gulf JP Co., Ltd.

	Number of Projects	Number of Contracts	Contract Value	
			MB	Million USD
Total awarded contracts	7	6	831	4.745
Completed project as at 31 Dec 2012	3	2	350	2.145
Projects in progress	4	4	481	2.600

(2.2) The value of uncompleted works from the Gulf JP Group uses the exchange rate of Baht 31.69 per USD

(3) The value of uncompleted works from the subsidiary in Sultanate of Oman uses the exchange rate of Baht 80.723 per OMR

## Industry Overview and Competition

### - Natural Gas Pipeline/ Transmission Pipeline

#### - Industry Overview

For the investment and transmission pipeline network including procurement and natural gas distribution, currently PTT Public Company Limited (“PTT”) is the sole purchaser, distributor, owner, regulator and developer of the transmission pipeline network in Thailand. The transmission pipeline system of PTT Group is linked from the natural gas fields in Gulf of Thailand, Yadana and Yetagun in the Union of Myanmar, to the power generators, gas separation plants and various industrial plants.

For distribution pipeline system, most of investment and management are regulated by PTT. Apart from PTT, there is only PTT Natural Gas Distribution Co., Ltd., a joint venture company between PTT and Suez Tractebel S.A. from Belgium and Laddawan Fund Co., Ltd., developing and constructing distribution pipeline system for transport and natural gas distributed to customers in industrial areas around Bangkok and boundary.

As of 31 December 2011, the transmission pipeline system of PTT has been 3,635 kilometer in length consisting of approximate 1,437 kilometer of onshore transmission pipeline and 2,198 kilometer of offshore transmission pipeline (excluding another 883 kilometer of distribution pipeline linked from the transmission system to the industrial customers).

According to the assessment report of the Energy Policy and Planning Office (EPPO), Ministry of Energy, the overview of situation of natural gas and domestic requirements showed that Thailand’s natural gas remains the most popular fuel used by 44% of a total of consumption quantity. In 2012, a total of natural gas consumption was counted for 4,508 million cubic feet per day, increasing 9.1 % from 4,143 million cubic feet per day in 2011. However, considering the proportion of consumption in varied production sectors, it is found that natural gas is highly used as fuel by 59% by power generation, 21% for industrial sector such as used as raw material for petrochemical industry and other, 14% used as fuel in industrial plants and 6% for transportation sector (NGV vehicles).

The natural gas consumption grew up in line with a domestic business expansion. Office of the National Economic and Social Development Board (NESDB) forecasted that Thai economic trend in 2012 would expand 2.5% especially in transportation sector in which the natural gas was used for NGV vehicles causing 21.4 % increase and resulting from the government’s policy on encouragement of natural gas usage to compensate usage of oil including promotion of NGV station expansion to support high demand of consumers. In 2012, there were 483 NGV stations throughout Thailand, higher than 2011 in which there were only 469 stations, consisting of 243 stations in Bangkok and boundary and 240 stations in upcountry. At the end of 2012, there were 374,857 NGV vehicles increasing 300,581 units from 2011. For industrial sector, the natural gas consumption increased 11.0 % for being used as fuel in industrial plants and 10.2% for being used as raw material in industrial plants while 7.2% for power generation. This resulted from recovery of business and industrial sectors after floods situation in 2011 including the economic stimulating policy such as cost of living decreasing measure, lowest wage rate adjustment, government official’s increasing salary, etc. These were the factors affecting an increase of power consumption.



## - Trend

The Energy Policy and Planning Office: EPPO expects that the natural gas consumption in 2013 will increase 7.6 % in line with the economic expansion and Thailand economic in 2013 will grow up 4.5-5.5 % with support of the economic stimulating policy including the water management investment of the government sector which can help drive domestic economic term . According to the assessment on natural gas demand for varied production sectors, it is found that natural gas demand for power generation increase 4.8%, 15.8% for being used as raw material of petrochemical industry and others, 6.3% as fuel in industrial plants and 9.7% for NGV vehicles. However, in case that the NGV cost study reaches its clear conclusion leading to an increase of NGV retail price, NGV consumption may not be rather high.

Assessing the natural gas consumption in short-term period of 2010-2014, it is expected that natural gas demand will grow up 6% per year or approximately 4,821 million cubic feet per day in 2014 due to the economic recovery and high demand in power generation sector according to the Power Development Plan for the year 2010-2030 (PDP: 2010) to support both independent power producers (IPP) and small power producers (SPP). In long-term period of 2015-2030, it is expected that such a demand will increasingly reach 5,542 million cubic feet per day in 2030 or 1% average expansion per year.

The Board of Energy Policy (BEP) has approved long-term natural gas supply plan to support high demand from both power plant, industrial, transportation and gas separation plant sectors. PTT Plc. has planned to acquire natural gas from new natural gas fields in the Gulf of Thailand and neighboring countries including LNG import plan to protect occasional shortage of natural gas. In 2012, PTT Plc. signed the contract with Qatar Liquefied Gas Company Limited 3 (Qatargas 3) which is the national energy company of Qatar to purchase LNG 2 million ton per year along the contract period of 20 years in order to sustain the energy security of Thailand on long-term basis.

Considering PTT's 5-year Development Plan with the budget of Baht 366,474 million, it is found that most of investment will be adjusted and invested in a form of co-investment and in PTT's subsidiaries in which PTT wholly holds 100% shares to expand its energy business to abroad including capability expansion to support an increase of natural gas demand of approximately Baht 191,947 million or 53% of a total investment budget such as to be invested in PTT LNG Co., Ltd. for LNG Receiving Terminal Phase II, etc. The investment budget of approximately Baht 111,216 million or 30% will be invested for the natural gas business, mainly for the 4th Natural Gas Pipeline Project (Rayong-Khaeng Khoi), Nakhornsawan Natural Gas Pipeline Project, Nakhorn Ratchasima Natural Gas Pipeline Project , etc.

## Five-year Investment Plan of PTT (During 2013-2017)

(Unit: Million Baht)

Business	2013	2014	2015	2016	2017	Total	%
Natural Gas	25,449	29,522	30,417	18,583	7,245	111,216	30%
Oil	7,158	8,245	16,952	12,573	6,456	51,384	14%
Investment in join investment	62,164	33,808	34,631	25,333	36,011	191,947	53%
Head Office and others	4,074	4,059	1,862	1,128	804	11,927	3%
Total	98,845	75,634	83,862	57,617	50,516	366,474	100%

Source: PTT's news reported to the Stock Exchange of Thailand on 21 December 2012

In conclusion, trend of the construction industry for new projects in field of natural gas transmission during the next 5 years will remain consistently grow up and in line with the investment in natural gas transmission network expansion to increase the efficiency of natural gas system to support high demand due to domestic economic recovery including supporting to consumption expansion in the provincial industrial and transportation sectors. The natural gas transmission network will be expanded to the provincial part such as the 4th Natural Gas Pipeline Project (Rayong-Khaeng Khoi), Nakhornsawan Natural Gas Pipeline Project, Nakhorn Ratchasima Natural Gas Pipeline Project, etc.

In the meantime, the construction of natural gas transmission pipeline projects linking to the power generation plant using natural gas as fuel for power generation such as Cogeneration Power Plant inclines to increasingly expand to support power plan expansion plan according to PDP 2010 and to support SPP with Cogeneration system to be located throughout various areas of the country.

Moreover, the natural gas transmission industry tends to significantly expand in the projects related to improvement of PTT's capability in efficiency of gas distribution to existing transmission pipelines such as installation works of gas compressor station within gas station and gas separation plant, the projects of connecting distribution pipeline to the transmission pipeline to increase higher pressure to the pipeline system and maintain as well as prolong the existing pipeline system of which life usage is going to expire for safely continuous usage, etc.

Focusing on an opportunity for the Company's business in 2013, apart from entering for bids of the natural gas transmission pipeline project according to PTT's natural gas transmission network expansion, the Company also continues focusing on expansion of the construction works for natural gas transmission pipeline projects for both IPP and SPP with Cogeneration system of which the power purchasing offer were approved by the Energy Regulatory Commission (ERC) for power supply during 2015-2021, totally 22 projects with a total of power supply of 1,980 megawatt. Those approved SPP are another important customer target group apart from the current main customers.

## - Construction Industry in Industrial and Energy Sectors

### ► Industry Overview

Thailand construction overview in 2012 grew up 10% from the previous year with the construction value approximately Baht 900,000 million. In 2012, the construction business was rather highly competitive among big and medium contractors due to economic recovery in business and construction sectors after floods situation in 2011. Most of investments were for rehabilitation of the infrastructure, buildings of household and industrial sectors affected by floods, projects pending from end of 2011 including supporting the protection system of the industrial estates and real estate projects. In the meantime, the construction related to power plant increasingly expanded.

### ► Trend

In 2013, Kasikorn Research Center assesses that the construction investment overview tends to be higher 11-12 % from last year with value of Baht 1,005,000 – 1,015,000 million as a result of the government sector's construction such as Baht 2.27 trillion for investment of infrastructure and Baht 350 billion for floods problem solving including infrastructure projects continued from 2012 such as the Mass Rapid Transit in Bangkok and boundary of which the construction of many routes started simultaneously. For the construction of private sector, it is expected that the investment will increasingly expand in upcountry especially the investment for real estate development projects including the industrial plants and warehouses' growth. In the meantime, the construction of power plants especially for SPP Projects tends to increase obviously and continuously to support both new power plant expansion according to the PDP 2010 and higher national energy demand.

Moreover, the industrial construction for alternative energies production such as ethanol and biodiesel tends to increase to support the Renewable Energy Development Plan : REDP for the period of 15 years (2008-2022) on the purpose of decreasing the import quantity of crude oil from abroad and value adding as well as stabilizing the agricultural products. In 2016, the ethanol industry tends to increasingly expand due to benzene 91 cancellation policy of the Energy Ministry effective since 1 January 2013 causing high demand of ethanol for gasohol production. Moreover, the Government's First Vehicle Project is also an encouragement for an increase of national energy consumption. After starting the aforementioned project since 16 September 2011 to 31 December 2012, there were 1.25 million of registered users. Consequently, it is forecasted that in 2016, ethanol demand will increase at least 400,000 liter per day or 1.7-1.8 million liter per day higher than 1.3-1.4 million liter per day in 2012 whereas the biodiesel production/usage is at 1.6 million liter per day due to B5 biodiesel obligation measure enforced throughout the country starting since September 2011. The direction of biodiesel industry development according to the Biodiesel Development Plan of 2008 – 2022 has possibly focused on an increase of B100 biodiesel quantity to be compounded with diesel in high portion. In addition, the government sector encouraged the research on biodiesel production development and biodiesel quality improvement for better quality and high value adding.

However, although the construction industry overview tends to continuously expand, there has been other factors resulting to the market direction of the construction industry such as risk from insubstantial of the World Economy, domestic political factor which may cause an impact to the government construction projects, clarity of the government policy concerning the investment. In the meantime, the construction cost factor tends to obviously increase due to both higher oil cost, construction material cost as well as lowest wage adjustment according to the Government's policy. In term of environment and community, these remain required to be emphasized which may become the restriction for the investment of infrastructure supporting the industry sector in the future.

Considering an opportunity of construction industry growth in 2 – 3 years, the Trade Open-Door under ASEAN Economic Community : AEC in 2015 will be another significant factor for construction business especially CLMV Countries consisting of Cambodia, Lao, Myanmar and Vietnam which have been under development and their economy tends to grow up strongly when comparing in perspective with the expansion of the World Economy and Asean regional causing a large number of investment in large scale infrastructure and energy projects in term of properties, industrial plants, infrastructures such as road network, power plant, port, airport, etc. Hence, this will be an important opportunity for expansion of Thai contractors' construction business among CLMV Countries due to their borders connecting Thailand's border causing Thai contractors' bidding price offer is lower than competitors from countries outside Asean region especially for transportation cost of labor, machinery as well as tools and equipment relocation. In addition, the capabilities of Thai contractors are international standard in term of both technique and engineering expertise for construction and system works including being supported by the construction material industry such as steel, cement, etc. These are supporting factors for expansion of Thai construction business to go forward to the Asean standard.

### Competitive Strategy

The Company's competitive strategies and business policies can be summarized as follows:

- 1. Quality Control** The Company has a policy to control the quality of works and to deliver the works punctually in order to obtain customer's satisfactions.
- 2. Reputations and Experiences of Engineers in Management Level** The management of the Company has more than 20 years of experience in construction business and has reputations for their knowledge and expertise. Consequently, they are capable to review and oversee the works of project managers.
- 3. Past Credentials** With the quality of works and services for which the Company was assigned to carry on accompanied with success of large scale projects in both turn-key natural gas transmission pipeline and construction of energy and petrochemical plants including expansion of business in abroad, the Company has gained some respects and reliabilities from the customers with the quality of works and services in the past. Consequently, most of the customers do not only come back for the Company's services but also recommend others for the Company.
- 4. The Employee's Capabilities** The Company has a large number of skilled employees who

can provide efficient services to customers. The Company also has a policy to maintain such quality of employees by providing them consistent training courses.

5. **Cooperation with Strategic Partners** This is to strengthen capability to gain more works from the customers such as seeking for cooperation with partners belonging to petrochemical products for competitive price of bidding as well as cooperation with foreign partners for abroad business expansion.

### Target Customers

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

For Sahakarn Wisavakorn Co., Ltd., the target customers are the government agencies and state enterprises providing the service of public utilities such as Department of Highways, Department of Rural Roads, Royal Irrigation Department etc. including private sectors in real estate, energy and petrochemical industries.

### Product Resources

#### ► Human Resource

The Company operates as a construction contractor where the number of workforce needed in any period of time depends on the size of the projects that the Company succeeds in the biddings. Therefore, the Company has a policy to hire only a sufficient number of staffs to be in line with the Company's revenue and provides Standby Team including welding staffs in case of staff insufficiency.

Due to rapid business expansion of TRC group during 2010-2012, permanent employees were increasingly employed for various departments especially engineers in Marketing and Operation Divisions including Procurement to support large scale project management.

#### ► Source of Fund

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

#### ► Sub-Contractors

In some cases, the Company and subsidiaries may need to subcontract some parts of the works that Company has no expertise or during the period of workload. The Company selects subcontractors from their financial status, past credentials as well as their readiness of workforce and machines & equipment. Moreover, the Company has a policy to set the conditions (back-to-back)

including the acceptance of job, the guarantee, the inspection and the claims of the subcontract to be similar to those of the main contract that the Company signed with the customers. The acquisition of Sahakarn Wisavakorn Co., Ltd. in 2007 supports the civil works of the Company and serves the customers' requirements.

► **Machinery & Equipment**

The Company has a policy to purchase some of the machinery & equipment used for basic works and to rent other machinery and equipment for projects on a case by case basis. In addition, TRC and Sahakarn Wisavakorn Co., Ltd. can share in some machinery and equipment such as trucks, excavators, tractors etc. thereby leading to project cost saving on machinery and equipment.

► **Raw Materials**

The raw materials used by the Company can be divided into 2 groups as follows:

1. **Exclusive construction materials** which are the major part of total raw materials used including pipe, valves, etc. The project owners normally indicate the specific details of these materials, therefore; the Company will have to buy them from domestic or international distributors or manufacturers. However, the project owners usually specify more than one supplier and normally before the bid and the Company will negotiate and request price confirmation from such suppliers to maintain the prices of the materials for a specific period of time.
2. **Common construction materials** which are the less part of the total raw materials used including wire, sandpaper, etc. The Company normally purchases these materials from domestic suppliers who have long-term business relationship with the Company or other construction shops as deemed appropriate.

## 4. Risk Factors

### 1. Risk from Business

#### 1.1 Risk associated with the dependence on a few numbers of customers

The Company's mainstream of revenue was contributed by the natural gas transmission pipeline construction for energy and petrochemical businesses and civil construction business, mostly revenue of TRC' group of companies gained from the natural gas transmission pipeline construction for energy and petrochemical businesses of the main customers related to the PTT group, which is the national energy company of Thailand. (the proportion of revenue gained from the PTT group in comparison with a total revenue of the Company's and its subsidiaries was 46: 46: 53 from 2010 to 2012, respectively).

Nevertheless, the Company endeavors to reduce the risk from dependency by expanding its customer base to other energy businesses such as power plants (both SPP and IPP) to mitigate risk maybe arisen from natural gas transmission pipeline construction. The Company therefore expanded its business into the engineering system installation and factory construction for petrochemical industry and also other industries related to alternative energy sources such as biodiesel and ethanol production plants, etc. An increase of revenue proportion from other sources apart from the natural gas pipeline construction will be the diversified customer base expansion, enhance the business opportunity, mitigate risk associated with the dependence on a few numbers of customers. In addition, the Company has its policy to expand business to abroad to mitigate risk associated with the dependence on domestic customers.

#### 1.2 Risk from business expansion on intensive capital requirement, project feasibility study and project development period

The Project Development and Investment Division carries on studying and developing energy project, petrochemical, and power plant projects including overseas business. The business expansion to overseas has been undertaken on the purpose of diversifying domestic risk of the Company by tapping into new market and new customers as well as diversifying cyclical construction business risk by creating sustainable income from investment in the related energy business. The project development at the early stage usually involves medium to high uncertainty of project achievement. The capital injection is also essential and required some period of time before gaining the target return on investment. The risk may be arisen in case of project failure or no strategic partners and could cause an impact to the Operating results and financial status of the Group.

In order to mitigate this kind of risk, since 2009 the Executive Committee has also played role as the Risk Management Committee to evaluate various terms of risks before making decision to enter into bidding or investment in each type of businesses. Entering into bidding or investment in any large scale projects is required to obtain an approval of the Board of Directors before undertaking. The Company has the apparent policy to have the Company and its subsidiaries

invest for only required expenses including cooperate with competent partners in order to contribute an advantage and high success to the projects.

### **1.3 Risk of new contracts and timing of the performance of these contracts**

The Company's operating result , income forecast and cash flow are fluctuated in line with timing of obtaining new contracts and a number of works on hand of existing contracts. As the Company's revenue are mostly derived from the progress of the awarded projects in each period of time, it is unforeseen whether and when the new contracts will be awarded since most of them are the large-scale projects of which the process of contractor selection is very complicated and takes up a period of time subject to various factors including economic, marketing conditions and financial status of the customers. In addition, the large scale projects under energy and petrochemical businesses, and power plant have to perform in accordance with the laws and regulation concerning the environmental impact and safety since they are involved in public and community in wide range. It is expected that in the future, varied related regulations and laws will be more strictly and each project is required to conduct the Environmental Impact Assessment Report (EIA) and Health Impact Assessment Report (HIA) including with public hearing which may cause delay of those report preparation and then causing delay to an approval of tender announcement including a possible impact to the period of construction commencement which will cause an impact to the Company's plan for the new awarded contracts.

### **1.4 Risk from relying on partners**

In some large scale projects, the project owners may require excessive qualification of bidders that the company cannot bid for the projects, for example, requirement of size of assets, experiences or specific know-how, etc. Therefore, the company may loss an opportunity to bid if cannot find appropriate partners to form a joint venture. However, such risk has decreased since the company has accumulated its experiences from large scale projects in line of both gas pipeline and petrochemicals with outstanding completion of works. As a result, with the aforementioned experiences, the company can independently compete the bidding. In addition, after the acquisition of its subsidiary, Sahakarn Wisavakorn Co., Ltd., to support for civil works, the company has been more capable to carry out the entire construction works.

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

### **1.5 Risk from relying on manpower**

Managing the construction works to be qualified and succeeded according to the delivery timeframe as planned, manpower in term of engineers, technicians and qualified experienced operation workforce is the important factor. However, due to nature of construction business which is



inconstant subject to timing of obtaining the new project may lead to difficulties of manpower planning to be appropriate with the new project. Sometimes, it is then necessary to bear the overhead cost in order to support working for works delivery of existing projects on-hand and new potential projects. In case that any potential projects are delayed or lost, the Company may have overhead cost higher than actual requirement including expenses related to stand-by workers. In addition, considering the current labor market situation, demand of skilled workers in the construction industry which appears rather high and not in line with the cycle of the industry may cause skilled workers shortage in some period. Hence, to mitigate such a risk, the Company then considers to increase a proportion of subcontractors to be appropriate with demand in each period and each type of works as well as promoting the training courses arrangement to develop manpower's skills and attitudes of working.

## **2. Risk from Project Execution**

### **2.1 Risk associated with the fluctuation of prices of construction materials and cost related to logistic**

The fluctuation of construction material prices and energy commodities has direct effect to the construction operating cost which is very difficult to control to be in line with the budget. The construction material and oil price depend on domestic and international economic situation including market demand at that time. In case that higher increase of construction price after being awarded, no matter because of high price of oil or lack of construction materials, may cause an impact to operating cost management which will be higher than estimated and also may cause an impact to the Company's operating result. To mitigate such risk, the Company will estimate and forecast price of construction materials in advance in order to plan and maintain operating cost level to be appropriate and in line with change of construction materials price or confirm purchase order to lock in the price of such material that is matched to the proposed price during bidding period. Moreover, the Company also maintains its good relationship with suppliers and follows up movement of construction materials price all the time and opens a competitive opportunity among suppliers for negotiation to gain highest benefit of pricing.

### **2.2 Risk associated with the construction delay**

The Company may face a risk of incremental expenses or project damage expense charged in case that there is any delay on the project. For the delay caused by the owner, the Company may face a risk of incremental expenses such as wages and utilities expenses, etc. However, the Company can limit this risk by managing manpower and expenses effectively and appropriately when required. Also, the Company tries, on its best effort and good faith basis, to negotiate for the compensation from the owner as much as possible. In the past, the Company well succeeded in negotiation with the project owner.

In case that such a delay arisen due to the Company's operation or subcontractors, the Company may face a risk of being sued by the project owner. This type of risk can be mitigate through proper planning and availability of tools and equipment for construction, skilled workers and a number of experienced engineers including closely monitoring the subcontractors' works as well as

defining the subcontracting contract's condition to avail the Company the right to charge for damages caused by the subcontractors in case of breach of contract.

In 2012, as the Company had one project which could not be delivered in time of the contract, it was necessary to reserve the damages arisen due to delay of works in full number according to the contract. However, after getting the conclusion of damages which were less than the reserved ones, the differentiate amount was then recognized as income of the Company in the next year.

There are also many times when the Company operates through joint venture or consortium in which the Company has a smaller interest that could result in the Company having limited control over many decision makings. Most of the time, the customer's mandate the Company to enter into a jointly and severally condition of the contract where the Company has to take full contractual responsibility over the company's partners. These type of risk can be mitigated through proper structure of the Consortium and clearing cut in the scope of works of the Company and its partners, however, there are always unforeseen grey area arising during Project implementation.

### **2.3 Uncertainty in unexpected adjustment and cancellations of the Company's backlog**

The Company cannot guarantee that the revenue projected in the backlog will be realized or profitable. Project terminations, suspension, delays or changes in project scope may occur, with respect to contracts reflected in the Company's backlog. Projects may remain in the backlog for an extended period of time due to various uncertainty and unpredictable external factors.

## **3. Financial Risk**

### **3.1 Risk from insufficient cash flow**

In comparison with the past, based on experience and competency, the company can increasingly be awarded for the large scale projects. As a result, more revolving funds have been required to be afforded for project bidding, construction execution and bank guarantee process for various credit lines which may cause a risk of insufficient revolving funds resulting in construction works. To protect such risk, the liquidity has been managed carefully and payment term to suppliers has been also scheduled in compliance with the installment collection from the project owners. Material and equipment orders have been planned in compliance with requirement period to reduce bankroll and storing cost required. In addition, project financing has been approved under the condition of low cash deposit. As a result of good operating performance and constant liquidity, the company has been also continuously obtained reduction of fee, interest rate and pledge of fixed deposit ratio.

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

### **3.2 Risk from exchange rate**

As some of materials and equipment are imported, risk from exchange rate is unavoidable. Normally, material order exchange rate of the proposed price for bidding has been estimated at higher price than the current one to protect the exchange rate fluctuation. For the large scale project requiring high cost of imported materials, the Company may probably incorporate with the project owner to value some part of project cost in the same foreign currency as paid for materials. In addition, the Company has its policy to make an advance sales agreement of foreign currency exchange to control operating cost and mitigate risk from exchange rate.

As end of 2012, the Company and its subsidiaries have debt arisen from goods and materials procurement of which the currency hedge was not signed of a contract. Risk from the fluctuation of exchange rates Total USD 1.96 million and EUR 0.74 million since the Company's management considered that such an order was short term having low risk from exchange rate.

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

### **3.3 Risk associated with outstanding construction payment or delay of construction payment**

In case that project owner or partner of contract has faced the financial problem, payment for work progress may not be paid or late or partially paid. This can be a risk causing lack of liquidity and affect the company's operating result especially during the economic recession since the financial institutes will be more careful of loan release. In some cases, some of customers may be refused to approve loan for project financing. Recognizing such risk, the company therefore intends to enter into bidding of the firm financial companies only and also gains support from financial institutes for revolving fund for construction. Since the company's nature is the contractor for natural gas and petrochemicals business and most of the customers are well-known companies having strong financial status (mostly a state enterprise), the Company estimates and foresee this risk category to be quite low.

In some projects, change order as required by the customers is needed to be carried out without any agreed scope of works and operation cost. Some of them may face objection whether it is an excessive scope of works from the existing contract or over charged cost than the customers or project owners' expectation even though the owners already agreed that it is an additional one and willing to pay as requested. The Company therefore may need to bear the uncollectable operating cost until such change order has been approved with payment from the project owners. However, in some cases, it may take time and longer than the completion schedule and cause an impact to the Company's operating result. To mitigate such risk, the Company has paid attention to follow up the

outcome of approved works and also coordinate with the customers or their representatives regularly and closely in order to expedite their approval of change order as well as payment collection and finally enable to reduce period of bearing the operating cost.

### **3.4 Risk associated with financial support to its subsidiaries**

Due to necessity of business operation, the Company needs to provide the financial support to its subsidiaries in a form of loan i.e. loan for overseas subsidiaries, bank guarantee or parent guarantee arrangement under the Company's credit line, etc. which may cause a risk in case that such subsidiary's operating result is not satisfying as expected or faces cash flow problem and unable to repay debt as scheduled or fails to repay debt to the Bank. As a result, the Company as guarantor needs to take responsibility. Realizing this risk, the Company strictly performs in accordance with the approval process as specified in the authority table when required to provide any financial support.

## 5. Shareholding Structure and Management

### 1. Major Shareholders

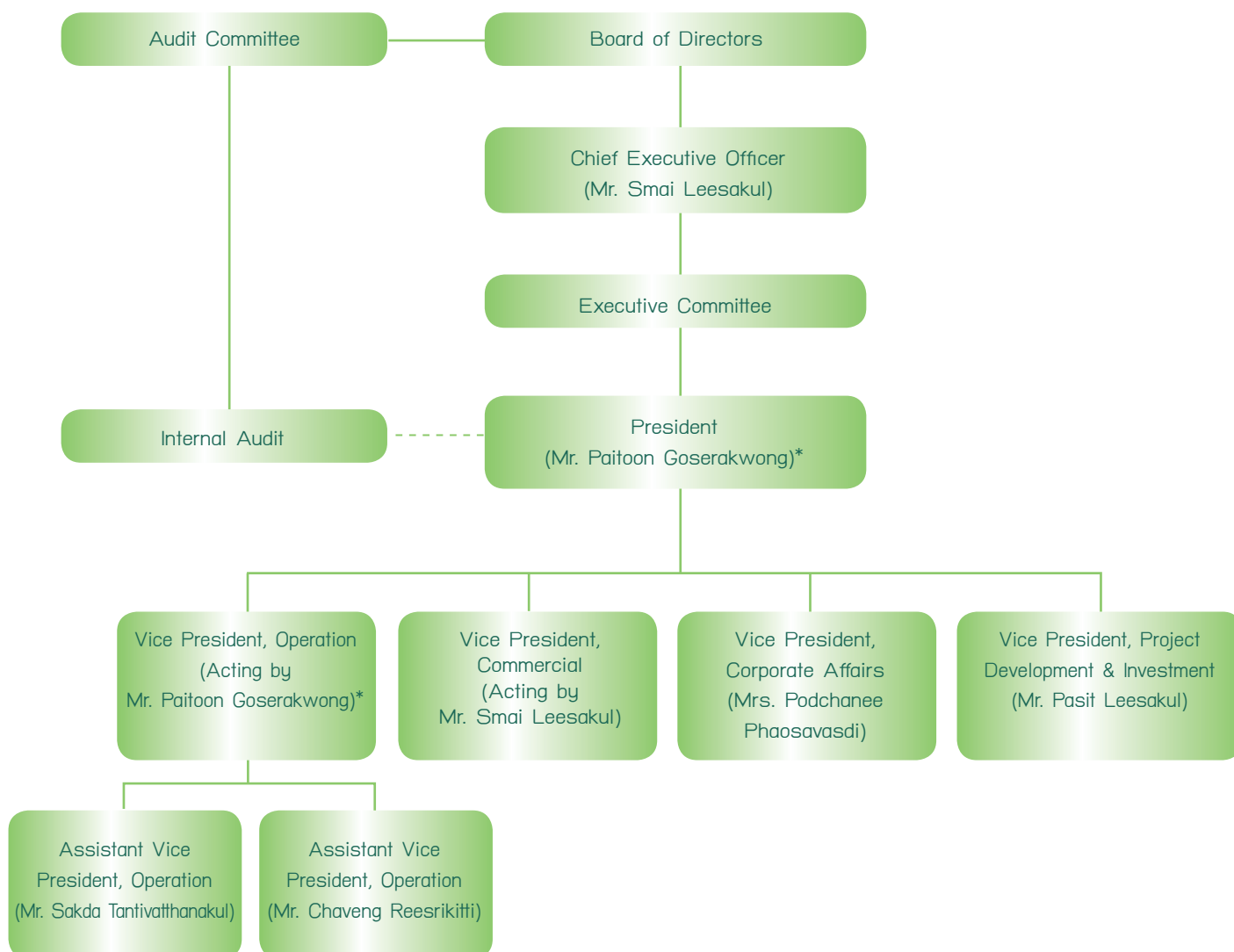
The top 10 largest shareholders as of 28 December 2012 were as below:

Name	No. of Shares	Shareholding
1. Mrs. Paichit Rattananon Group	79,452,611	23.61%
- Mrs. Paichit Rattananon	27,081,184	8.05%
- KPK 1999 Co., Ltd.*	52,371,427	15.56%
2. Samlee Corporation	41,142,857	12.22%
3. Thai NVDR Company Limited	27,927,945	8.30%
4. CITYBANK NOMINEES SINGAPORE PTE LTD UBS AG LONDON BRANCH-NRBS IPB CLIENT SEG	15,141,600	4.50%
5. Rotary Trel Pte Ltd.	9,642,857	2.86%
6. Mr. Noppadol Pitakphao	9,264,200	2.75%
7. Mr. Chavalit Jaraschotipinit	8,842,000	2.63%
8. Ms. Arphaporn Siripathummas	7,625,100	2.27%
9. Mr. Preecha Aengkhumsup	5,200,000	1.54%
10. Brooker Corporate Advisory Company Limited	4,600,200	1.37%
<b>Total of Shares Held by Top 10 Largest Shareholders</b>	<b>208,839,370</b>	<b>62.05%</b>
<b>Total Issued and Paid-up Shares</b>	<b>336,585,589</b>	<b>100.00%</b>
<b>Total Free Float Shares</b>	<b>184,542,934</b>	<b>54.83%</b>

\*Note: KPK 1999 Co., Ltd. is the company of which 50% shares are held by Mrs. Paichit Rattananon, Chairman.

## 2. Management

### (1) Organization Chart as of 31 December 2012



\*Note: Mr. Paitoon Goserakwong is retirement on 1 January 2013

## (2) Management Structure

Management structure of the Company for the year 2012 comprises of 5 committees consisting of Board of Directors, Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee and Executive Committee who also performs as the Risk Management Committee as per the following details:

### 1. The Board of Directors of the Company and its Subsidiaries as of 31 December 2012

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

- |   |   |
|---|---|
| 1. Mrs. Paichit Rattananon                | Chairman, a representative from<br>KPK 1999 Co., Ltd., the major Shareholders |
| 2. Assoc. Prof. Kamjorn Tatiyakavee, MD.  | Independent Director and Chairman of the<br>Audit Committee                   |
| 3. Assoc. Prof. Pises Sethsathira         | Independent Director and Audit Committee                                      |
| 4. Assoc. Prof Aekkachai Nittayagasetwat, | Independent Director and Audit Committee<br>PH.D., FRM.                       |
| 5. Pol. Lt. Gen. Jarumporn Suramane       | Independent Director  |
| 6. Mr. Arun Chirachavala                  | Independent Director  |
| 7. Mr. Smai Leesakul                      | Director  |
| 8. Mr. Paitoon Goserakwong                | Director (Retirement on January 1, 2013)                                      |
| 9. Mrs. Podchanee Phaosavasdi             | Director  |
| and Ms. Ounruen Sujarittham               | Company Secretary   |

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

- |                               |  |
|-------------------------------|--|
| 1. Mr. Smai Leesakul          | Chairman                                 |
| 2. Mr. Paitoon Goserakwong    | Director (Retirement on January 1, 2013) |
| 3. Mrs. Podchanee Phaosavasdi | Director                                 |
| 4. Mr. Pasit Leesakul         | Director                                 |
| 5. Mr. Chaveng Reesrikitti    | Director                                 |

### Authorized Directors of the Company and its Subsidiaries

- **TRC Construction Public Company Limited**

Mrs. Paichit Rattananon, Mr. Smai Leesakul, Mr. Paitoon Goserakwong and Mrs. Podchanee Phaosavasdi, two of four directors sign together with the company's seal.

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

Mr. Smai leesakul, Mrs. Podchanee Phaosavasdi Mr. Paitoon Goserakwong and Mr. Pasit Leesakul, two of three directors sign together with the company's seal.

## Scope of Duties and Responsibilities of the Board of Directors

1. To perform duties in accordance with laws, objectives, article of association as well as the resolutions of the Shareholders' Meeting except for the transactions that shall be approved by the Shareholders' Meeting such as the connected transaction, the acquisition and disposition of assets, the purchasing and selling of significant assets as per the regulations of the Stock Exchange of Thailand or any other relevant authorities;
2. To appoint or change the authorized directors of the Company;
3. To set the policies, strategies and directions for the Company except for the policies that require the Shareholders' Meeting approval as well as to govern the management to effectively perform their duties according to such policies, strategies and directions with a purpose of the shareholders' wealth and sustainable growth of the Company;
4. To review and approve the significant transactions such as business plan, budget, large investment, management's authorities and any other transactions required by laws;
5. To evaluate the management's performance as well as to determine their remunerations;
6. To be responsible for the operating result and the management performance with good intention and care;
7. To ensure that the Company has reliable accounting system, financial reports and auditing process as well as to provide the measurement to assess the appropriateness of the internal control system and the efficiency and effectiveness of internal auditing, risk management and financial reporting;
8. To ensure that the conflict of interests between the Company and related persons does not exist;
9. To set the Company's rules and internal procedures;
10. To report the Board of Directors' responsibilities for financial reports together with external auditor's report in the Company's annual report. Such Board of Directors' report shall include all the subjects as specified in the code of conduct for directors of the listed company;
11. The Board of Directors shall be able to authorize the following transactions after they receive the Shareholders' Meeting approval to do so. For the transactions that might lead to any conflicts of interests, the director who might have such conflict of interest must not vote on that transaction.
  - (a) The transactions that are required by law to receive the Shareholders' Meeting approval.
  - (b) The transactions that might lead to any conflict of interests as well as are required by laws and/or regulations of the Stock Exchange of Thailand to receive the Shareholders' Meeting approval.



The transactions as specified below shall be approved by the Board of Directors' Meeting and the Shareholders' Meeting with not less than three-fourth of the voting right of the shareholders who are present at the meeting and have the right to vote.

- (a) To sale or transfer the whole or any significant part of the Company;
- (b) To purchase or acquire business of other companies or a private company;
- (c) To engage in, amend or cancel the rental agreement of the whole or any significant business of the Company, to assign others to manage the Company and to merge the Company with others with a purpose of profit sharing;
- (d) To amend the Company's memorandum of association;
- (e) To increase, to decrease, to issue debentures, to merge and to liquidate the Company;
- (f) To perform any other activities those are required by securities laws or regulations of the Stock Exchange of Thailand to have the approval of the Board of Directors' Meeting and the Shareholders' Meeting with such aforementioned voting condition.

12. The Board of Directors shall appoint some of the directors as members of Executive Committee to perform the works as assigned by the Board of Directors.

However, such appointment does not include the authority to approve the transactions that such directors and/or their related persons have the conflict of interests with the Company or its subsidiary (if any). Also, the Connected Transaction and the Acquisition and Disposition of significant assets must be approved by the Shareholders' Meeting as stated in the regulations of the Stock Exchange of Thailand.

## 2. The Audit Committee

As of 31 December 2012, the Audit Committee consists of 3 independent directors as follows:

- |   |                                  |
|---|----------------------------------|
| 1. Assoc. Prof. Kamjorn Tatiyakavee, MD.              | Chairman of the Audit Committee  |
| 2. Assoc. Prof. Pises Sethsathira                     | Audit Committee                  |
| 3. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM. | Audit Committee                  |
| and Ms. Sarinthip Laomahamek                          | Secretary to the Audit Committee |

Audit Committee has 2-year term except the retiring by rotation according to the Company's Articles of Association whose a retiring director is eligible for re-election. Current Audit Committee has been appointed since 2005.

### Scope of duties and responsibilities of the Audit Committee

The Charter of the Audit Committee consisting of objective of Audit Committee setting up, scope of duties and responsibilities (amendment), qualification, term, the meeting, quorum, remuneration, responsibility unit and the quality control of Audit Committee is as declared in the Company's website.

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

- 1. To review and ensure that the disclosure of information in financial statements is accurate and adequate by cooperating with the Company's external auditor and management

who is responsible for the quarterly and annually financial statements. Also, to recommend the external auditor to review or audit any transactions deemed significant during the auditing period;

2. To review internal control system and internal audit system to ensure appropriateness and effectiveness and consider independence of internal audit as well as approve the appointment, transfer, reward and termination for head of internal audit;
3. To review and ensure that the Company's operations are in compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand, as well as relevant laws;
4. To consider, select and nominate the external auditor and also propose the external auditor's remuneration including attend the meeting with the external audit without joining of the Company's management at least once per year;
5. To consider the connected transactions or transactions that may lead to any conflict of interest and non-compliance with the laws and the Stock Exchange of Thailand's regulation to ensure that those transactions are reasonable and bring highest benefit to the Company;
6. To perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee such as to review the financial management and risk management policy, review compliance with business ethic of the management and review with the management the important reports required for disclosure to the public according to the laws i.e. Management's report and analysis, etc.;
7. To prepare the corporate governance report of the Audit Committee for disclosure in the company's Annual Report in which has been signed by the Chairman of the Audit Committee and consisting of at least
  - 7.1 Comment on appropriateness and completeness and reliability of the Company's Financial statements
  - 7.2 Comment on sufficiency of the Company's internal control system
  - 7.3 Comment on compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand as well as relevant laws
  - 7.4 Comment on appropriateness of the auditors
  - 7.5 Comment on connected transactions
  - 7.6 A number of Audit Committee Meetings and attendances of each member
  - 7.7 Comment or overview observation from which the Audit Committee has been gained after performing in compliance with the charter
  - 7.8 Any reports which deem appropriate to be reported to the shareholders and other general investors under the scope of works and responsibility as assigned by the Board of Directors;
8. To report all activities as scheduled in order that the Board of Directors can acknowledge the Committee's activities as follows:

- 8.1 The Audit Committee's minutes of meetings clearly specifying the committee's comment in various issues
- 8.2 The report of the Committee's comment on financial statements, internal audit and internal audit process
- 8.3 Any report which deem appropriate for acknowledgement of the Board of Directors;
- 9. During performing their duties, if the Committee finds any doubtful transactions or behaviors as shown below which may cause a significant impact to the Company's financial status and operating result, the Committee should report to the Board of Directors for further improvement as deem appropriated:
  - 9.1 Conflict of interest transactions
  - 9.2 Any suspicion or presumption of corruption, paradox or default which are significant for internal audit system
  - 9.3 Any suspicion that there are non-compliance with the rules and regulation of the Securities Exchange Commission and the Stock Exchange of Thailand or relevant laws

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

- 10. In case that the auditor finds any doubtful acts which are noncompliance with the laws done by director, manager or any person who is responsible for the Company's operating and the matters of fact has been reported to the Committee for acknowledgement and prompt inspection. The Committee should then report the outcome of preliminary inspection to the Securities Exchange Commission, the Stock Exchange of Thailand and the auditor for acknowledgement within 30 days after getting the auditor's report. Any doubtful acts required to be reported including the procedure to gain the matters of fact should be in line with the Capital Market Commission's regulation;
- 11. To have authorization to invite directors, management, department heads or employees for discussion or clarification on the Committee's inquiry;
- 12. To review the scope of works and responsibility as well as appraise the Committee's performance on yearly basis;
- 13. To perform any other duties as assigned by the Board of Directors and agreed upon by the Audit Committee.

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

### 3. The Remuneration and Nomination Committee

As of 31 December 2012, the Remuneration and Nomination Committee consists of 5 members as follows:

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

#### Scope of duties and responsibilities of the Remuneration and Nomination Committee

##### 1. Remuneration

- 1.1 To consider forms and criteria for remuneration package of directors, Chief Executive Officer and President to be appropriate with their performance comparing to other companies in the same industry on fair basis;
- 1.2 To determine criteria of assessment for the Chief Executive Officer and President to propose to the Board of Directors for approval;
- 1.3 To consider and determine budget framework for entire salary increment and annual bonus;
- 1.4 To appraise the performance of Chief Executive Officer and President on annually basis;
- 1.5 To consider and determine yearly remuneration package of directors, Chief Executive Officer and President and process to the Board of Directors to approve remuneration package of Chief Executive Officer and President. For remuneration package of directors, the Board of Directors has to propose to the shareholders meeting for approval;
- 1.6 In case of Employees Stock Option Program (ESOP), the Committee has to determine the terms and conditions of which the scheme is appropriate and fair to employees and shareholders and also consider the suitability of the program and approve in case that any directors are entitled to more than 5% of the total securities being distributed but among those should not be the Remuneration and Nomination Committee;

##### 2. Directors Nomination

- 2.1 To determine the qualifications of the directorial candidates by considering their knowledge, experience and expertise which are suitable for the Company's requirement and availability to devote to the Company;

2.2 To nominate and propose the suitable directorial candidates for consideration of the Board of Directors and to later propose those candidates to be appointed by the shareholders;

In addition, the Remuneration and Nomination Committee shall perform any other duties as assigned by the Board of Directors. The Board of Directors has the right to adjust the scope of duties and responsibilities of the Remuneration and Nomination Committee as deemed necessary or appropriate.

#### **4. The Executive Committee (acting as the Risk Management Committee)**

As of 31 December 2012, the Executive Committee consists of 6 members as follows:

- |    |                            |   |
|----|----------------------------|---|
| 1. | Mr. Smai Leesakul          | Chairman of the Executive Committee                           |
| 2. | Mr. Paitoon Goserakwong    | Member of Executive Committee (Retirement on January 1, 2013) |
| 3. | Mrs. Podchanee Phaosavasdi | Member of Executive Committee                                 |
| 4. | Mr. Sakda Tantivathanagul  | Member of Executive Committee                                 |
| 5. | Mr. Chaveng Resrikitti     | Member of Executive Committee                                 |
| 6. | Mr. Pasit Leesakul         | Member of Executive Committee                                 |

#### **Scope of duties and responsibilities of the Executive Committee**

1. To plan and set the policies, directions, strategies and major operational structure of the Company corresponding to economic and competitive conditions and propose to the Board of Director for approval;
2. To set the business plan, budget and management authorities of the Company and propose to the Board of Directors for approval;
3. To oversee the Company's operations to ensure that they are in compliance with the business policies, business plan and strategies which have been approved by the Board of Directors;
4. To consider the engagement in business contracts and/or any other asset purchasing contracts in relation to the business of the Company as well as to set the procedures and negotiation methods for such contracts;
5. To approve the capital expenditure as stated in the annual business plan which has been approved by the Board of Directors;
6. To be responsible for any financial transactions with banks including account opening, lending, borrowing, providing lending facilities, managing the collateral, pledging, mortgage and guarantee as well as selling, purchasing and registering land deeds for the benefits of the Company as per the approval of the Board of Directors;
7. To consider profit and loss of the Company and to propose the interim or annual dividend and propose to the Board of Directors;
8. To consider and compare the Company's quarter operating performance with the budget and propose to the Board of Directors;
9. To employ, to appoint, to transfer, to discharge, to dismiss, to determine remuneration of, to give reward to and to raise salaries, wages and bonus of employees in management

level (from Assistant Vice President upwards);

10. To do any other duties in order to support the aforementioned duties or as delegated to do so by the Board of Directors; and
11. To consider and report to the Board of Directors the transactions which are in questions of fraud or illegitimate or irregular activities.

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

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

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

Since 2009, the Executive Committee has performed their duties as the Risk Management Committee. An invitation to the advisor and expertise in some specific area to join in risk assessment was done as necessary and appropriate such as international procurement advisor, overseas business advisor, etc. The Executive Committee has screened projects and investments based on preliminary principle of considering both domestic and international potential of bidding projects and investment before bringing to attention in the risk evaluation process under the following 3 criteria:

1. Project Type
  - ▶ International project
  - ▶ New unfamiliar project
2. Project Size in reference to the project value more than or equivalent to Baht 100 million
3. Project Location
  - ▶ project to be executed under high risk and dangerous area
  - ▶ project which may face mob problem

## 5. Corporate Governance Committee

As of 31 December 2012, the Corporate Governance Committee consists of 3 members as follows:

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

### Duties and Responsibilities of Corporate Governance Committee

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

3. To suggest the Board on the good corporate governance issues.
4. To monitor the Company's management to conduct the good corporate governance practically.
5. To follow up and report corporate social responsibility activities to the Board.

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

## Management

As of 31 December 2012, the Company management consists of 8 members as follows:

- |                               |   |
|-------------------------------|---|
| 1. Mr. Smai Leesakul          | Chief Executive Officer                                     |
| 2. Mr. Paitoon Geserakwong    | President (Retirement on January 1, 2013)                   |
| 3. Mrs. Podchanee Phaosavasdi | Vice President, Corporate Affairs Division                  |
| 4. Mr. Sakda Tantivatthanakul | Assistant Vice President Pipeline Engineering Department    |
| 5. Mr. Chaveng Reesrikitti    | Assistant Vice President Pipeline Operation Department      |
| 6. Mr. Pasit Leesakul         | Vice President, Project Development and Investment Division |
| 7. Ms. Ounruen Sujarittam     | Corporate Finance Manager and Company Secretary             |
| 8. Ms. Rewadee Ardarn         | Accounting and Finance Manager                              |

## Scope of duties and responsibilities of Chief Executive Officer

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

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

## Scope of duties and responsibilities of President

1. To oversee and to approve day-to-day business operations as well as to be able to empower the management or other employees to manage day-to-day business operation as appropriate;
2. To manage and control the general business operation of the Company;
3. To perform any duties that are delegated by the Board of Directors;
4. To employ, to appoint, to transfer, to discharge, to dismiss, to determine remuneration of, to give reward to and to raise salaries, wages and bonus of employees in operational level as well as to appoint the employer's representative for the Company's provident fund committee;
5. To approve and delegate the authority to pay for the purchase of assets for benefits of the Company as well as to approve for the engagement in any financial activities as per the approved guidelines of the Board of Directors and/or the Executive Committee;
6. To be able to create orders, procedures, announcements and memos with a purpose to ensure that the business operations are in compliance with the policies, for the best interest of the Company and to keep order and discipline of the Company;
7. To be able to act on behalf of the Company and to represent the Company in performing any related actions for the best interest of the Company;
8. To approve the appointment of relevant advisors as necessary under the budget that has been approved by the Board of Directors; and
9. To perform any other duties as delegated by the Board of Directors and/or the Executive Committee.

President shall be directed by and directly report to the Executive Committee and shall perform duties in compliance with the guidelines and regulations stated by the Executive Committee.

However, the President shall have no authority to perform anything in relation to the transactions that he/she and/or the related parties might have a conflict of interests (as specified by the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand) with the Company and/or the subsidiary (if any).

## The Director Nomination

The nomination and appointment of directors will be preliminarily considered by the Remuneration and Nomination Committee. Suitable candidates who have relevant knowledge, capability and experience will be proposed to the Board of Directors and the Shareholders' Meeting for approval, respectively. Only the increase of the number of directors and the election of directors in replacement of directors who retire by rotation shall be approval by the Shareholders' Meeting as per the following procedures.

1. Each of the shareholders shall have one vote.
2. The shareholders shall vote for one person at a time.
3. The voting results of each candidate shall be ranked in order descending from the highest number of votes received to the lowest, and shall be appointed as directors in that order until all of the director positions are filled. Where the votes case for candidates in descending order are tied, which would otherwise cause the number of directors to be exceeded, the Chairman of the Shareholders' Meeting shall vote.



One-third (1/3) of the directors shall resign on the annual general meeting of shareholders, however, in case that the number of directors is not dividable by three, they shall retire by the number closest to one-third.

The directors retiring in the first and second years after the registration of the Company shall be selected by drawing. In subsequent years, the director who has been in the post longest shall retire. A director who retires under this procedure may be re-elected.

### **Criteria for Independent Directors' Nomination**

#### **- Nomination Process of the Independent Directors**

The Remuneration and Nomination Committee shall preliminary consider suitable persons whose qualifications are in accordance with the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. Also, the candidates shall have useful knowledge and capability that are useful for the Company. The suitable candidates will be proposed to the Board of Directors and the Shareholders' Meeting for approval, respectively. (Only the increase of the number of directors and the election of directors in replacement of directors who retired by rotation shall be approved by the Shareholders' Meeting.)

#### **- Qualifications of the Independent Director**

The qualifications of the independent director are set out in accordance with the regulations of the Securities Exchange Commission as follows:

1. Not hold shares exceeding 0.75 percent\* of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
2. Not be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary, of the Company, its parent company, subsidiary, same-level subsidiary, affiliate, major shareholder or controlling person, unless the foregoing status ended not less than two (2) years prior to the date of appointment. This restriction shall not apply to an independent director who has been a government officer or an advisor to a government authority that is a major shareholder or controlling person of the Company.
3. Not be a person related by blood or registration under law, such as a father, mother, spouse, sibling, orchid, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Not have nor have had a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, in a manner which may interfere with his or her independent judgement, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not

less than two (2) years prior to the date of appointment.

5. Neither nor have been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, unless the foregoing relationship ended not less than two (2) years from the date of appointment.
6. Neither nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two (2) million baht from the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person, and neither nor have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years from the date of appointment.

\* Note: This requirement was previously be set not exceeding 1%; however, to be in accordance with the good corporate governance practice, the 3/2012 Board of Directors Meeting on 19 March 2012 resolved to amend the percentage of shareholding to not exceeding 0.75%.

### (3) Directors and Management's Remunerations

#### - Cash Remuneration

##### (A) Directors' Remuneration

(Unit: Million Baht)

Director	TRC	Sahakarn Wisavakorn	Remuneration	Type of Remunerations
1. Mrs. Paichit Rattananon	0.80	-	0.80	Salary and Bonus <sup>(*)</sup>
2. Assoc. Prof. Kamjorn Tatiyakavee, MD.	0.45	-	0.45	Salary, Meeting Fee and Bonus <sup>(*)</sup>
3. Assoc. Prof. Pises Sethsathira	0.39	-	0.39	Salary, Meeting Fee and Bonus <sup>(*)</sup>
4. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	0.39	-	0.39	Salary, Meeting Fee and Bonus <sup>(*)</sup>
5. Pol. Lt. Gen. Jarumporn Suramanee	0.36	-	0.36	Salary, Meeting Fee and Bonus <sup>(*)</sup>
6. Mr. Arun Chirachavala	0.35	-	0.35	Salary, Meeting Fee and Bonus <sup>(*)</sup>
7. Mr. Smai Leesakul	0.12	0.12	0.24	Salary
8. Mr. Paitoon Goserakwong	0.12	0.12	0.24	Salary
9. Mrs. Podchanee Phaosavasdi	0.12	0.12	0.24	Salary
10. Mr. Kanidchon Leesakul (The former Director, resigned in July 2012)	-	0.06	0.06	Salary
11. Mr. Pasit Leesakul (Appointment Date to be Director in August 2012)	-	0.05	0.05	Salary
12. Mr. Chaveng Reesrikitti	-	0.12	0.12	Salary
<b>Total Directors' Remuneration in 2012</b>	<b>3.10</b>	<b>0.59</b>	<b>3.69</b>	

\*Note: Bonus in this term means bonus for directors for the Company's 2012 operating result which was approved by the 2012 Annual General Meeting of Shareholders to pay to the Chairman of the Board of Directors at 200,000 baht and five non-executive directors at 100,000 baht per person. For Sahakarn Wisavakorn Co.,Ltd., there was no bonus paid to directors.

(B) Executive Committee's and Management's Remuneration of TRC <sup>(1)</sup>

Remuneration	2011			2012		
	Number of Persons	Remuneration (MB)	Type	Number of Persons	Remuneration (MB)	Type
Management	6	20.29	Salary and bonus <sup>(2)</sup>	6	19.32	Salary and bonus <sup>(3)</sup>

Notes:

- (1) The remuneration of Accounting and Finance Manager and Corporate Finance Manager are excluded.
- (2) Including 2010 bonus paid in the beginning of 2011 and 2012 bonus partially paid (at the rate of one month) in December 2011 for flood damage relief to employees
- (3) The 2011 bonus paid in January 2012

- **Other Remunerations**

- **Provident Fund**

The Company and Sahakarn Wisavakorn Co., Ltd. have set the provident fund which is managed by Tisco Asset Management Co., Ltd. since 2005 and 2006, respectively with the contribution proportion rate of 3%-7% and 2% of salary for the Company, respectively.

- **Employee Stock Option Plan (ESOP)**

The 2008 Annual General Meeting of Shareholders approved the issuance of 7,700,000 units of 3-year warrants with Baht zero offering price and Baht 5.43 exercising price under Employee Stock Option Plan (ESOP) which will be contributed to the directors and employees of the Company and/or subsidiaries for the purpose of motivation and retaining knowledgeable and capable ones, which will be beneficial to the Company on long-term basis and lead to the increase of the share value to shareholders. Also, to motivate them to work with the Company and/or its subsidiaries for long term period for benefit of their performance and the Company's business in the future.

However, since the approval exercise price of Baht 5.43 is higher than current market price, later the 2009 Annual General Meeting of Shareholders had its resolution to approve the amendment to such exercising price by reflecting the market price at Baht 2.01. ESOP warrants had been sold to directors and employees, totally 35 persons on 7 August 2009 and those can exercise their rights on every date of 30th at the end of each quarter. The first exercising date was on 30 September 2010.

In August 2010, the warrant of ESOP was granted to compensate resignation of 4 persons of directors and employees. As a result, there were 8,000 units of remaining warrants to be granted (reduced from previously 7,700,000 units to 7,692,000 units).

At the end of the project on July 30, 2012, ESOP were exercised during 2010 - 2012 totally 6,586,600 units by nine directors at the allocated amount of 200,000 units per person.

#### **(4) The Uses of Internal Information Control**

The 2/2005 Board of Directors Meeting held on 19 May 2005 has set the policy to govern the uses of internal information as follows:

1. All directors, management and employees of the Company are required to keep the confidentiality of all the classified and/or internal information.
2. All directors, management and employees of the Company shall not disclose all the classified and/or internal information to others for the benefits of themselves or others directly or indirectly, with or without remunerations.
3. All directors, management and employees of the Company shall neither buy or sell or transfer or obtain the Company's securities using the classified and/or internal information of the Company nor enter into any transactions using the classified and/or internal information of the Company that could directly or indirectly cause an adverse effect to the Company.

The directors, management and employees of departments that are accessible to the internal information shall avoid trading the Company's securities within 1 month prior to the public disclosure of financial statements.

This policy shall govern the transactions to be made by spouse and minor child of those directors, management and employees. The violation of this policy shall be treated as a serious misconduct.

4. The directors and management of the Company shall prepare and disclose reports to the Securities and Exchange Commission on each person's securities holding and the holding of securities by his/her spouse and minor children including changes in such holdings as per the Securities and Exchange B.E. 2535, Section 59.

To be in line with the good governance practice, the Company also set the policy that for each directors and management to report TRC share trading transactions of his/herself, spouse and minor child including relevant persons according to Section 258 of the Securities and Exchange Act B.E. 2535 to the Company by sending shareholding changing form (Form 52-9) to Company Secretary for recording and reporting to the Board of Directors.

#### **(5) Employees**

As of 31 December 2012, the Company and its subsidiaries have the total number of 1,401 staffs consisting of 323 permanent staffs and 1,078 temporary ones as follows:

Department	Number of employees	
	2011	2012
1. Management (from Vice President upwards)	4	4
2. Marketing & Engineering and Operation	192	236
3. Project Development and Investment	4	7
4. Accounting, Finance and General Administration	60	73
5 Internal Audit	3	3
Permanent staffs	263	323
Temporary staffs	803	1,078
<b>Total</b>	<b>1,066</b>	<b>1,401</b>

► The Employee's Remuneration of the Company and Sahakarn Wisavakorn can be summarized as follows:

(Unit: Million Baht)

Remuneration	2011	2012
Permanent staffs	129.00	117.90
Temporary staffs	80.41	89.76
<b>Total</b>	<b>209.41</b>	<b>207.66</b>

► **Policy on Human Resource Development and Management**

According to TRC Group's philosophy, the employees are the most important resource. Consequently, the adherence to the human resource management have been continuously emphasized, improved and developed in order to catch up with the business growth as follows:

1. Serving an appropriate compensation and welfare for employees. Apart from serving basic welfares as enforced by laws, TRC and SKW have established the provident funds for their employees since 2005 and 2006 respectively. Later, in 2009, the Employee Stock Option Plan (ESOP) was contributed to directors, executives, employees (as details shown in item "Other Remunerations" in Page 64
2. Initiating the new employee orientation program since 2011 in which the training programs for various primary information were arranged consisting of the company's nature of business and history, fundamental of ISO 9001:2008 including the Company's vision, mission, project site visit as well as CSR activities in order give an opportunity for new comers to acknowledge and understand the Company's business including encouraging social responsibility attitude to be in line with the Company's vision;
3. Promoting human resource development. In 2011, the Company started to improve and develop training arrangement by focusing to arrange the training courses for senior level to develop their competency in term of managerial leadership for more effectiveness of working. The following in-house training courses were arranged :

1. Project Management
2. Leadership Development
3. On the Job Training (OJT)

In addition, the Company has also provided an opportunity for employees to participate in public training including being on the job trained by each department head to increase employees' capability to be more effective and utilize all knowledge gained for themselves and the organization;

4. Adhering to the principle of ISO 9001:2008. In 2011, the Company gave precedence to performing in accordance with the quality management system for which internal inspection has been made continuously to ensure that employees' working are performed in accordance with the stipulated quality management policy and to satisfy customers as well as to show that their performance was improved and developed continuously;
5. Arranging activities to enhance employee relation and unity within the organization. The various activities such as luncheon party for employees were arranged every 2 months to avail an opportunity for executives to meet with staff for question and answer. Moreover, the Company also invited the external guest speakers to give useful information to employees; for example; inviting the securities company's personnel to give information of LTF and RMF for personal income tax saving, etc;
6. Creating spirit and willpower of employees during crisis. In 2011 even though the Company faced Thailand flood crisis affecting the head office and some of employees' houses, the assistance for required employees was provided by arranging them a temporary accommodation with round trip transportation including lunch at free of charge. Moreover, after flood, funds and loan with interest-free for affected employees whose houses were damaged by flood were also provided including cleaning service team. The aforementioned assistance package was served to employees during tough time and enabled the Company not to suspend but continue its operation as usual which was a result of assistance and kindness reflecting each other between the Company's executives and employees during the crisis;
7. Preparing employees to be ready for Asean Free Trade Area (AFTA). The Company arranged English training courses for required employees with classification of level to be basically ready for English communication usage; and
8. Emphasizing on human rights respect, no involvement to violation of human rights and no gender discrimination such as employment of female engineers and people with disability, etc.

► **Labor Legal Dispute during the Past Three Years**

The Company has no labor legal dispute during the past three years which has adverse effect to the Company's assets of more than 5% of the shareholders' equity as of 31 December 2012.

The disputes on labor issues arise from the compensation claim of the temporary staff.

Most of them are employed by The Company or Sahakarn Wisavakorn Co., Ltd. and the employment period is based on each construction project period. All the labor disputes are discussed and agreed before any legal action has been taken.

#### **(6) Internal Control**

Refer to the 1/2012 Board of Directors Meeting held on 28 February 2013, the Board of Directors has evaluated the adequacy of the Company's 2012 internal control system according to the evaluation form for internal control system that includes five aspects: organizational control and environment measure, risk management measure, management control activity, information and communication system and monitoring. This evaluation was based on the information received from the discussion with management, the documents prepared by the management as well as the initial evaluation of the Audit Committee. The Board of Directors deemed that the Company and its subsidiaries have a sufficient internal control system which includes the adequate internal control system for the transactions between the Company and the major shareholders, directors, management and related parties. In addition, the Board of Directors agreed that the current internal control is sufficient to prevent the unauthorized or fraudulent uses of the Company's and its subsidiaries' assets.

For the internal control system improvement in 2012 according to the 2012 Management Letter from the auditors of Company and Sahakarn Wisavakorn Company Limited, there was no any significant observations.

#### **(7) The Dividend Policy**

The Company has a policy to pay approximately 40% of its net profit after tax and legal reserve as dividends. However, the dividend payout may be changed subject to future investment plans and any other actions that deem necessary and appropriate under the condition that those actions must be taken for the best interests of shareholders such as the provision for loan repayment, the new investment in business expansion, or in the case of any adverse change that may affect the Company's future cash flow. The Board of Directors is authorized to consider the dividend payment, however, the resolution of dividend payment must be proposed for the approval of Shareholders' Meeting except for the case of interim dividend payment as the Board of Directors has the authority to approve before informing the interim payment to the subsequent Shareholders' Meeting.

The history of the dividend payment is as shown in Item 8. "Management Discussion and Analysis of Financial Status and Performance 2012", sub-item of "Return to Shareholders" Page 98

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

## 6. Corporate Governance

The Company recognizes the significance of corporate governance as a key factor to add value and enhance sustainable growth to the Company. Thus, the Company establishes a written Corporate Governance policy and business ethics disseminated on the Company's website and given as a regulation for all employees to adhere to.

In 2012, the Company obtained 88% (Very Good) average score of the corporate governance assessment undertaken by Thai Institutes of Directors (IOD), higher than 77% average score of overall registered companies.

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

### 1. Rights of the Shareholders

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

In 2012, there was only one meeting held; the 2012 Annual General Meeting of Shareholders on 27 April 2012 and during the year there was no any extraordinary meeting held.

The Company has performed in compliance with the good corporate governance practice as follows:

#### ► Before the Annual General Meeting of Shareholders day

On 7 October 2012, the Company opened for the shareholders, through the ELCID system of the Stock Exchange of Thailand and the Company's website ([www.trc-con.com](http://www.trc-con.com), item "Investor Relation") to propose the meeting agenda for the 2012 Annual General Meeting of Shareholders and nominate the qualified person to be a director. The proportion of holding shares, of either single shareholder or numerous ones, not less than 150,000 shares or 0.045% of all paid-up shares was set out as condition for the shareholders proposing the agenda for the AGM. The information can be proposed during 10 October – 15 February 2012 prior to the Remuneration and Nomination Committee Meeting in order to consider one-third of directors retiring by rotation. The Board of Directors later



considered the retired ones and approved the issue as one of the agenda of the shareholders' meeting. The shareholders could inform their proposed issues through 3 channels; e-mail to the Chairman of the Audit Committee or secretary to the Board, facsimile and post mail. However, there was no any proposed issue from the shareholders.

In order to provide shareholders an opportunity to go through the meeting notices in advance, the Company disseminated meeting notices and related documents on 28 March 2012 both in Thai and English languages through the Company's website which was 30 days prior to the 2012 General Meeting of Shareholders date and also informed shareholders of the disclosure through the Stock Exchange of Thailand's ELCID system for investors and shareholders' acknowledgement.

The Company sent the meeting notice enclosed with supporting information of each agenda to the shareholders not less than seven days prior to the meeting date and also published the notice in a newspaper not less than three continuous days prior to the date of the meeting. Each agenda contained the Board of Directors' opinion with supporting information for shareholders' consideration.

#### ► **The General Meeting of Shareholders Day**

The 2012 Annual General Meeting of Shareholders was attended by 8 directors (from totally 9 directors). The absent directors were Assoc. Prof. Kamjorn Tatiyakawee, MD. due to his urgent tasks. The AGM was also attended by Chairman, Chief Executive Officer (highest executive), President and the representatives of the Auditor. Prior to the meeting, the chairman of the meeting introduced directors and the auditors to the meeting including explaining the method of casting votes with ballot for the agenda of appointment of new directors in place of those retiring by rotation and others in case that shareholders disagreed or abstention.

The meeting proceeding was held in sequence of the meeting agenda without any additional ones unstipulated in the notice of the meeting. For the agenda of directors' remuneration, the policy of remuneration and procedure was separated into remuneration for directors and sub-committee. During the meeting, the chairman of the meeting allowed all attending shareholders to cast their votes on individually basis for the agenda of director appointment and they could appoint the qualified candidates by casting votes with ballot as an evidence of appointment. The shareholders could equitably and freely express their opinions, suggestion or ask questions relating to the Company's performance before exercising their voting rights.

#### ► **After the General Meeting of Shareholders Days**

After the meetings, the Company recorded all significant inquiries and opinions raised in the meeting as well as voting records of each agenda separately in term of agreement, disagreement and abstention in the Minutes of the Meeting in order to be reviewed by the shareholders. The Company later submitted the minutes to the Stock Exchange of Thailand and the registrar of the public companies

limited, Department of Business Development, Ministry of Commerce on 10 May 2012 which was within the specific 14 days and the meeting information in both Thai and English including meeting's recorded sound through the Company's website.

## **2. Equitable Treatment of Shareholders**

The Company has a policy to value and treat all shareholders fairly through the following actions:

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

- Allowing each shareholder who cannot attend the shareholders' meeting to use the proxy form to appoint other person to attend the meeting and vote by proxy. In addition, each shareholder can use the proxy form to appoint the Chairman of Audit Committee, or the Chairman of the Board of Directors, or the President to attend the meeting and vote by proxy.

- Disclosing the notice of the meeting and related documents through the Company's website earlier 30 days prior to the meeting date and sending such a notice to shareholders 7 days prior to the meeting date.

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

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

- To avoid any conflicts of interest, the Company sets stricter regulations on connected transactions than the Stock Exchange of Thailand's regulations. The details are in the item "Criteria or procedure for connected transactions" on Page 93 And in every quarter, the summary report on connected transactions, including names, relationship, item description, value of transactions, and related necessity and rational, is submitted to the Audit Committee and the Company's Board of Directors for further considerations and recommendations. (In 2012, there was no any connected transaction.) The Board of Directors also sets the policy on the prevention of insider trading. The details are as per the item "The Uses of Internal Information Control" on Page 65 The Secretary to the Board of Directors will remind directors and management via email in advance to acknowledge the silent period (1 month prior to disclosure of the financial statements to the public).

- The Company has never failed to perform in compliance with the Stock Exchange of Thailand's and the Securities and Exchange Commission's regulation of gaining and sale of assets.

- All changes of shareholding of directors and managements will be proposed to the Board of Directors' Meeting for acknowledgement.

### **3. Roles of Stakeholders**

The Company realizes the importance of those internal and external stakeholders as all their supports can strengthen the Company's competitiveness and enhance the profit. Therefore; the Company will perform its business in line with the related laws and regulations in order that the stakeholders can obtain a good attention and also has provided the policy on the treatments of those various group of stakeholders in the written code of business ethics of which the Company has announced to all employees to acknowledge, recognize, and adhere to.

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

#### **► Employees**

The Company emphasizes on human right respect and treat labors on fairly basis. The policy on human resources development was set to develop knowledge, capability and skills for employees' responsible tasks and also arranged reward, welfare, life quality and safety on fairly basis as per details of "Human Resource Development and Management Policy" on Page 66 In addition, the Company has continuously encouraged employees to attend the advantageous training courses including arranging trips for engineering ones to work with oversea partners for further development of their capabilities.

In 2012, The Company issued the announcement of salary structure, criteria for level promotion and position name definition in order that human resource management can be conducted clearly, suitably and in line with the economic situation and the Company's business operation. Those can be applied as guideline for the Company's operation and its subsidiaries. In addition, the meeting among concerned parties was held in which questions and answers were raised for more clarification.

#### **► Shareholders**

The Company is constantly responsible for shareholders, and gives rights to all shareholders on equitable treatment basis. The Company aims to achieve business growth and competitiveness, as well as to create appropriate and sustainable wealth to shareholders, by setting a dividend payout policy of not less than 40 percent of the net profit annually.

► **Competitors**

The Company has its policy to support the cooperation of the business competition for the highest benefit of the customers under the free competitive covenant on fairly basis, has not search for confidential information of the competitors by dishonest and inappropriate method, non-discloses or neglects until the Company's confidential information leaked to the competitors, not defamed the competitors by calumniating or other inappropriate methods and omitted any unfair persecution or lost opportunity against the competitors.

► **Customers**

The Company and its subsidiaries commit to serve punctual and quality service with fair price to customers' requirements and strictly perform in accordance with the conditions and contracts. Also, the customers' confidential information has been protected and not used for other persons concerned or their benefits.

The Company places importance on safety during project execution and completion of works to be delivered as the absolute first priority since nature of business is the service construction of energy and petrochemical industries. The Company also emphasizes on training of the Quality Assurance Department continuously in order to obtain standard of works under the highest safety. In 2012, the Quality Assurance Department was launched the "Young Engineer" Program to emphasize on knowledge of safety and quality management for working of new engineers.

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

► **Trade Partners**

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

► **Creditors**

The Company and its subsidiaries strictly comply with all agreements made with financial institution creditors and all trading agreements made with trade accounts payable, especially goods and service payment. In each year, construction site visits are arranged for creditors to acknowledge

the progress of the project they have supported the project financing and also there will be meetings held between the Company's management and the creditors to review and consider the appropriate credit line, mortgages, condition and financial fee for good relationship between both parties.

► **Intellectual Properties or Copyright and Corruption Opposition**

The Company has its policy not to violate intellectual properties or copyright no matter in term of designing, computer program usage or others related to business operation, oppose corruption and abstain from taking or receiving bribes for business interest of the Company itself, relatives and related persons.

► **Policy and Practices to Society and Community**

The Company and its subsidiaries are aware of their responsibility to society, community, and environment. Therefore, the budget for social activities has been provided for social, community and educational contribution as per the 2012 activities:

1. The Company and its subsidiary, Sahakarn Wisavakorn Co., Ltd. arranged the project of "Pan Nam Jai Sang Roi Yi Hai Nong" (means TRC's goodwill for children's smile) at Ban Nong Pan School, Tambon Nadee, Ubon Ratchathani Province on the National Children's Day, 14 January 2012. The school is located nearby the plant of ethanol project of Ubon Bio Ethanol Company Limited, Tambon Na Yia, Na Dee District, Ubon Ratchathani Province, of which the construction was executed by Sahakarn Wisavakorn Co., Ltd. The playground and exercise stage were renovated for more safety, sport equipments and playground equipments were procured to replace the old damaged ones including the bicycles for being borrowed by students for round trip between their house and school for their parents' cost saving.





- 2) Blood Donation to Rajavithi Hospital on the occasion of the 58th Anniversary of the Establishment of Sahakarn Wisavakorn Co., Ltd. and under place supported by Thai Petroleum & Trading Co., Ltd was arranged. This activity has been held continuously in February on annually basis since 2008;



- 3) Sahakarn Wisavakorn Co., Ltd. supported materials, equipment and manpower to build the foundation of water tank and the distribution pipeline system to replace the old ones which was damaged by storms. Those were given to Wat Pa Huai Yang, Na Yia District, Ubon Ratchathani where the plant of ethanol project of Ubon Bio Enthanol Co., Ltd, is located and constructed by Sahakarn Wisavakorn Co., Ltd.





- 5) The Company joined with Thai List Companies Association owing the 2011 flood relief project “Recover Schools for Children and Create Relationships to Community” to rehabilitate the Health Promoting Clinic of Tambon Bang Toey, Sam Khok District, Pathumthani Province. Besides, the sediment water filter for artesian water and the 500-litre water storage tank were donated to Seeyaek Bangtoey Primary School for good health of teachers and students.

#### Before





After



- 6) The Program of “Office Visits Site” was arranged for TRC executives and office staff to the ethanol project of Ubon Bio Ethanol Company Limited, Tambon Na Yia, Na Dee District, Ubon Ratchathani Province, of which the construction was executed by Sahakarn Wisavakorn Co., Ltd. After site visit, all visitors joined in the activity of temple renovation for repainting of pavilion and restrooms and also offering Phapa (or the forest robe or a robe left for the monks to take as a discarded cloth) to the monks of Wat Pah Huay Yang, Na Yia District, Ubon Ratchathani located nearby the visited site.





- 7) On the occasion of the 80th Birthday of H. M the Queen, TRC and Sahakorn Wisavakorn executives and staff working at Ubon Bio Ethanol Project jointly donated blood to the Blood Mobile Unit of Thai Red Cross at the site .



8) The Company has participated with the Lumbini Sacred Garden Renovation Project which has been implemented by Thai Pheung Pha Foundation. Lumbini is the Buddha's birthplace and historical monument registered by the UNESCO. The Company participation are the following project management with free of charge of the 3 main works:

1. The construction of pathway from Santiphab to Mayathevi Hall, approx. 700 metre of length;
2. The construction of circle for establishment of Buddha image, birth posture "Little Buddha" which has been more 50% completion especially foundation and main structure and the foundation stone laying was on 25 November 2012.; and
3. Multipurpose building construction for exhibition, first aid room and restrooms for travelers and pilgrims are expected to be completed within 2013.



► **Policy and Practice on Quality Management System, Health, Safety and Environment**

The Company and its subsidiaries disclose a policy on quality, health, and environmental matters in the Company's website to be strictly in line with the regulations and laws related to quality management system and environmental management. In addition, the Company manages all environmental matters with recognition of environmental concern and encourages all employees to work with safety and realization of environmental concern as one of their responsibilities.

The Company substantially performs in relation to a policy on quality, health and environmental matters as follows:

1. The Company and Sahakarn Wisavakorn Co., Ltd. have been accredited for ISO as follows:

- The Company has been accredited for ISO 9001:2000 and ISO 9001:2008 certifications in February 2007 and February 2010, respectively.
- Sahakarn Wisavakorn Co., Ltd. has been accredited for ISO 9001:2008 certification in January 2009.

In each year, there are the inspection and assessment of departments' operating performance undertaken by the Company's quality management team together with ISO certifying company 2 times per year to oversee and ensure that the Company has performed in accordance with the requirements of ISO 9001:2008.

2. In 2009, the Company restructured the organization chart to put Health and Environment and Quality Control Departments to directly report to the President (formerly report to Operation Unit) since the Company emphasizes on quality control and environmental and social care policy. Since 2010, the Quality Control Manager was appointed to be responsible for quality assurance and control (QA/QC) to be in line with the new organization chart.
3. In 2011, the advisor was appointed to inspect and follow-up performance of the Operation Unit during the construction period to ensure that all performances are in line with the mitigation measure for environmental impact and policy on quality, health and environmental matters. After such an inspection and following-up, the report was arranged to conclude operating performance in accordance with the aforementioned measure for environmental operating plan as well.
4. The Company has Health and Environment Department set out planning and training courses for employees to acknowledge the advisor's recommendations and guideline of practice for health and environment including timeframe of improvement periodically to enabling the Company to correctly and continuously improve operating performance in accordance with the mitigation measure.
5. The Company encourages employees to utilize resource effectively and realize in an importance of environment including arranging activities to reflect environmental concern such as worthwhile use of 2-side paper, additional lighting throughout the office area for eye preservation as well as clean & tidy office campaign, etc which have encouraged employees in the public environmental awareness.
6. The Company has arranged knowledge transfer and training courses on safety, health and environmental issues to all employees and the followings are activities arranged in 2012 :
  - training courses for employees working at all sites of the natural gas pipeline construction projects to be as protection measure and to control gas leakage accident for health and environmental safety;
  - training course and drying run on fire fighting and mitigation;



- training course for workers working for crane operation to be as protection measure and controlling any accident maybe occurred by crane operation; and
- arrangement of material safety data sheet (MSDS) to be used as guideline for chemical safety usage with the instruction for handling accident of each chemical usage to be as protection measure and controlling any accident maybe occurred by chemical usage.

► **Channel for stakeholders' contact and complaint**

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

1. by emailing to the Chairman of the Audit Committee at [chairman.auditcom@trc-con.com](mailto:chairman.auditcom@trc-con.com) or via the Company's website ([www.trc-con.com](http://www.trc-con.com)) by clicking the icon of "send email to Chairman of the Audit Committee;
2. by emailing to the Company Secretary at [ounruen@trc-con.com](mailto:ounruen@trc-con.com); and
3. by emailing via the icon of "Contact us" as shown in the Company's website.

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

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

► **Shareholder Structure**

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

► **Remuneration for the Directors and Managements**

The Remuneration and Nomination Committee and the Board of Directors set a clear and transparent policy on remuneration for the Directors and Managements in conformity with the industry norms. The Annual General Meeting of Shareholders approves the remuneration package including the compensation and the bonus for the Directors.

According to 2012 Annual General Meeting of Shareholders' resolution, all Directors are entitled to receive monthly remuneration and bonus for the Chairman of the Boards and independent directors as well as the meeting fee for the sub-committees (only the ones who are independent directors and no

meeting fee for executive directors) consisting of the Audit Committee, Remuneration and Nomination Committee and Corporate Governance Committee. The directors' remuneration paid in 2012 is totally Baht 3.10 million (excluded 2012 bonus for directors which will be approved by 2013 Annual General Meeting of Shareholders but included 2011 bonus for directors paid in 2012). Details of remuneration for directors are as shown individually on Page 63

Directors' remuneration package in 2012 can be summarized as follows:

1. Retainer fee or monthly remuneration for the Chairman of the Board of Directors at Baht 50,000/month, for the Chairman of the Audit Committee at Baht 25,000/month, for the other 2 Audit Committee and 2 independent directors at Baht 20,000/person/month and for 3 executive directors at Baht 10,000/person/month.
2. Special remuneration or annual bonuses for the 2011 operating performance were approved by the 2012 Annual General Meeting of Shareholders for the Chairman of the Board of Directors at Baht 200,000 and 5 independent directors at Baht 100,000/person, totally Baht 700,000.

The annual bonuses for the 2012 operating performance will be considered, later proposed for preliminary approval of the Board of Directors Meeting and final approval of the 2013 Annual General Meeting of Shareholders Meeting to be held in April 2013, respectively.

3. Meeting fee for the Audit Committee, Remuneration and Nomination Committee and Corporate Governance Committee at Baht 10,000/person/meeting (for independent directors only).

In 2012, remuneration for directors and committees were as follows:

(Unit: Million Baht)

	2012 Monthly Remuneration	2011 Bonus	2012 Meeting Fee
- Board of Directors	} 2.20	} 0.70	none
- Audit Committee			0.12
- Remuneration and Nomination Committee			0.04
- Corporate Governance Committee			0.02
Total	2.22	0.70	0.18
<b>Grand Total of 2012</b>		<b>3.10</b>	

For its subsidiaries, during 2012, there was only remuneration provided for directors of Sahakarn Wisavakorn Co., Ltd. in a form of monthly remuneration at Baht 10,000, totally paid in 2012 at Baht 0.59 million.

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

► **Report of Interest of Directors**

In 2012, the Company had set a policy to have directors and executives to report their interests by arranging a report form of interest of directors and executives (first report) and have the Company Secretary propose them to the Chairman's of the Audit Committee and the Chairman of the Board of Directors. And, every change to such an interest is required to be reported to both of them.

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

► **Connected Transactions**

In 2012, there was no any connected transaction.

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

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

The followings are shareholding of directors and managements as end of 2012:

Name-Surname	Position	Shareholding in TRC directly and indirectly as end of 2012
1. Mrs. Paichit Rattananon	Chairman of the Board of Directors	79,452,611 shares (23.61%)
2. Assoc.Prof. Kamjorn Tatiyakavee, MD.	Independent Director and Chairman of the Audit Committee and Remuneration & Nomination Committee	277,142 shares (0.082%)
3. Assoc.Prof. Pises Sethsathira	Independent Director, Audit Committee and Remuneration & Nomination Committee	none
4. Assoc.Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director, Audit Committee and Remuneration & Nomination Committee	100,000 shares (0.030%)
5. Pol. Lt. Gen. Jarumporn Suramanee	Independent Director, Remuneration & Nomination Committee and Corporate Governance Committee	200,000 shares (0.059%)
6. Mr. Arun Chirachavala	Independent Director and Chairman of the Corporate Governance Committee	none
7. Mr. Smai Leesakul	Chief Executive Officer and Remuneration & Nomination Committee	2,700,000 shares (0.802%)
8. Mr. Paitoon Goserakwong	President	none
9. Mrs. Podchanee Phaosavasdi	Director and Vice President of Corporate Affairs	none
10. Mr. Sakda Tantivathanagul	Asst. Vice President - Operations	none
11. Mr. Chaveng Resrikitti	Asst. Vice President - Operations	none
12. Mr. Pasit Leesakul	Vice President of Project Development and Investment	none
13. Miss Ounruen Sujarittham	Corporate Finance Manager and Company Secretary	192,000 shares (0.057%)
14. Miss Rewadee Ardham	Finance and Accounting Manager	none

### ► Communication Channels to the Public

The Board of Directors recognizes the significance of correct, complete, timely, transparent, and thorough information disclosure, and assigns Mr. Smai Leesakul, Chief Executive Office, Mr. Pasit Leesakul, Vice President of Project Development and Investment Division, and Ms. Ounruen Sujarittham, Corporate Finance Manager and Company Secretary, as focal points of investor relation to communicate with investors, shareholders, analysts, media, and other organizations concerned. Investors can access all information relating to the Company by contacting the Company Secretary at Tel. +66 2936 1660 ext. 178, Email Address : [ounruen@trc-con.com](mailto:ounruen@trc-con.com) or via website: [www.trc-con.com](http://www.trc-con.com), item "Contact us".

In 2012, the Company constantly communicated and provided information to analysts, investors, shareholders, and media in various forms as follows:

1. Participation in the activity of Opportunity Day for the operating result of 2011 and the 1<sup>st</sup> – 3<sup>rd</sup> quarter of 2012.
2. In March 2012, Mr. Smai Leesakul, Chief Executive Officer, gave an interview to the " Weekly Money Talk Show" Program to communicate the Company's nature of business, operating result and direction of business operation to the investors.
3. Mr. Pasit Leesakul, Vice President of Project Development and Investment Division, joined as guest speaker in the seminars and gave an interview via TV programs as follows:
  - Being co-guest speaker for the seminar of the " 2<sup>nd</sup> Ruamphol Khon Thanhoon Sanjorn of 2012" organized by Thanhoon weekly newspaper on June 30, 2012 at Pracha Samosorn Room, Centara & Convention Centre, Khon Kan.
  - Being co-guest speaker for stock analysis festival – SET in the city on " In-depth Analysis of Business " on November 23, 2012 at Siam Paragon.
  - Giving an interview via TV program "Executive Talk ", E-Investor Channel, of <http://www.efinancethai.com> broadcasted in November 2012
  - Giving an interview via TV program " Khaphoon Jortalad", Spring News Channel, on " Business Direction Class 2 " broadcasted in December, 2012.
4. Publicizing via video and 2012 TRC stock analysis via TRC' s website, item "Investor Relation", sub-item "News and VDO" about the Executives' interviews and co-guest speaker participation for various occasions, Opportunity Day activity and the 2012 Annual General Meeting of Shareholders.
5. Updating the Company' s website to contain both Thai and English versions. (Formerly, TRC' s website was arranged in English version only.)
6. Arranging an opportunity for analysts of securities companies to meet with the Company' s executives.



#### ► Financial Statements and Auditors

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

The financial statements were certified by the auditors without any condition.

In 2012, the Company had no past record of being ordered to amend the financial statements by the Securities and Exchange Commission and the Stock Exchange of Thailand and also no record of delay of both quarterly and yearly submission of financial statements.

### 5. The Directors' Responsibilities

#### ► Vision, Mission, Good Corporate Governance and Business Ethic Policy

The Board of Directors has set out the vision, mission, good corporate governance and business ethic policy in written and discloses on the Company's website and also attaches as one part of working regulation of employees.

In 2012, the improvement for good corporate governance and business ethic was improved to be in line with the business operation and in accordance with the guideline practice of Thai Institutes of Directors on consideration of good corporate governance of listed companies in 2011. The good corporate governance policy and business ethic were disclosed via the Company's website, item "Corporate Governance" .

#### ► Directors' Qualification and Structure

The Board of Directors consists of qualified personnel with various skills and working experiences. A number of independent directors are 5 of 9 representing 56% of a total number of directors. In each year, one-third of total directors have to resign from the Board of Directors' term and according to the Company's policy, individual director can serve as director of not more than 5 listed companies. In addition, the Chief Executive Officer and President have to report to the Board of Directors in case they serve in the position of directors in other companies.

#### ► Orientation Program for New Director

The Company arranged new video presentation in 2011 to introduce the Company's business for new director and public. The video presentation was disclosed on the first page of the Company's website. In addition, the slide presentation was arranged for Chief Executive Officer to orientate new director. The video and slide presentation are also used for new employee's orientation program.

#### ► **Directors Self-Assessment**

The Board of Directors has defined its policy to have all directors undertake the Boards' self-assessment for their performance in each year beginning from 2007 onwards. Such an assessment is divided into 6 main items; directors' structure and qualification, scope of duties and responsibilities, Board of Directors' meeting, directors' performance, relationship to the management, and self-development of directors and management. In each item, it contains all related information to be as additional supporting information for consideration. Such an assessment form has been revised on yearly basis. The assessment will be subsequently proposed to the Remuneration and Nomination Committee and Board of Directors Meetings for acknowledgement and unanimously seek for the way to improve the item obtaining scores lower than or reducing from last year.

The overall of operating performance of the Board of Directors for the year 2007-2012 are ranked at more than 90% or at the level of "Excellent".

#### ► **Performance Appraisal for Chief Executive Officer and President**

The Board of Directors assigns the Remuneration and Nomination Committee to handle the performance appraisal for Chief Executive Officer and President on annually basis and also determine the annual remuneration for both of them prior to proposing the appraisal result for consideration of the Board of Directors Meeting for approval of their remuneration annually.

#### ► **History of Misconduct against the Regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission**

The Company has no record of misconduct against the regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission.

#### ► **Sub Committees**

The Company's Board of Directors has appointed four committees of which their members are the Company's directors to carry out specific tasks as assigned. Those four committees are the Audit Committee, the Executive Committee, the Remuneration and Nomination Committee and Corporate Governance Committee whom are authorized to request the management to clarify any issues or to submit a specific report as well as to appoint any external advisor to provide a specific opinion as deemed appropriate.

#### ► **The Audit Committee**

The Audit Committee consists of 3 independent directors whose qualifications are in line with the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission (as details shown in the Item of "The Director Nomination", sub-item on "Criteria for Independent Directors' Nomination", Page 62 (in which the proportion of share holding of the independent directors was set not less than 0.75% more strictly than 1% as set by the Securities and Exchange Commission's

regulations). The Audit Committee's scope of duties and responsibilities are as shown in the Item "Audit Committee", Page 54

The Company set up the internal audit department since December 2004 directly reporting to the Audit Committee.

► **The Executive Committee**

The Executive Committee consists of directors and executives of the Company, excluding the Chairman of the Board of Directors, who are responsible for day-to-day business operations and as assigned from the Board of Directors. This committee was appointed to facilitate the Company's operations for which the Board of Directors has approved the scope of duties and responsibilities of the Executive Committee in written for management clarification and transparency.

The Executive Committee has also performed their duties as the Risk Management Committee. Furthermore, an invitation to the honor experienced persons from the external organization is also undertaken to join in to be more effective and mitigate bias that may be incurred during risk assessment.

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

► **The Remuneration and Nomination Committee**

The Remuneration and Nomination Committee has been appointed in 2009 consisting of 4 independent directors and Chief Executive Officer (the Chairman of this committee is Assoc. Prof. Kamjorn Tatiyakavee MD, the independent director) to perform their duties according to the charter approved by the Board of Directors. In 2012, there was one meeting in which consideration of directors nomination in place of those retiring by rotation was made.

In February 2012, the Board of Directors additionally approved the authority of this captioned committee to consider and determine budget and framework for entire salary increment and annual bonus and approved the revised charter of 2012 as uploaded in the Company's website.

### ► Corporate Governance Committee

The Corporate Governance Committee has been appointed in 2012 consisting of 2 independent directors and one executive director (the Chairman of this committee is Mr. Arun Chirachavala, one of the independent directors) to perform their duties according to the charter approved by the Board of Directors. In 2012, there was one meeting in which consideration of draft of corporate governance policy and business ethic of 2012 was made prior to being proposed the Board of Directors for approval and acknowledgement as well as comment on the Company's CSR activities.

### ► Directors' Report

The Company's Board of Directors is responsible for the Company's financial statements arranged in accordance with the general accepted accounting including adequate disclosure of significant information in the notes to financial statements. The directors' report towards the financial statements will be arranged yearly for disclosure in the annual report.

The Board of Directors appointed the Audit Committee, consisting of independent directors, to oversee the quality of such reports as well as the internal control system. The report of Audit Committee shall be submitted to the Board of Directors' Meeting and published in the Company's annual report as well.

The Board of Directors set out the policy for directors to report their interest on yearly basis including every change to such an interest and assigned Secretary to the Board of Directors to propose the report copy to the Chairman of the Board of Directors and Chairman of the Audit Committee.

### ► Successor Plan

The Board of Directors approved the criteria for Chief Executive Officer and/or President nomination and also the successor plan in case of emergency and retirement to protect an impact to the business.

- Approved the successor plan of Chief Executive Officer and President and defined the policy for high rank of executives from Vice President position upwards to make his/her successor plan and pass on knowledge of working to potential employees qualified for his/her replacement in case of emergency or retirement.
- Qualifications of Chief Executive Officer and/or President as per followings :
  - Being graduated not lower than Master degree in Engineering or Business Administration or related fields. In case of bachelor degree, it is subject to the discretion for other qualifications to be considered by the Remuneration and Nomination Committee.
  - Experience in top management level not less than 10 years
  - Having leadership and wide-rank of vision character
  - Being capable of handling the strategic planning and organization management.
  - Being capable of making decision and problem solving deliberately with recognition of the Company's highest benefit.

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

As of 31 December 2012, the Company's Board of Directors consists of nine directors including:

- |   |   |         |
|---|---|---------|
| - Chairman, representative from major shareholder | 1 | person  |
| - Independent directors                           | 5 | persons |
| - Executive directors                             | 3 | persons |

► **Aggregation or Segregation of Positions**

The Company segregates positions of Chairman of the Board of Directors, Chief Executive Officer, and President. In addition, one-third (1/3) of directors are independent directors enabling balance of power and management review.

► **Remunerations for Directors and Management**

The Remuneration and Nomination Committee proposes directors' remuneration and bonus to the Board of Directors Meeting to later propose to the Annual General Meeting of Shareholders for approval. The remunerations was passed the resolution of the committee in term of appropriateness in comparison with other listed companies. The Company's remunerations for directors are in a form of monthly payment, meeting attendance fee and bonus. The management's remuneration will be in accordance with the principle and policy as set by the Board of Directors and in relation to the company's operating performance and corresponding to their responsibilities.

► **Directors and Management Development**

The Company has set its policy to officially arrange the management meeting in a form of workshop among all concerned executives at least once a year to be as a channel to convey and communicate the policy, target and direction as well as business strategy of the company's operation. The honor experienced guest is also invited to join in this meeting to be as lecturer on interesting knowledge. This kind of meeting is opened for participation of management employees in all levels from head office and site office and provides an opportunity for them to raise questions and propose their recommendations and opinions for further development of the company.

The Company Secretary usually informs of all relevant rules and regulations of the Securities and Exchange Commission, Stock Exchange of Thailand or varied organization including publicizing seminars and activities held by the said authorities and required for the Board of Directors' acknowledgement. For example, in 2012, the seminar of "Financial Instruments for Directors" held by the Stock Exchange of Thailand was informed and participated by the Company's directors.

In addition, the Board of Directors encourages all directors to continually participate in the various training courses which will beneficial for their duties such as Director Certification Programs held by Thai Institute of Directors, SET's seminars, etc. (see history of directors' training courses in the Item of "Board of Directors and Executives", Page 6-19

In 2012, directors and executive participation in the training courses and seminars are as follows:

- The executive and section head engineers participated in the seminar of “Project Budget Management” on the purpose of gaining knowledge of project budget management and controlling by ERP Mango System.
- The directors participation in the seminar of “ Financial Instruments for Directors” held by the Stock Exchange of Thailand are Mrs. Paichit Rattananon and Mr. Paitoon Goserakwong.
- Mrs. Podchanee Phaosavasdi, director and Vice President of Corporate Affairs Division, participated in the 1/2012 IOD Tea Talk on “ Thailand Competitiveness : Making Corporate Governance Productive” held by Thai Institute of Directors.

► **Board of Directors’ Meeting**

The Company’s Board of Directors is scheduled to be held at least one meeting for every three months. The Chairman of the Board of Directors is responsible to conclude all the meeting agenda and to provide opportunities for all directors to express their opinions and discuss as well as to summarize all issues and conclusions of the meeting.

The attendances of each director in 2012 are summarized as follows:

Director	Number of Meeting Attendance in 2012			
	Board of Directors	Audit Committee	Remuneration & Nomination Committee	Corporate Governance Committee
1. Mrs. Paichit Rattananon	8/8	-	-	-
2. Assoc. Prof. Kamjorn Tatiyakavee, MD.	8/8	4/4	1/1	-
3. Assoc. Prof. Pises Sethsathira	8/8	4/4	1/1	-
4. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	8/8	4/4	1/1	-
5. Pol. Maj. Gen. Jarumporn Suramanee	8/8	-	1/1	1/1
6. Mr. Arun Chirachavala	8/8	-	-	1/1
7. Mr. Smai Leesakul	5/8	-	1/1	-

Director	Number of Meeting Attendance in 2012			
	Board of Directors	Audit Committee	Remuneration & Nomination Committee	Corporate Governance Committee
8. Mr. Paitoon Goserakwong	8/8	-	-	-
9. Mrs.Podchanee Phaosavasdi	8/8	-	-	1/1

The Board of Directors has set up the policy for meeting arrangement among independent directors without participation of executive directors and management at least once a year starting from 2012 onwards. In 2012, there was such a meeting in November.

► **Company's Secretary**

Since 2007, the Board of Directors has appointed Miss Ounruen Sujarittham, Corporate Finance Manager, as Company Secretary to support all works of the meeting agenda arrangement, the invitation letter and the relevant documents, to facilitate the meeting, to file all of the documents related to the meeting as well as to provide recommendations on the appropriate procedures that should be taken in compliance with the relevant laws, rules and regulations.

## 7. Connected Transactions

In 2012, there was no any connected transaction.

### Procedures on the Approval of Connected Transactions

The 2/2005 Board of Directors' Meeting dated 19 May 2005 has set the procedures for undertaking connected transactions in the future that all the connected transactions must be reviewed by the Audit Committee and/or the Board of Directors who shall provide their opinions of the necessity and appropriateness of such transactions. Also, all prices and conditions of such transactions must be compared with those of the transactions between the Company and the outside parties to check that they are comparable with conditions of normal business practices. With a purpose of flexibility in operation, the Board of Directors approved the Company to be able to enter into any connected transactions that are normal business practices such as a construction service or a subcontracting work for the amount of not more than Baht 30 million under the condition that all the prices and other conditions of such transaction must be comparable to the normal business conditions. For the best interest of the Company, the meetings of the Audit Committee and/or the Board of Directors must acknowledge and provide the opinion upon such transactions. Furthermore, the following connected transactions must be reviewed and approved by the meetings of the Audit Committee and/or the Board of Directors before undertaking:

- ▶ The connected transactions that are neither normal business practice nor supportive to the normal business of the Company;
- ▶ The connected transactions whose prices and conditions are different from normal prices and conditions that the Company normally undertakes with outside parties.
- ▶ The connected transactions that are normal and supportive to the normal business of the Company under normal prices and other conditions whose value exceeds Baht 30 million.

The conflicted persons (as specified in the Company's article of association and the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand) must not perform any duties in relation to the transactions that they are related or might have conflicts of interests.

The Board of Directors shall govern the Company's operation to ensure that they are in compliance with the securities laws and the regulations of the Stock Exchange of Thailand including the regulation with regard to the information disclosure of the Connected Transaction and the Acquisition and Dispositions of assets of the Company or the subsidiaries (if any). Such compliance shall include the compliance of the accounting standard specified by the Accountant Association.



In case that the Audit Committee and/or the Board of Directors have no expertise in any of the connected transaction, the Company shall appoint independent expert or the Company's auditor to provide their opinion on such transaction for the Audit Committee and/or the Board of Directors and/or the shareholders as appropriate. The Company shall disclose the details of related transactions in the notes to financial statements that are audited by the auditor of the Company.

### **Approval on Principle of Normal Connected Transactions**

According to the Securities and Exchange Act (No. 4) B.E. 2551 which was effective from 31 August 2008 onwards, the connected transactions which are normal business have to be proposed and approved by the Board of Directors' Meeting or the Board of Directors should approve in principle for proceeding of normal transactions. Previously, such transactions can be done by the management without any approval by the Boards.

For the Company, the Board of Directors' Meeting in 2005 had approved in principle that the connected transactions that are normal and supportive to the normal business of the Company under normal prices and other conditions whose value exceeds Baht 30 million should be proposed to the Board for approval before enter into the transactions as aforementioned above in accordance with the new Act. However, the Company proposed this matter to the 7/2008 Board of Directors' Meeting held on 7 August 2008 for acknowledgement of the effectiveness of the new Act.

### **Policies and the Future Connected transactions**

In 2012, the Company has operated its normal business including providing the financial support to related companies ; subsidiary, associated and joint venture companies as details shown in the 2011 notes to consolidated financial statements as per below:

- Item 6      Related Party Transactions
- Item 33.5   Guarantees

However, those transactions are absolutely disconnected and the Company has strictly performed in line with the authority process as specified in the authority table.

In 2012, there was no any connected transaction.

For future connected transactions (if any), the Company will strictly undertake in compliance with the above procedures on the approval of connected transactions as approved by the Board of Directors.

## 8. Management Discussion and Analysis of Financial Status and Performance in 2012

### 1. Overall Operating Results of the Company and Its Subsidiaries

The core business of the Company and its subsidiaries is the installation of engineering systems and construction of which works are typically in the form of projects. Key success factors of the business depend on bidding opportunities, securing work contracts, implementation and effective project supervision, good cost control and punctual completion.

In 2012, the group of companies' business has enormously and continuously grown 2011 and had the highest operating performance since the company has been established in 1999 in term of both service income and net income. Service income of the Company and its subsidiaries was recorded at Baht 4,314.74 million, increasing Baht 2,086.94 million or representing 93.68% from the previous year. Net profit attributable to equity holders of the Company was Baht 240.56 million, increasing Baht 91.53 million or representing 61.41%. Net profit margin was 5.54% resulted from;

- ▶ The on-going large scale projects consisting of the Natural Gas Pipeline Construction Works to 7 SPP and IPP Projects of Gulf JP Co., Ltd. with work value of Baht 2,016 million and USD 21.09 million, PTTAR-IRPC Multiproduct Pipeline from IRPC Public Co., Ltd. with work value of Baht 722.50 million and the 400,000 LPD Bio-Ethanol Project of Ubon Bio Ethanol Co., Ltd. with work value of Baht 2,134 million.
- ▶ The large scale projects, awarded in 2012 consisting of the GUT Gas Pipeline Project of Gulf JP UT Co., Ltd with work value of Baht 1,547.43 million. Sahakarn Wisavakorn Co., Ltd. ("SKW") was also awarded the Civil Works for ABS VI/Green ABS Project of Thai ABS Co., Ltd. with work value of Baht 280 million.

Although the subsidiaries in the Sultanate of Oman had the loss operating performance but due to the success of the delivery of completed works, TRC Middle East LLC was awarded the one year extension contract for the Construction of Flow Line Rima Satellites Small Fields Project, extended from the existing one year extension contract (total contract period is 3 years + 1 year + 1 year). The additional work value of 2 years extension contract (May 2012- April 2014) was approximately at Omani rial 4.8 million or Baht 388 million.

Backlog as of 31 December 2012 consisted of 23 projects on hand with the remaining uncompleted work value of Baht 2,782.04 million.

## 2. Operating Results

### ► Revenue

#### - Sales and Service Income

In 2012, the consolidated sales and services income was Baht 4,314.74 million, increasing 93.68% from the previous year. The core revenue structure consisted of 64.2% from pipeline system construction works, 28.3% from engineering system installation and processing plant construction works (from Ubon Ethanol Project of SKW) and the remaining from civil works and others whereas the previous year was 58.3%, 40.5% and 1.2%, respectively. The highest revenue recognition project was the 400,000 LPD Bio-Ethanol Project and the Gas Pipeline Construction Works for Gulf JP's 7 SPP and IPP Projects, respectively.

#### - Other Income

Other income was Baht 22.01 million, comprising Baht 4.7 million of the operating income charged for compensation reimbursement from subcontractors, Baht 3.18 million of transfer of provision for the expired performance guarantee after the completed works, Baht 2.8 million of construction materials charged to customers of Sahakarn Wisavakorn Co., Ltd.' project in the past, Baht 1.92 million from designing and remaining from others.

### ► Cost and Expenses

Significant cost of services of the Company and its subsidiaries were materials and labor cost. Cost of services in 2012 was Baht 3,849.49 million or representing 88.61% of total revenues whereas the previous year was 84.10%. The proportion of cost of services increased due to the gross loss of TRC Engineering LLC.

#### Administrative Expenses

	2011	2012	Increase
Administrative expenses	183.27	198.30	8.2%
Adjusted: Extraordinary items for 2011 (Not separated from administrative expenses)			
- Reversal of doubtful debt for loans	11.70	-	
- Estimated provision for litigation	(20.00)	-	
Actual administrative expenses	174.97	198.30	13.33%
Total revenues	2,261.55	4,344.15	92.1%
Proportion of administrative expenses in percentage of total revenues	7.74%	4.56%	

Administrative expenses merely increased 13.33% from the previous year whereas total revenues highly increased 92.1%, causing the proportion of administrative expenses per service income decreased from the previous year at 7.74% to 4.56%. Administrative expenses were mainly salary.

### Corporate Income Tax

In 2012, the corporate income tax rate of the Company and SKW adjusted from 30% to 23%. SKW brought forward the loss operation from 2009 and 2010 of Baht 86.52 million which was applicable to credit the corporate income tax for five years from the loss operation year. The aforementioned loss operation was applied for tax credit for 2011 corporate income tax and the 1st quarter of 2012, however, since the 2nd quarter of 2012 onwards, SKW had to pay the corporate income tax. The subsidiaries in the Sultanate of Oman had the loss operation in 2012 thus there was no required corporate income tax.

### ► Operating Results and Profitability

	Gross Profit (Million Baht)		Net Profit (Million Baht)	
	2011	2012	2011	2012
TRC Construction Public Co., Ltd.	196.59	340.56	50.62	179.37
	17.94%	14.23%	4.58%	7.44%
Sahakarn Wisavakorn Co., Ltd.	50.03	118.19	43.44	93.30
	6.06%	7.67%	5.23%	6.01%
TRC Middle East LLC	44.71	16.30	22.24	(5.21)
	15.89%	9.19%	7.91%	(2.92%)
TRC Engineering LLC	4.90	(16.59)	(1.13)	(46.78)
	17.19%	(8.15%)	(3.96%)	(22.98%)
The Company and its subsidiaries	326.05	465.25	149.04	240.56
	14.64%	10.78%	6.59%	5.54%

\* Remark: % is gross profit margin and net profit margin

### - Gross Margin

As the Company and SKW were awarded for the large scale projects required to subcontract some portion of works to subcontractors, the gross margin was averagely estimated and due to SKW's civil type of works which normally gains less gross profit margin. The 2012 gross margin was at the Company's normal level of 14.23%, decreasing from the previous year at 17.94%. The SKW's gross profit was at 7.67% nearly 6.06% of the previous year. TRC Engineering LLC has gross loss of Baht 16.59 million affecting the gross margin of the Company and its subsidiaries to be at 10.78%, decreasing 14.64% from the previous year.

## - Net Profit

In 2012, the net profit of the Company and its subsidiaries recorded at Baht 224.44 million which included the gross loss of two subsidiaries in the Sultanate of Oman, consisting of TRC Middle East LLC and TRC Engineering LLC which was Baht 5.21 million and Baht 46.78 million, respectively. After deducted 40% and 30% of the gross loss of shareholders of two subsidiaries, respectively from the consolidated net profit, net profit attributable to shareholders of the Company was Baht 240.56 million, increasing from the previous year at Baht 149.04 million. Net profit margin decreased from the previous year at 6.59% to 5.54% due to the gross loss of the subsidiaries in the Sultanate of Oman.

## ► Return to Shareholders

The Company paid out dividends for operations of the financial year 2007 to 2012 as follows;

Performance	Dividend Payment (Baht/Share)		Amount (Million Baht)		Dividend per Net Profit after Legal Reserve
	Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend	
2007	0.03174	0.28571	8.15	73.33	92.56%
2008	0.15	-	49.50	-	34.43%
2009	0.06	-	19.80	-	n/a
2010	0.15	-	49.88	-	50.66%
2011	0.12	-	40.25	-	83.73%
2012 (Par at Baht 0.50/Share*)	0.050358*	0.083336*	33.90	56.10	52.83%

- Remark : The 2013 Annual General Meeting of Shareholders is scheduled to be held in April 2013 in which the approval of change to par value of ordinary shares from Baht 1.0 to 0.50 will be proposed including the dividend payment at par value of Baht 0.133694 (consisting of dividend at par value of Baht 0.050358 and dividend of 6 existing shares per 1 newly issued share or equivalent to dividend at par value of Baht 0.083336).

Due to the highly growth of net profit, the proportion of net profit per shareholders of the Company and its subsidiaries increased from 20.20% in 2011 to 27.02% in 2012.

### 3. Financial Status

#### ▶ Assets

The total assets as of 31 December 2012 were Baht 2,496.48 million, increasing 4.98% from the previous year. Structure of assets consisted of 83.0% current assets and 17.0% of non-current assets compared with 86.0% and 14.0% as at the end of 2011, respectively. The captioned increase was consistent with the group of companies' business expansion.

#### - Cash and Cash Equivalents

The consolidated cash and cash equivalents at the end of 2012 was Baht 149.36 million, decreasing from the previous year at 775.61 million (At the end of 2011, the 80% cash was advance received from customers under construction contract of the Gas Pipeline Construction Works Projects of Gulf JP Group and the Ubon Bio-Ethanol Project)

#### - Trade Accounts Receivable

The consolidated net accounts receivable at the end of 2012 was Baht 469.09 million, increasing 37.58%. The management of accounts receivable of the Company and its subsidiaries remains efficient, showing by the aging of outstanding accounts receivable which comprised non-due accounts receivable at 68.85%, overdue up to 3 months at 27.13%, 3-6 months overdue at 2.63% and remaining of 12 months overdue at 1.39%.

#### - Unbilled Receivable

Normally, the construction projects are under the contracts with specified work progress and milestone payment according to specified period whose service income is recognized on the basis of percentage of completion method. Therefore, the Company shall have some of the revenues that have been recognized under the accounting standard but have not yet been billed under the conditions set forth in the contracts. Most contracts specify the milestone collection where the Company shall complete the jobs under each milestone before issuing an invoice which then turns an unbilled receivable into an accounts receivable. The consolidated unbilled receivable at the end of 2012 increased from the previous year at Baht 488.44 million to Baht 817.17 million, equivalent to 32.73% of total assets.

#### - Account Receivable-Retention under Construction Contract

Customers will deduct retention from milestone payment for performance guarantee. Retention will be released to the Company after the construction completion and replaced by the warranty bond. At the end of 2012, the consolidated accounts receivable - retention was Baht 275.86 million, increasing Baht 105.17 million from the previous year which were mainly under the Ubon Bio-Ethanol Project of SKW and the Gas Pipeline Construction Work Projects of Gulf JP Group.

- **Advances Paid to Subcontractors under Construction Contract**

The consolidated advances paid to subcontractors under construction contract were Baht 108.22 million, decreasing from the previous year at Baht 222.34 million which were mainly under the Ubon Bio-Ethanol Project of SKW and the Gas Pipeline Construction Work Projects of Gulf JP Group. The mentioned decrease caused from the hugely progress of the Ubon Bio-Ethanol Project in 2012 and the project will complete at the early of 2013.

- **Restricted Bank Deposits**

The amount of Baht 121.12 million, which was the deposit cash in saving and fixed accounts used as guarantee for credit facilities according to portion required by the financial institutes in a form of loan for both revolving funds and project finance. In comparison with the previous year which was at Baht 187.40 million, it was found that there was a decrease restricted of the restricted bank deposits due to the payment of the final installment of land acquisition for new head office which was used as guarantee for credit facility of a commercial bank in replacement of the restricted bank deposits.

- **Property, Plant and Equipment**

Property, plant and equipment were Baht 250.32 million, increasing Baht 132.44 million or representing 112.36%. There was an investment in fixed assets of Baht 181.68 million, mainly comprising the land acquisition for new head office construction at the price of Baht 100.31 million (The land locates on Sukhapiban 5 Road, Tharaeng, Bangkok, Bangkok with area of 7-1-45 Rai.) and the remaining of tools and equipment, vehicles, furniture fixture and office automation.

- **Allowance for Loss on Impairment of Investment in Subsidiary**

In 2012, TRC Engineering LLC, a subsidiary in the Sultanate of Oman, which is held 70% by TRC International Limited, a subsidiary in Hongkong, had significant loss of operating performance of Baht 46.78 million. Therefore, TRC International Limited considered the allowance for loss on impairment of investment in TRC Engineering LLC with full amount of investment of Baht 13.65 million (Investment in 2011 of Omani rial 175,000). However, this transaction will be recorded as expenses in financial statement of TRC International Limited which does not absolutely affect the consolidated financial statement.

In 2010, there was the allowance for loss on impairment of investment in SKW at Baht 36 million and in 2011 and 2012 there was no the consideration of the provision for loss on impairment of investment since SKW was awarded the large scale project and their operating results was under estimation.

- **Long Term Investment**

In 2012, TRC International Limited invested in the common shares of ASEAN Potash Mining Public Company Limited of Baht 50 million or equivalent to 3.41% of investment proportion at the end of 2012.

► **Liabilities and Sufficiency of Funding**

The consolidated liabilities were at Baht 1,513.29 million nearly the previous year at Baht 1,580.54 million. Most of them included trade and other payables, advances received from customers under construction contracts, unbilled payables accounts payable - retention under construction contracts and provision for liabilities under construction projects.

Debt to equity ratio was 1.54 times, decreasing from 1.98 times of the previous year. The 35% of total liabilities consisted of unearned construction revenue and advances received from customers under construction contracts, totally Baht 529.23 million. In case these two items are deducted from total liabilities, the debt to equity ratio will be lower to only 1.00 time.

The Company and its subsidiaries obtain funding from revolving sources such as suppliers' credit to finance their receivable and other current assets. In addition, shareholders' equity and loans from commercial banks provided for the Company's operations, mostly via short-term loans or project finance loans requiring fixed deposits pledged as collateral. The continuous strong operating performance and status as listed company has enabled the Company to be attractive to a large number of financial institutions willing to provide financing to the Company and its subsidiaries. This has been beneficial towards fee negotiations, interest rates, and reducing the proportion of pledge required as collateral.

► **The Paid-up Capital**

At the end of 2012, the Company's registered capital was Baht 471,502,434 and the paid-up capital at Baht 336,585,339 which increased Baht 3,027,250 million from the previous year. The increased capital shares for year 2012 occurred by the exercising of warrants (TRC-WA1 No. 6 – 9, ended on 30 July 2012), totally 3,027,250 shares at the exercising price of Baht 2.01 per share (Please see details in the Notes to the 2012 Financial Statement, Item 24 - Share Capital)



► **Cash Flows and Liquidity**

(Unit: Million Baht)

	2011	2012
Net cash flows from (used for) operating activities	608.82	(498.05)
Net cash flows from (used for) investing activities	(133.08)	(131.37)
Net cash flows from (used for) financing activities	(51.72)	0.34
Increase in translation adjustment	9.49	(1.88)
Net increase (decrease) in cash and cash equivalent	433.51	(630.95)
Beginning cash and cash equivalent	346.84	780.36
Ending cash and cash equivalent	780.36	149.40

In 2012, net cash flows from operating activities were at Baht 498.05 million due to the significant increase of assets as follows :

- Unbilled receivable of Baht 334.65 million. During 2012, the on-going large scale projects made visible progress. However, at the end of 2012, the captioned progress of projects did not reach the milestone collection under the conditions set forth in the contracts.
- Account receivable-retention under construction contract increased at Baht 170.69 million. Since the construction of the Ubon Bio-Ethanol Project had been much progressive and was about to the completion of works whereas the Gas Pipeline Construction Works Projects of Gulf JP Group was also much progressive and earned the milestone payment during the year, the deduction of retention from milestone payment for performance guarantee then increased.

And there was the significant decrease of liabilities as follows;

- Unearned construction revenue decreased at Baht 225.15 million due to spending of the Ubon Bio-Ethanol Project.
- Advances received from customers under construction contract decreased at Baht 177.70 million from the Gas Pipeline Construction Works Projects of Gulf JP Group.

Net cash flows from investing activities were a negative of Baht 131.37 million due to the investment of Baht 50 million in ASEAN Potash Mining Public Company Limited and the purchase of land and equipments of Baht 159.81 million as well as the decrease of restricted deposits causing from changing of credit facility from the bank deposits to land mortgage.

Net cash flows used in financing activities were at Baht 0.34 million. Major transactions were the increase of bank overdrafts and short-term loans from financial institutions of the subsidiaries in the Sultanate of Oman at Baht 39.45 million, cash from the exercising of ESOP warrants at Baht 4.18 million and dividend payment of 2011 operating year at Baht 40.25 million.

The average debt collection period for the Company and its subsidiaries was 35 days as normal duration of debt collection, showing the efficiency of debt collection whereas the debt payment period slightly decreased from 59 days to 39 days.

Although the consolidated cash and cash equivalents which were at Baht 149.40 million highly decreased from the previous year (in 2011, the consolidated cash and cash equivalent highly increased Baht 780.36 million. However, it did not affect to the Company and its subsidiaries' liquidity since the current ratio remain 1 time exceed representing at 1.41 times and higher than 1.32 times of the previous year. Considering the structure of current assets at the end of 2012, it showed the liabilities from operation as follows :

- 40% of total liabilities (Baht 817.17 million) were unbilled receivable forecasted to issue invoices according to the specified milestone collection under the conditions set forth in the contracts and collect within the 1st quarter of 2013.
- 23% of total liabilities (Baht 469.09 million) were the aging of outstanding account receivable. This amount was mainly non-due account receivable of Baht 332.97 million.
- 13% (Baht 275.86 million) of total liabilities were account receivable-retention under construction contract. After completion of the retention of the Ubon Bio-Ethanol Project around the 1<sup>st</sup> quarter of 2013, SKW will be released for the captioned amount approximately Baht 205 million.

#### **4. Factors Affecting the Operation in the Future**

Due to the loss operating performance of TRC Middle East LLC and TRC Engineering LLC including TRC Engineering LLC and having no project on hand at the end of 2012, it probably cause the business operation risk in the future. However, the top managements still foresees the opportunities to get new projects by entering into bidding as well as continuously seeking for new opportunities of project development. The Company is confident in work experience in Sultanate of Oman and reinforcement of the working team as well as collaboration with alliances in both domestic and overseas to expand business opportunity in abroad. Therefore, it is confident that the operating result will be capable to recover in 2013.

## 9. Financial Statements

### Independent Auditor's Report

To the Shareholders of TRC Construction Public Company Limited

I have audited the accompanying consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries, which comprise the consolidated statements of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TRC Construction Public Company Limited for the same period.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRC Construction Public Company Limited and its subsidiaries and of TRC Construction Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



**Rungnapa Lertsuwankul**

Certified Public Accountant (Thailand) No. 3516  
Ernst & Young Office Limited  
Bangkok: 28 February 2013

TRC Construction Public Company Limited and its subsidiaries  
Statement of financial position  
As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	149,364,791	775,611,449	20,688,975	383,188,614
Current investments					
Term deposits at financial institutions	7	36,076	4,744,067	36,076	35,786
Trade and other receivables	6, 8	501,292,544	346,591,776	354,740,586	142,328,594
Unbilled receivable	9	817,171,954	488,444,995	771,079,242	471,114,756
Accounts receivable - retention under construction contracts	9	275,861,964	105,167,887	70,907,251	14,090,955
Advances paid to subcontractors under construction contracts		108,220,637	222,344,534	40,163,784	30,435,691
Construction in progress	9	5,847,718	61,075	5,756,102	-
Construction supplies		77,562,168	-	63,597,659	-
Short-term loans to related parties	6	-	-	36,131,962	879,725
Withholding tax deducted at source	10	89,609,067	64,092,247	30,787,646	27,276,072
Other current assets		40,516,950	30,926,424	26,148,917	18,873,411
<b>Total current assets</b>		<b>2,065,483,869</b>	<b>2,037,984,454</b>	<b>1,420,038,200</b>	<b>1,088,223,604</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions	11	121,121,413	187,396,171	49,422,895	104,297,812
Investments in subsidiaries	12	-	-	172,328,483	172,328,483
Investments in joint ventures	13	90,892	94,848	-	-
Investments in associate	14	-	4,399,989	-	4,399,989
Other long-term investments	15	50,000,000	245,528	-	-
Property, plant and equipment	16	250,317,208	117,876,522	185,933,052	70,781,325
Intangible assets	17	5,424,902	6,005,869	5,094,107	6,005,869
Deposit for land acquisition		-	20,000,000	-	20,000,000
Other non-current assets		4,044,576	3,964,918	3,441,168	3,485,498
<b>Total non-current assets</b>		<b>430,998,991</b>	<b>339,983,845</b>	<b>416,219,705</b>	<b>381,298,976</b>
<b>Total assets</b>		<b>2,496,482,860</b>	<b>2,377,968,299</b>	<b>1,836,257,905</b>	<b>1,469,522,580</b>

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

TRC Construction Public Company Limited and its subsidiaries  
Statement of financial position (continued)  
As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	18	45,504,159	6,058,373	-	-
Trade and other payables	6, 19	441,926,009	363,035,662	230,416,067	197,798,672
Unbilled payable		275,800,381	151,861,535	163,983,012	34,106,924
Unearned construction revenue	9	62,918,336	288,067,302	-	-
Accounts payable - retention under construction contracts		131,973,238	36,034,269	26,764,433	70,044
Advances received from customers under construction contracts	9	466,309,447	647,826,812	428,764,264	448,449,471
Short-term loans from related party	6	-	-	44,000,000	-
Provision for liabilities under construction projects	20	13,177,310	15,341,922	10,790,432	15,341,922
Current portion of liabilities under finance lease agreements	21	332,233	586,137	88,858	342,762
Income tax payable		-	2,814,593	-	-
Other current liabilities	22	31,806,416	30,262,907	26,313,233	15,168,973
<b>Total current liabilities</b>		<b>1,469,747,529</b>	<b>1,541,889,512</b>	<b>931,120,299</b>	<b>711,278,768</b>
<b>Non-current liabilities</b>					
Liabilities under finance lease agreements - net of current portion	21	344,781	677,014	-	88,858
Provision for long-term employee benefits	23	23,195,296	17,976,158	19,444,399	15,760,426
Provision for litigation		20,000,000	20,000,000	20,000,000	20,000,000
<b>Total non-current liabilities</b>		<b>43,540,077</b>	<b>38,653,172</b>	<b>39,444,399</b>	<b>35,849,284</b>
<b>Total liabilities</b>		<b>1,513,287,606</b>	<b>1,580,542,684</b>	<b>970,564,698</b>	<b>747,128,052</b>

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

TRC Construction Public Company Limited and its subsidiaries  
Statement of financial position (continued)  
As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Shareholders' equity</b>					
Share capital	24				
Registered					
471,502,434 ordinary shares of Baht 1 each (31 December 2011: 337,699,934 ordinary shares of Baht 1 each)		471,502,434	337,699,934	471,502,434	337,699,934
Issued and fully paid-up					
336,585,589 ordinary shares of Baht 1 each (31 December 2011: 333,558,339 ordinary shares of Baht 1 each)		336,585,589	333,558,339	336,585,589	333,558,339
Share premium	24	197,036,756	193,979,233	197,036,756	193,979,233
Subscription received in advance from exercise of warrants	25	-	1,909,500	-	1,909,500
Retained earnings					
Appropriated - statutory reserve					
The Company	26	34,158,410	25,158,410	34,158,410	25,158,410
Subsidiary		2,213,602	2,213,602	-	-
Unappropriated		393,148,865	201,839,451	297,912,452	167,789,046
Other components of shareholders' equity		5,645,991	7,426,023	-	-
Equity attributable to owners of the Company		968,789,213	766,084,558	865,693,207	722,394,528
Non-controlling interests of the subsidiaries		14,406,041	31,341,057	-	-
<b>Total shareholders' equity</b>		<b>983,195,254</b>	<b>797,425,615</b>	<b>865,693,207</b>	<b>722,394,528</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,496,482,860</b>	<b>2,377,968,299</b>	<b>1,836,257,905</b>	<b>1,469,522,580</b>

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

TRC Construction Public Company Limited and its subsidiaries

Income statement

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Revenues</b>					
Construction services income	9	4,314,743,163	2,224,878,361	2,393,823,867	1,092,960,050
Sales		-	2,926,560	-	2,926,560
Interest income	6	6,988,112	10,877,300	4,180,099	8,141,422
Dividend income		406,459	-	406,459	-
Other income		22,012,842	22,866,264	12,305,829	1,237,421
<b>Total revenues</b>		<b>4,344,150,576</b>	<b>2,261,548,485</b>	<b>2,410,716,254</b>	<b>1,105,265,453</b>
<b>Expenses</b>					
Cost of construction services	6	3,849,492,925	1,899,432,329	2,053,262,071	896,977,381
Cost of sales		-	2,321,063	-	2,321,063
Administrative expenses		198,296,175	183,272,615	122,994,696	143,409,076
Loss on write-off withholding tax deducted at source		-	2,491,062	-	511,062
<b>Total expenses</b>		<b>4,047,789,100</b>	<b>2,087,517,069</b>	<b>2,176,256,767</b>	<b>1,043,218,582</b>
<b>Profit before share of loss from investments in joint venture, finance cost and income tax expenses</b>		<b>296,361,476</b>	<b>174,031,416</b>	<b>234,459,487</b>	<b>62,046,871</b>
Share of loss from investments in joint venture	13	(3,956)	(89,248)	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>296,357,520</b>	<b>173,942,168</b>	<b>234,459,487</b>	<b>62,046,871</b>
Finance cost	6	(4,913,945)	(3,768,528)	(1,394,452)	(1,562,826)
<b>Profit before income tax expenses</b>		<b>291,443,575</b>	<b>170,173,640</b>	<b>233,065,035</b>	<b>60,484,045</b>
Income tax expenses	28	(67,006,918)	(12,575,491)	(53,695,490)	(9,867,225)
<b>Profit for the year</b>		<b>224,436,657</b>	<b>157,598,149</b>	<b>179,369,545</b>	<b>50,616,820</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		240,555,553	149,041,986	179,369,545	50,616,820
Non-controlling interests of the subsidiaries		(16,118,896)	8,556,163		
		<b>224,436,657</b>	<b>157,598,149</b>		

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

TRC Construction Public Company Limited and its subsidiaries  
Income Statement (continued)  
For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Earnings per share</b>	29				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.72	0.45	0.53	0.15
Diluted earnings per share					
Profit attributable to equity holders of the Company		0.71	0.44	0.53	0.15

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

TRC Construction Public Company Limited and its subsidiaries  
Statement of comprehensive income  
For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
<b>Profit for the year</b>		224,436,657	157,598,149	179,369,545	50,616,820
<b>Other comprehensive income:</b>					
Exchange differences on translation of financial statements in foreign currency		(2,596,152)	14,478,941	-	-
<b>Other comprehensive income for the year</b>		(2,596,152)	14,478,941	-	-
<b>Total comprehensive income for the year</b>		221,840,505	172,077,090	179,369,545	50,616,820
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		238,775,521	159,810,901	179,369,545	50,616,820
Non-controlling interests of the subsidiaries		(16,935,016)	12,266,189		
		221,840,505	172,077,090		

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



TRC Construction Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements												
Equity attributable to owners of the Company												
Other components of equity												
Other comprehensive income												
Exchange differences on translation of financial statements in foreign currency												
Total other components of shareholders' equity												
Total equity attributable to owners of the Company												
Equity attributable to non-controlling interests of the subsidiaries												
Total shareholders' equity												
Note	Issued and paid-up share capital	Share premium	Subscription received in advance from exercise of warrants	Retained earnings		Unappropriated		Exchange differences on translation of financial statements in foreign currency	Total other components of shareholders' equity	Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
				The Company	Subsidiary							
	330,668,089	191,060,081	2,039,145	22,608,410	1,473,666	105,966,010		(3,342,892)	(3,342,892)	650,472,509	13,244,807	663,717,316
25	2,890,250	2,919,152	(5,809,402)	-	-	-	-	-	-	-	-	-
25	-	-	5,679,757	-	-	-	-	-	-	5,679,757	-	5,679,757
	-	-	-	-	-	-	-	-	-	-	5,830,061	5,830,061
	-	-	-	-	-	149,041,986	10,768,915	10,768,915	10,768,915	159,810,901	12,266,189	172,077,090
26	-	-	-	2,550,000	739,936	(3,289,936)	-	-	-	-	-	-
30	-	-	-	-	-	(49,878,609)	-	-	-	(49,878,609)	-	(49,878,609)
	333,558,339	193,979,233	1,909,500	25,158,410	2,213,602	201,839,451	7,426,023	7,426,023	7,426,023	766,084,558	31,341,057	797,425,615
	333,558,339	193,979,233	1,909,500	25,158,410	2,213,602	201,839,451	7,426,023	7,426,023	7,426,023	766,084,558	31,341,057	797,425,615
24, 25	3,027,250	3,057,523	(1,909,500)	-	-	-	-	-	-	4,175,273	-	4,175,273
	-	-	-	-	-	240,555,553	(1,780,032)	(1,780,032)	(1,780,032)	238,775,521	(16,935,016)	221,840,505
26	-	-	-	9,000,000	-	(9,000,000)	-	-	-	-	-	-
30	-	-	-	-	-	(40,246,139)	-	-	-	(40,246,139)	-	(40,246,139)
	336,585,589	197,036,756	-	34,158,410	2,213,602	393,148,865	5,645,991	5,645,991	5,645,991	968,789,213	14,406,041	983,195,254

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

TRC Construction Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2012

(Unit: Baht)

Separate financial statements							
		Issued and paid-up share capital	Share premium	Subscription received in advance from exercise of warrants	Retained earnings		Total shareholders' equity
					Appropriated - Statutory reserve	Unappropriated	
Note							
Balance as at 1 January 2011	Increase in capital from exercise of warrants	330,668,089	191,060,081	2,039,145	22,608,410	169,600,835	715,976,560
	Subscription received in advance from exercise of warrants	2,890,250	2,919,152	(5,809,402)	-	-	-
	Total comprehensive income for the year	-	-	5,679,757	-	-	5,679,757
	Appropriated to statutory reserve	-	-	-	2,550,000	(2,550,000)	-
30	Dividend paid	-	-	-	-	(49,878,609)	(49,878,609)
Balance as at 31 December 2011		333,558,339	193,979,233	1,909,500	25,158,410	167,789,046	722,394,528
Balance as at 1 January 2012	Increase in capital from exercise of warrants	333,558,339	193,979,233	1,909,500	25,158,410	167,789,046	722,394,528
	Total comprehensive income for the year	3,027,250	3,057,523	(1,909,500)	-	-	4,175,273
	Appropriated to statutory reserve	-	-	-	-	179,369,545	179,369,545
	Dividend paid	-	-	-	9,000,000	(9,000,000)	-
30		-	-	-	-	(40,246,139)	(40,246,139)
Balance as at 31 December 2012		336,585,589	197,036,756	-	34,158,410	297,912,452	865,693,207

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

TRC Construction Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<b>Cash flows from operating activities</b>				
Profit before tax	291,443,575	170,173,640	233,065,035	60,484,045
Adjustments to reconcile profit before tax to cash provided by (paid from) operating activities				
Depreciation and amortisation	48,972,265	34,222,672	17,949,029	14,454,547
Reversal of allowance for doubtful debt	563,524	(11,700,000)	-	-
Loss from impairment of other long-term investments	215,065	-	-	-
Loss on write-off withholding tax deducted at source	-	2,491,062	-	511,062
Unrealised loss on exchange rate	3,951,623	3,120,872	4,449,158	3,217,389
Gain on disposal of equipment	(354,731)	(496,912)	(52,807)	(16,226)
Loss on write-off of equipment and intangible assets	782,444	203,836	781,756	187,570
Share of loss from investments in joint venture	3,956	89,248	-	-
Dividend income from associate	(406,459)	-	(406,459)	-
Provision for long-term employee benefits	5,219,138	3,166,054	3,683,973	2,223,619
Provision for litigation	-	20,000,000	-	20,000,000
Interest income	(6,988,112)	(10,877,300)	(4,180,099)	(8,141,422)
Interest expenses	2,223,085	1,077,733	618,534	-
<b>Profit from operating activities before changes in operating assets and liabilities</b>	<b>345,625,373</b>	<b>211,470,905</b>	<b>255,908,120</b>	<b>92,920,584</b>
<b>Decrease (increase) in operating assets</b>				
Trade and other receivables	(155,107,207)	(108,234,375)	(211,985,127)	28,307,975
Unbilled receivable	(334,654,183)	(309,404,599)	(305,890,388)	(293,500,950)
Accounts receivable - retention	(170,694,205)	(69,199,764)	(56,816,424)	21,513,435
Advance paid to subcontractors	112,391,539	(218,661,327)	(11,460,451)	(24,901,655)

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

TRC Construction Public Company Limited and its subsidiaries  
Cash flow statement (continued)  
For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Construction in progress	(5,558,350)	3,954,541	(5,527,809)	2,422,893
Construction supplies	(77,562,168)	30,661,377	(63,597,659)	-
Other current assets	(9,590,524)	(22,849,242)	(7,275,506)	(12,428,134)
Other non-current assets	(79,660)	1,481,485	44,330	(1,072,471)
<b>Increase (decrease) in operating liabilities</b>				
Trade and other payables	76,111,329	159,528,686	29,253,777	57,950,416
Unbilled payable	123,938,846	85,697,040	129,876,088	(30,113,976)
Unearned construction revenue	(225,148,966)	288,067,302	-	-
Accounts payable - retention	95,938,968	31,113,558	26,694,389	(1,295,197)
Advances received from customers	(177,697,439)	630,675,339	(15,865,280)	432,170,612
Provision for liabilities under construction projects	(2,164,613)	(55,852,831)	(4,551,490)	(55,852,831)
Other current liabilities	1,543,507	9,627,493	11,144,260	(2,055,792)
Other non-current liabilities	-	(202,290)	-	-
<b>Cash flows from (used in) operating activities</b>	<b>(402,707,753)</b>	<b>667,873,298</b>	<b>(230,049,170)</b>	<b>214,064,909</b>
Cash received from withholding tax refund	2,326,672	18,110,506	-	3,583,739
Cash paid for corporate income tax	(97,665,062)	(77,164,090)	(57,207,124)	(41,224,777)
<b>Net cash flows from (used in) operating activities</b>	<b>(498,046,143)</b>	<b>608,819,714</b>	<b>(287,256,294)</b>	<b>176,423,871</b>
<b>Cash flows from investing activities</b>				
Decrease (increase) in restricted deposits at financial institutions	66,274,758	(78,717,828)	54,874,917	(45,691,007)
Increase in short-term loans to related parties	-	-	(35,268,715)	(210,974)
Decrease in short-term loans to other person	-	21,700,000	-	-
Cash paid for purchase of long-term investment	(50,000,000)	-	-	-
Cash received from liquidation of associate	4,399,989	-	4,399,989	-

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

TRC Construction Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Dividend received from associate	406,459	-	406,459	-
Cash received from reduction in joint venture's share capital	-	607,999	-	-
Interest income	7,469,587	10,383,343	3,909,415	7,849,151
Cash received from disposal of equipment	609,280	789,308	198,486	63,140
Cash paid for purchase of land and equipment	(159,812,908)	(67,329,233)	(110,139,191)	(34,440,259)
Cash paid for purchase of intangible assets	(715,460)	(511,780)	(363,960)	(511,780)
Cash paid for deposit of land acquisition	-	(20,000,000)	-	(20,000,000)
<b>Net cash flows used in investing activities</b>	<b>(131,368,295)</b>	<b>(133,078,191)</b>	<b>(81,982,600)</b>	<b>(92,941,729)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	39,445,786	(12,705,649)	-	-
Cash received from short-term loans from related party	-	-	44,000,000	-
Subscription received in advance from exercise of warrants	-	1,909,500	-	1,909,500
Cash received from increase in capital due to exercise of warrants	4,175,273	3,770,257	4,175,273	3,770,257
Cash received from non-controlling interests in respect of establishing new subsidiary	-	5,830,061	-	-
Dividend paid	(40,246,139)	(49,878,609)	(40,246,139)	(49,878,609)
Interest expenses	(2,451,377)	(1,131,240)	(846,827)	(53,508)
Increase (decrease) in liabilities under finance lease agreements	(586,137)	488,774	(342,762)	(342,757)
<b>Net cash flows from (used in) financing activities</b>	<b>337,406</b>	<b>(51,716,906)</b>	<b>6,739,545</b>	<b>(44,595,117)</b>

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

TRC Construction Public Company Limited and its subsidiaries  
Cash flow statement (continued)  
For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Increase (decrease) in exchange differences on translation adjustments	(1,877,617)	9,488,262	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(630,954,649)</b>	<b>433,512,879</b>	<b>(362,499,349)</b>	<b>38,887,025</b>
Cash and cash equivalents at beginning of the year	780,355,516	346,842,637	383,224,400	344,337,375
<b>Cash and cash equivalents at end of the year (Note 7)</b>	<b>149,400,867</b>	<b>780,355,516</b>	<b>20,725,051</b>	<b>383,224,400</b>
<b>Supplemental cash flows information</b>				
Non-cash items consist of				
Purchase of assets under finance lease agreements	-	1,065,024	-	-
Purchase of equipment and intangible assets that have yet to be paid	3,196,937	1,168,259	2,917,930	304,652
Interest expenses recorded as cost of project	228,293	-	228,293	-
Adjustment of provision for long-term employee benefits through the beginning balance of retained earnings	-	14,241,153	-	13,536,807

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

# TRC Construction Public Company Limited and its subsidiaries

## Notes to consolidated financial statements

### For the year ended 31 December 2012

#### 1. General information

TRC Construction Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in construction service and its registered address is No. 1 14th Floor, TP&T Tower, Soi Vibhavadi-Rangsit 19, Vibhavadi-Rangsit Road, Kwang Chatuchak, Khet Chatuchak, Bangkok.

#### 2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with accounting standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

#### 2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of TRC Construction Public Company Limited ("the Company") and the following subsidiary companies ("the subsidiaries").

Company's name	Nature of business	Country of Incorporation	Percentage of shareholding	
			2012 (%)	2011 (%)
Held by the Company				
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	99.99	99.99
TRC Investment Limited*	Holding company	The Republic of Mauritius	100.00	100.00

Company's name	Nature of business	Country of Incorporation	Percentage of shareholding 2012 (%)		2011 (%)
Held by the Company's subsidiaries					
TRC International Limited * (held by TRC Investment Limited)	Holding company	Hong Kong	100.00	100.00	
TRC Middle East LLC* (held by TRC International Limited) (Formerly known as "TRC & Al - Ghalbi LLC")	Construction services	Sultanate of Oman	60.00	60.00	
TRC Engineering LLC* (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00	

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

On 17 December 2012, TRC & AI - Ghalbi LLC changed its name to TRC Middle East LLC. On 24 April 2011, TRC International Limited, which is the Company's subsidiary, established TRC Engineering LLC in the Sultanate of Oman. TRC International Limited holds 70% of the new subsidiary's capital and the value of the investment was OMR 175,000 or approximately Baht 13.7 million.

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company, except for two subsidiaries applies different accounting policies from the group companies, such as with respect to deferred tax. However, no adjustment of differences has been performed because the effects of the differences in accounting policies are immaterial to the profit or loss in the consolidated financial statements for the years ended 31 December 2012 and 2011.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using yearly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

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



### 3. New accounting standards issued during the year not yet effective

The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

The Company and subsidiaries' management believe that these accounting standards will not have any significant impact on the financial statements for the year when they are initially applied.

In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

		Effective date
Accounting Treatment Guidance for Transfers of Financial Assets		1 January 2013
<b>Accounting Standard Interpretation:</b>		
SIC 29	Service Concession Arrangements: Disclosures	1 January 2014
<b>Financial Reporting Standard Interpretations:</b>		
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014

The management of the Company and subsidiaries have assessed the effect of these standards and believe that Accounting Treatment Guidance for Transfers of Financial Assets, SIC 29, TFRIC 14, TFRIC 12 and TFRIC 13 are not relevant to the business of the Company.

#### **4. Significant accounting policies**

##### **4.1 Revenue recognition**

###### *Revenues from sales*

Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

###### *Rendering of construction services*

Services income from construction contracts is recognised on the basis of percentage of completion based on the assessment of the project engineer, and considered the percentage of completion is arrived at based on the proportion of actual construction costs incurred up to the end of the year to the total anticipated construction costs. Allowance for the total anticipated loss on construction projects will be made in the accounts as soon as the possibility of loss is ascertained.

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

###### *Interest income*

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

###### *Dividends*

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

##### **4.2 Cost of construction services and expenses**

In determining cost of construction services, the total anticipated construction costs are attributed to each construction projects and then recognised as cost of services in profit or loss on the basis of percentage of completion.

The recognised cost of construction which have not yet been due have been shown under the caption of “Unbilled payable” in the statements of financial position.

The actual cost of construction incurred but not yet recognised as cost of services in profit or loss has been regarded as “Construction in progress” in the statements of financial position. Construction in progress includes the cost of raw material, direct labour and other expenses incurred for each project. Such construction in progress is valued at the lower of cost or net realisable value.

Expenses are recognised on an accrual basis.

### 4.3 Cash and cash equivalents

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

### 4.4 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful debts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experiences and analysis of debt aging.

### 4.5 Investments

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

b) Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method.

c) Available for sale investments for which no market price is available and whose fair value cannot be reliably measured, are carried at cost less impairment loss (if any).

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised as income or expenses in profit or loss.

### 4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building and leasehold improvement	-	3 - 20	years
Tools and equipment	-	5	years
Furniture, fixtures and office equipment	-	3 - 5	years
Motor vehicles	-	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

#### 4.7 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### 4.8 Intangible assets

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows.

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

#### 4.9 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and direction of the Company's operations.

#### 4.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as financial leases. Financial leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The property, plant and equipment acquired under financial leases is depreciated over the useful life of the asset.

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

#### 4.11 Foreign currencies

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company and its subsidiaries estimate the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

#### 4.13 Employee benefits

##### *Short-term employee benefits*

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

## ***Post-employment benefits***

### ***Defined contribution plans***

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

### ***Defined benefit plans***

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries treat the severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in profit or loss.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in 2011

## **4.14 Provisions**

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

## **4.15 Income tax**

Income tax 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.

## **5. Significant accounting judgments and estimates**

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

## **Estimated construction project costs**

Management applied judgment in estimating the costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labour costs and other miscellaneous costs to be incurred to completion of service, taking into account the direction of the movement in these costs.

## **Provision for liabilities under construction projects**

### *Provision for liabilities under project warranties*

A provision is recognised for expected warranty claims in respect of construction projects completed during the year, based on repair expenses expected to be paid in the future, actual costs incurred in the past and the contract value. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within two years of the end of reporting period.

### *Provision for losses on construction projects*

A provision is recognised for the loss expected to be realised on each construction project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to the completion date.

### *Provision for penalties due to project delays*

A provision is recognised for the loss expected to be realised on construction projects that cannot be completed within the stipulated timeframe. The loss is estimated based on the penalty rate stipulated in the contract and the amount expected to be paid in the future.

## **Leases**

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

## **Allowance for doubtful accounts**

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

## **Impairment of investments**

The Company and its subsidiaries treat these investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

## **Property, plant and equipment/Depreciation**

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

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

## **Post-employment benefits under defined benefit plans**

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

## **Litigation**

The Company and its subsidiary have contingent liabilities as a result of litigation. The Company’s management has used judgement to assess of the results of the litigation, as described in Note 34.

## **6. Related party transactions**

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company, its subsidiaries and those related parties.



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2012	2011	2012	2011	
Transactions with subsidiary company (eliminated from the consolidated financial statements)					
Cost of services	-	-	88	10,161	Cost plus margin
Interest income	-	-	416	430	At rate of 3.5 - 5.0% p.a. (2011: At rate of 3.0 - 5.0% p.a.)
Other income	-	-	650	-	cost plus margin
Interest expense	-	-	557	-	As rate of 3.0 p.a.

As at 31 December 2012 and 2011, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2012	2011	2012	2011
<b>Trade and other receivables - related parties (Note 8)</b>				
Subsidiary company	-	-	7,467	2,594
Joint venture	-	564	-	-
Shareholder of subsidiary	28,110	-	-	-
<b>Total</b>	<b>28,110</b>	<b>564</b>	<b>7,467</b>	<b>2,594</b>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2012	2011	2012	2011
<b>Trade and other payables - related parties (Note 19)</b>				
Subsidiary company	-	-	2,889	6,358
	-	-	2,889	6,358

#### Short-term loans to related parties

As at 31 December 2012 and 2011, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Short-term loans	Related by	Separate financial statements				Balance as at 31 December 2012
		Balance as at 31 December 2011	Increase	Decrease	Exchange rate adjustment	
TRC Investment Limited	Subsidiary company	880	266	-	(13)	1,133
TRC International Limited	Subsidiary company	-	34,999	-	-	34,999
		880	35,265	-	(13)	36,132

Short-term loans to related parties carried interests at rates of 3.5 - 5.0% per annum (2011: 3.0 - 5.0% per annum) and due for repayment on demand.

#### Short-term loans from related party

As at 31 December 2012 and 2011, the balance of loans between the Company and this related company and the movement are as follows:

(Unit: Thousand Baht)

Short-term loan	Related by	Separate financial statements			Balance as at 31 December 2012
		Balance as at 31 December 2011	Increase	Decrease	
Sahakarn Wisavakarn Company Limited	Subsidiary company	-	74,000	(30,000)	44,000

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

#### Directors and management's benefits

During the years ended 31 December 2012 and 2011, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	28	25	22	24
Post-employment benefits	3	8	3	8
Total	31	33	25	32

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 33.5.

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	2,828	1,235	624	280
Deposits at financial institutions	146,537	314,725	20,065	83,257
Investment in promissory notes and bill of exchanges	-	459,651	-	299,651
Cash and cash equivalents in statements of financial position	149,365	775,611	20,689	383,188
Current investments - Term deposits at financial institutions	36	4,744	36	36
Cash and cash equivalents in cash flows statements	149,401	780,355	20,725	383,224

As at 31 December 2012, deposits in saving accounts, fixed deposits, promissory notes and bills of exchange carried interests between 0.25% and 3.00% per annum (2011: between 0.50% and 3.50% per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial Statements	
	2012	2011	2012	2011
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Past due				
Over 12 months	564	564	-	-
Total	564	564	-	-
Less: Allowance for doubtful debts	(564)	-	-	-
Total trade receivables - related parties, net	-	564	-	-
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	322,970	212,090	283,119	92,087
Past due				
Up to 3 months	127,268	123,463	61,389	44,020
3 - 6 months	12,314	4,848	-	785
6 - 12 months	6,542	-	-	-
Total trade receivables - unrelated parties	469,094	340,401	344,508	136,892
Total trade receivables - net	469,094	340,965	344,508	136,892

(Unit: Thousand Baht)

	Consolidated financial Statements		Separate financial Statements	
	2012	2011	2012	2011
<b>Other receivable</b>				
Advance to related companies	28,110	-	6,976	2,594
Interest receivable from related parties	-	-	491	-
Others	4,089	5,626	2,766	2,843
Total other receivables	32,199	5,626	10,233	5,437
Total trade and other receivables - net	501,293	346,591	354,741	142,329

The Company and the subsidiary transferred rights to receive payment under construction contracts to secure the credit facilities with financial institutions. Pledged accounts receivable amounting to Baht 337 million included in the accounts receivable balance as at 31 December 2012 (the Company only: Baht 322 million) (2011: Baht 323 million, the Company only: Baht 124 million).

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Amount of contract revenue recognised as revenue in the year	4,314,743	2,224,878	2,393,824	1,092,960
Aggregate amount of construction costs incurred to date	6,010,347	2,700,895	2,855,625	1,433,577
Adjust with the recognised profits to date	872,731	501,396	524,653	322,843
Sum of progress billings	6,883,078 (6,573,197)	3,202,291 (3,677,865)	3,380,278 (3,032,755)	1,756,420 (1,737,820)
Translation adjustment	(16,088)	28,186	548	4,066
	293,793	(447,388)	348,071	22,666
<b>Gross amount due from customers for contract work consists of</b>				
Unbilled receivable	817,172	488,445	771,079	471,115
Construction in progress	5,848	61	5,756	-
	823,020	488,506	776,835	471,115
<b>Gross amount due to customers for contract work consists of</b>				
Unearned construction revenue	(62,918)	(288,067)	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Advance received from customers under construction contracts	(466,309)	(647,827)	(428,764)	(448,449)
	(529,227)	(935,894)	(428,764)	(448,449)
	293,793	(447,388)	348,071	22,666
Accounts receivable - retention under construction contracts	275,862	105,168	70,907	14,091

**10. Withholding tax deducted at source**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Year 2010	-	2,326	-	-
Year 2011	61,766	61,766	27,276	27,276
Year 2012	27,843	-	3,512	-
	89,609	64,092	30,788	27,276

The Company and its subsidiary regard withholding tax deducted at source as an asset since they are entitled to claim for a refund of such tax. However, the net realisable value of tax refund is subject to the exercise of the claim right by the Company and its subsidiary, and to the result of an audit of the Company's and its subsidiary's taxes by Revenue Department officials.

**11. Restricted deposits at financial institutions**

These represent saving deposit and fixed deposits pledged with financial institutions to secure credit facilities and bank guarantee facilities issued by the bank on behalf of the Company and subsidiaries.

**12. Investments in subsidiaries**

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2012	2011	2012	2011	2012 Baht	2011 Baht
Sahakorn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	200,000,000 Baht	200,000,000 Baht	99.99	99.99	317,399,867	317,399,867
TRC Investment Limited	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32
Total							317,399,899	317,399,899
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							172,328,483	172,328,483

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2012	2011	2012	2011	2012	2011
							Baht	Baht
<u>Held by TRC Investment Limited</u>								
TRC International Limited	Investor	Hongkong	10 HGD	10 HGD	100.00	100.00	33	33
<u>Held by TRC International Limited</u>								
TRC Middle East LLC	Construction services	Suttanate of Oman	150,000 Omani Rial	150,000 Omani Rial	60.00	60.00	8,099,630	8,099,630
TRC Engineering LLC	Construction Services	Suttanate of Oman	250,000 Omani Rial	250,000 Omani Rial	70.00	70.00	13,654,506	13,654,506
Total							21,754,169	21,754,169
Less: Allowance for loss on impairment of investment							(13,654,506)	-
Total investments in subsidiaries which are held by the Company's subsidiaries - net							8,099,663	21,754,169

On 24 April 2011, TRC International Limited, which is the Company's subsidiary, established TRC Engineering LLC in the Sultanate of Oman. TRC International Limited holds 70% of the new subsidiary's capital and the value of the investment was OMR 175,000 or approximately Baht 13.7 million.

### 13. Investments in joint ventures

Investments in joint ventures represent investments in entities which are jointly controlled by the subsidiary and other companies. Details of these investments are as follows (Held by Sahakarn Wisavakarn Company Limited, the subsidiary):

(Unit: Thousand Baht)

Jointly controlled entities	Nature of business	Consolidated financial statements							
		Shareholding		Cost		Carrying amounts based on equity method		Share of loss from investments in joint ventures during the year	
		2012 percentage (%)	2011 (%)	2012	2011	2012	2011	2012	2011
The Joint Venture of SSP	Construction*	40	40	1,092	1,092	91	95	(4)	(89)
Total				1,092	1,092	91	95	(4)	(89)
Less: Allowance for loss on impairment of investment				(1,092)	(1,020)	-	-		
Total investment in joint ventures - net				-	72	91	95		

During the year 2011, The Joint Venture of SSP reduced its capital and repaid the capital to each venture, totaling Baht 2.4 million, since the service was completed as objectives. The capital reduction has no effect on the profit sharing proportion among The Joint Ventures.

Share of loss from investments in The Joint Venture of SSP for the years ended 31 December 2012 and 2011, as included in the consolidated income statements, was calculated based on the financial statements that were prepared by the management of that joint venture and audited by another auditor.

Summarised financial information of jointly controlled entity is as follow.

#### The Joint Venture of SSP

The subsidiary's proportionate shares of the assets, liabilities, revenue and expenses of The Joint Venture of SSP, according to proportion under joint venture agreement, is as follows:

(Unit: Thousand Baht)

	As at 31 December	
	2012	2011
Current assets	442	445
Non-current assets	2	21
	444	466
Current liabilities	(353)	(371)
Net assets	91	95

(Unit: Thousand Baht)

	For the year ended 31 December	
	2012	2011
Other income	-	492
Selling and administrative expenses	(4)	(581)
Net loss	(4)	(89)

The above financial information for 2012 and 2011 was prepared by the management of the jointly controlled entity and audited by another auditor.

#### 14. Investments in associates

(Unit: Thousand Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements / Separate financial statement							
			Shareholding percentage		Cost		Carrying amounts based on		Shares of loss from investments in associates	
			2012	2011	2012	2011	equity method		during the year	
			(%)	(%)			2012	2011	2012	2011
Thai Pressure Vessel and Steel Work Company Limited	Manufacture and fabrication of steel products*	Thailand	-	40.00	-	4,400	-	4,400	-	-

\* Dissolution and liquidation in 2012.



The Company did not record investment in Thai Pressure Vessel and Steel Work Co., Ltd. in the consolidated financial statements for the years ended 31 December 2012 and 2011 using the equity method because the effect of these transactions to the consolidated financial statements is immaterial.

Financial information of the associated company is summarised below.

(Unit: Thousand Baht)

Company's name	Paid-up capital as		Total assets as		Total liabilities as at		Total revenue as		Net loss for the	
	at 31 December 2012	2011	at 31 December 2012	2011	31 December 2012	2011	at 31 December 2012	2011	31 December 2012	2011
Thai Pressure Vessel and Steel Work Company Limited	-	11,000	-	10,808	-	30	-	2	-	(29)

The above financial information was prepared by the management of the associated company.

## 15. Other long-term investments

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2012	2011	2012 (%)	2011 (%)	2012 Baht	2011 Baht
Asia Africa Energy Limited *	Holding company	Hong Kong	USD 64	USD 64	5.00	5.00	2,010	2,010
Rainbow Power Integrated Concept Limited *	Development and investment in natural gas sector	Nigeria	USD 6,957	USD 6,957	8.00	8.00	243,518	243,518
ASEAN Potash Mining Public Company Limited **	Mining industries	Thailand	Baht 50,000,000	-	3.50	-	50,000,000	-
Total							50,245,528	245,528
Less: Allowance for loss on impairment of investment							(245,528)	-
Total other long-term investments - net							50,000,000	245,528

\* Held by TRC Investment Limited

\*\* Held by TRC International Limited

On 18 January 2012, Meeting No. 1/2012 of the Board of Directors approved an investment of Baht 50 million by TRC International Limited, the Company's subsidiary, in common shares of ASEAN Potash Mining Public Company Limited. The subsidiary made the following investments in common shares of that company.

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

## 16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost:</b>								
1 January 2011	14,478	38,816	6,328	86,739	39,176	21,032	-	206,569
Additions	-	4,696	-	26,844	15,591	20,335	-	67,466
Disposals	-	-	-	(3,589)	(48)	(895)	-	(4,532)
Written-off	-	-	-	(1,665)	(1,173)	-	-	(2,838)
Translation adjustment	-	5,299	-	-	2,913	-	-	8,212
31 December 2011	14,478	48,811	6,328	108,329	56,459	40,472	-	274,877
Additions	100,313	4,157	-	19,365	20,582	24,707	12,553	181,677
Disposals	-	-	-	(1,065)	(179)	(1,944)	-	(3,188)
Written-off	-	-	-	(400)	(582)	-	-	(982)
Translation adjustment	-	(952)	-	-	(836)	(308)	-	(2,096)
31 December 2012	114,791	52,016	6,328	126,229	75,444	62,927	12,553	450,288
<b>Accumulated depreciation:</b>								
1 January 2011	-	12,300	6,328	70,316	21,142	17,270	-	127,356
Depreciation for the year	-	10,683	-	7,808	10,450	4,179	-	33,120
Depreciation on disposals	-	-	-	(3,315)	(29)	(895)	-	(4,239)
Depreciation on written-off	-	-	-	(1,501)	(1,133)	-	-	(2,634)
Translation adjustment	-	2,175	-	-	1,174	48	-	3,397
31 December 2011	-	25,158	6,328	73,308	31,604	20,602	-	157,000
Depreciation for the year	-	12,137	-	11,989	14,617	9,419	-	48,162
Depreciation on disposals	-	-	-	(919)	(180)	(1,835)	-	(2,934)
Depreciation on written-off	-	-	-	(313)	(539)	-	-	(852)
Translation adjustment	-	(789)	-	-	(522)	(94)	-	(1,405)

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
31 December 2012	-	36,506	6,328	84,065	44,980	28,092	-	199,971
Net book value:								
1 January 2011	14,478	26,516	-	16,423	18,034	3,762	-	79,213
31 December 2011	14,478	23,653	-	35,021	24,855	19,870	-	117,877
31 December 2012	114,791	15,510	-	42,164	30,464	34,835	12,553	250,317
<b>Depreciation for the year</b>								
2011 (Baht 24.1 million included in cost of sales and construction services, and the balance in administrative expenses)								33,120
2012 (Baht 36.0 million included in cost of sales and construction services, and the balance in administrative expenses)								48,162

(Unit: Thousand Baht)

Separate financial statements								
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost:</b>								
1 January 2011	12,888	15,655	6,328	30,485	25,237	17,917	-	108,510
Additions	-	4,696	-	17,270	4,393	7,354	-	33,713
Disposals	-	-	-	(63)	(48)	-	-	(111)
Written-off	-	-	-	(1,638)	(1,170)	-	-	(2,808)
31 December 2011	12,888	20,351	6,328	46,054	28,412	25,271	-	139,304
Additions	100,313	-	-	7,152	5,322	7,247	12,553	132,587
Disposals	-	-	-	(315)	(81)	(829)	-	(1,225)
Written-off	-	-	-	(400)	(572)	-	-	(972)
31 December 2012	113,201	20,351	6,328	52,491	33,081	31,689	12,553	269,694
<b>Accumulated depreciation:</b>								
1 January 2011	-	4,357	6,328	16,527	16,141	14,503	-	57,856
Depreciation for the year	-	1,555	-	5,559	3,815	2,423	-	13,352
Depreciation on disposals	-	-	-	(35)	(29)	-	-	(64)
Depreciation on written-off	-	-	-	(1,489)	(1,132)	-	-	(2,621)
31 December 2011	-	5,912	6,328	20,562	18,795	16,926	-	68,523
Depreciation for the year	-	1,990	-	8,227	4,077	2,866	-	17,160
Depreciation on disposals	-	-	-	(169)	(81)	(829)	-	(1,079)
Depreciation on written-off	-	-	-	(313)	(530)	-	-	(843)

(Unit: Thousand Baht)

	Separate financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
31 December 2012	-	7,902	6,328	28,307	22,261	18,963	-	83,761
<b>Net book value:</b>								
1 January 2011	12,888	11,298	-	13,958	9,096	3,414	-	50,654
31 December 2011	12,888	14,439	-	25,492	9,617	8,345	-	70,781
31 December 2012	113,201	12,449	-	24,184	10,820	12,726	12,553	185,933
<b>Depreciation for the year</b>								
2011 (Baht 7 million included in cost of sales and construction services, and the balance in administrative expenses)								13,352
2012 (Baht 11 million included in cost of sales and construction services, and the balance in administrative expenses)								17,160

As at 31 December 2012, certain equipment items have been fully depreciated but are still in use. The gross carrying amount, before deducting accumulated depreciation of those assets, amounted to approximately Baht 87 million (The Company only: Baht 34 million) (2011: Baht 86 million, the Company only: Baht 33 million).

As at 31 December 2012, the Company and its subsidiary has motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 2 million (The company only: Baht 1 million) (2011: Baht 3 million, the Company only: Baht 1 million).

As at 31 December 2012, buildings of a foreign subsidiary with fully depreciated (2011: net book values amounting to Baht 9 million) were located on leasehold land of the subsidiary's client.

The Company has mortgaged land amounting to Baht 100 million as collateral against credit facilities received from the bank.

## 17. Intangible assets

The net book value of intangible assets, which is computer software, as at 31 December 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2012		
Cost	10,148	9,796
Less: Accumulated amortisation	(4,723)	(4,702)
Net book value	5,425	5,094
As at 31 December 2011		
Cost	11,271	10,281
Less: Allowance for diminution in value	(5,265)	(4,275)
Net book value	6,006	6,006

A reconciliation of the net book value of intangible assets for the years 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Net book value at beginning of year	6,006	6,597	6,006	6,597
Acquisition of computer software	880	512	529	512
Write-off during year - net book value at write-off date	(652)	-	(652)	-
Amortisation	(809)	(1,103)	(789)	(1,103)
Net book value at end of year	5,425	6,006	5,094	6,006

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

Bank overdrafts and short-term loans from financial institutions as at 31 December 2012 and 2011 consist of:

(Unit: Thousand Baht)

	Consolidated financial statement			
	Interest rate			
	(% per annum)			
	2012	2011	2012	2011
Loans from financial institutions				
- promissory notes	5.5 - 6.0	5.0 - 7.5	45,504	6,058

As at 31 December 2012, the Company and the subsidiary have unused bank overdrafts and short-term loans facility amounted to Baht 1,060 million (the Company only: Baht 710 million) (2011: Baht 67 million and USD 3 million, the Company only: Baht 32 million). These loan facilities have been secured by the mortgage of the Company's land and the transfer of right to receive from accounts receivable and the pledge of fixed deposits of the Company and the subsidiary.

## 19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts payable - related parties	-	-	-	2,140
Trade accounts payable - unrelated parties	367,945	332,299	165,828	172,049
Advances from related parties	-	-	2,763	4,218
Fixed assets payable	3,197	1,168	2,918	305
Accrued expenses	70,748	29,068	58,781	19,086
Others	36	500	126	-
Total trade and other payables	441,926	363,035	230,416	197,798

## 20. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated financial statements			
	Loss on			
	Warranties	construction	Penalties	Total
As at 1 January 2011	8,744	27,155	35,296	71,195
Increase during the year	8,747	-	-	8,747
Decrease from occurrence of actual expense	(2,448)	(23,056)	(32,697)	(58,201)
Reversal of provisions	(2,790)	(3,609)	-	(6,399)
As at 31 December 2011	12,253	490	2,599	15,342
Increase during the year	7,822	751	-	8,573
Decrease from occurrence of actual expense	(5,070)	(969)	(2,599)	(8,638)
Reversal of provisions	(2,100)	-	-	(2,100)
As at 31 December 2012	12,905	272	-	13,177

(Unit: Thousand Baht)

	Separate financial statements			
	Loss on			
	Warranties	construction	Penalties	Total
As at 1 January 2011	8,744	27,155	35,296	71,195
Increase during the year	8,747	-	-	8,747
Decrease from occurrence of actual expense	(2,448)	(23,056)	(32,697)	(58,201)
Reversal of provisions	(2,790)	(3,609)	-	(6,399)

(Unit: Thousand Baht)

	Warranties	Separate financial statements Loss on construction	Penalties	Total
As at 31 December 2011	12,253	490	2,599	15,342
Increase during the year	5,435	751	-	6,186
Decrease from occurrence of actual expense	(5,070)	(969)	(2,599)	(8,638)
Reversal of provisions	(2,100)	-	-	(2,100)
As at 31 December 2012	10,518	272	-	10,790

## 21. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Liabilities under finance lease agreements	740	1,380	97	471
Less: Deferred interest	(63)	(117)	(8)	(39)
Total	677	1,263	89	432
Less: Current portion	(332)	(586)	(89)	(343)
Liabilities under finance lease agreements - net of current portion	345	677	-	89

The Company and its subsidiary have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 4 years.

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

(Unit: Thousand Baht)

	As at 31 December 2012					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-4 years	Total	Less than 1 year	1-2 years	Total
Future minimum lease payments	363	377	740	97	-	97
Deferred interest expenses	(31)	(32)	(63)	(8)	-	(8)
Present value of future minimum lease payments	332	345	677	89	-	89

(Unit: Thousand Baht)

	As at 31 December 2011					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-4 years	Total	Less than 1 year	1-2 years	Total
Future minimum lease payments	640	740	1,380	374	97	471
Deferred interest expenses	(54)	(63)	(117)	(31)	(8)	(39)
Present value of future minimum lease payments	586	677	1,263	343	89	432

**22. Other current liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2012	2011	2012	2011
Suspense output VAT	23,706	20,447	22,693	8,904
VAT payable	-	2,866	-	2,866
Others	8,100	6,950	3,620	3,399
Total	31,806	30,263	26,313	15,169

**23. Provision for long-term employee benefits**

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2012	2011	2012	2011
<b>Defined benefit obligation at beginning of year</b>	17,976	14,241	15,760	13,537
Current service cost	5,611	2,632	3,093	1,716
Interest cost	635	534	591	507
Benefits paid during the year	(3,258)	(171)	(1,952)	-
Actuarial loss	335	-	-	-
Transfer other current liabilities to provision for long-term employee benefits	-	611	-	-
Translation adjustment	(56)	129	-	-
<b>Defined benefit obligation at end of year</b>	21,243	17,976	17,492	15,760
Unpaid benefits	1,952	-	1,952	-
<b>Provisions for long-term employee benefits at end of year</b>	23,195	17,976	19,444	15,760



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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2012	2011	2012	2011
Current service cost	5,611	2,632	3,093	1,716
Interest cost	635	534	591	507
Actuarial loss recognised during the year	335	-	-	-
<b>Total expense recognized in profit or loss</b>	<b>6,581</b>	<b>3,166</b>	<b>3,684</b>	<b>2,223</b>
Line items under which such expenses are included in profit or loss				
Cost of sales	4,166	1,090	1,463	294
Selling and administrative expenses	2,415	2,076	2,221	1,929

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2012 (% per annum)	2011 (% per annum)	2012 (% per annum)	2011 (% per annum)
Discount rate	3.50 - 3.75	3.75	3.75	3.75
Future salary increase rate	5.00 - 5.50	3.00 - 5.50	5.50	5.50
Staff turnover rate (depending on age)	0.00 - 20.00	0.00 - 20.00	0.00 - 15.00	0.00 - 15.00

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

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments arising on the plan liabilities	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2012	23,195	19,444	173	-
Year 2011	17,976	15,760	-	-
Year 2010	14,241	13,537	-	-

## 24. Share capital

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

Movements in the issued and paid-up ordinary share during the year ended 31 December 2012 are summarised as below.

Description	Number of shares (Thousand Shares)	Paid-up share capital (Thousand Shares)	Premium on ordinary shares (Thousand Shares)	Registration date with the Ministry of Commerce
<u>Reconciliation of issued and paid-up ordinary share</u>				
The beginning of the year - 1 January 2012	333,558	333,558	193,979	
Increase due to exercise of warrants TRC-WA1 No. 6	950	950	960	4 January 2012
Increase due to exercise of warrants TRC-WA1 No. 7	877	877	885	3 April 2012
Increase due to exercise of warrants TRC-WA1 No. 8	1,064	1,064	1,074	2 July 2012
Increase due to exercise of warrants TRC-WA1 No. 9	137	137	139	31 July 2012
The end of year - 31 December 2012	<u>336,586</u>	<u>336,586</u>	<u>197,037</u>	

## 25. Warrants

On 7 August 2009, the Company issued 7.7 million warrants (TRC-WA1) for the purchase of ordinary shares of the Company to directors and employees of the Company and its subsidiary. The terms and conditions of warrant exercise are as follows:

- (1) The warrants, are named, non-transferable and valid for approximately 3 years ending 30 July 2012.
- (2) The exercise price is Baht 2.01 per share and the exercise ratio is 1 warrant per 1 ordinary share.

(3) Exercises of the warrants can be made on day 30 of every quarter and the first exercise date is 30 September 2010.

On 25 August 2010, the Company allocated 768,000 warrants to four employees in place of four resigned employees and directors who had previously held 776,000 warrants since August 2009. As a result there are 8,000 remaining warrants.

During 2010, on the first and second exercise dates, the warrantholders exercised a total of 1,683,000 warrants to purchase 1,683,000 ordinary shares at Baht 2.01 each.

During 2011, on the third to sixth exercise dates, the warrantholders exercised a total of 2,825,750 warrants to purchase 2,825,750 ordinary shares at Baht 2.01 each.

On 30 March 2012, the seventh exercise date, the warrantholders exercised 876,250 warrants to purchase 876,250 ordinary shares at Baht 2.01 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 3 April 2012. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 5 April 2012.

On 29 June 2012, the eighth exercise date, the warrantholders exercised 1,063,750 warrants to purchase 1,063,750 ordinary shares at Baht 2.01 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 2 July 2012. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 5 July 2012.

On 30 July 2012, the ninth exercise date, the warrantholders exercised 137,250 warrants to purchase 137,250 ordinary shares at Baht 2.01 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 31 July 2012. The Stock Exchange of Thailand approved the additional ordinary shares as listed securities as from 6 August 2012.

As at 31 December 2012, there are 1,106,000 warrants outstanding which had not been exercised by the warrantholders and already expired (2011: 3,183,250 warrants outstanding).

## **26. Statutory reserve**

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of the registered capital. The statutory reserve is not available for dividend distribution.

## 27. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements 2012	financial statements 2011	financial statements 2012	financial statements 2011
Salary and wages and other employee benefits	447,714	299,739	234,410	177,849
Depreciation	48,163	33,120	17,160	13,352
Amortisation expenses	809	1,103	789	1,103
Construction materials and consumables used and subcontractors costs	2,966,452	1,460,553	1,586,151	733,310
Provision for penalties from project delay	178	22	178	22
Rental expenses from operating lease agreements	117,927	58,896	62,500	32,291
Allowance for doubtful accounts (reversal)	564	(11,700)	-	-

## 28. Corporate income tax

The Company and local subsidiary calculated corporate income tax for the year 2012 and 2011 at the rate of 23% and 30% of profit after adding back some expenses that are not allowed for tax computation purposes, respectively.

The foreign subsidiary calculated corporate income tax at the rate of 12% of taxable profit which exceeded Oman Rial 30,000.

## 29. Earnings per share

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

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

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

	Consolidated financial statements					
	For the years ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2012 (Thousand Baht)	2011 (Thousand Baht)	2012 (Thousand shares)	2011 (Thousand shares)	2012 (Baht)	2011 (Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	240,556	149,042	335,770	332,768*	0.72	0.45
<b>Effect of dilute potential</b>						
ordinary shares						
Warrants						
TRC-WA1 (ESOP)	-	-	1,013	2,585		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	240,556	149,042	336,783	335,353	0.71	0.44

	Separate financial statements					
	For the years ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2012 (Thousand Baht)	2011 (Thousand Baht)	2012 (Thousand shares)	2011 (Thousand shares)	2012 (Baht)	2011 (Baht)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent	179,370	50,617	335,770	332,768*	0.53	0.15
<b>Effect of dilute potential</b>						
ordinary shares						
Warrants						
TRC-WA1 (ESOP)	-	-	1,013	2,585		
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares	179,370	50,617	336,783	335,353	0.53	0.15

\* Includes the ordinary shares resulting from the exercise of warrants on 30 December 2011

### 30. Dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from operations of 2011	Annual General Meeting of the shareholders on 27 April 2012	40,246	0.12
Dividend from operations of 2010	Annual General Meeting of the shareholders on 27 April 2011	49,879	0.15

### 31. Provident fund

The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rate of 3% - 7% of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2012, the Company and the subsidiary contributed Baht 3 million to the fund (Separate financial statements: Baht 3 million) (2011: Baht 3 million, Separate financial statements: Baht 3 million).

### 32. Segment information

The Company and the subsidiaries' operations principally involve the construction service business.

Financial information by segment for the year ended 31 December 2012 and 2011 of the Company and the subsidiaries is as follows:

(Unit: Million Baht)

	For the year ended 31 December									
	Local 2012	Local 2011	Foreign 2012	Foreign 2011	Total 2012	Total 2011	Elimination of inter-segment revenues		Grand total	
							2012	2011	2012	2011
Construction services income and sales										
- Unrelated parties	3,934	1,911	381	317	4,315	2,228	-	-	4,315	2,228
- Related parties	-	10	6	24	6	34	(6)	(34)	-	-
Total	3,934	1,921	387	341	4,321	2,262	(6)	(34)	4,315	2,228
Segment operating income	459	246	6	80	465	326	-	-	465	326
Unallocated income and expenses:										
Interest income									7	11
Other income									22	23
Administrative expenses									(198)	(183)
Other expenses									(71)	(19)
(Profit) loss attributable to non-controlling interests of the subsidiaries									16	(9)
Profit attributable to equity holders of the Company									241	149

(Unit: Million Baht)

	As at 31 December									
							Elimination of		Grand total	
	Local		Foreign		Total		revenues			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Property, plant and equipment										
Unallocated assets	222	86	28	32	250	118	-	-	250	118
Total assets									<u>2,246</u>	<u>2,260</u>
									<u>2,496</u>	<u>2,378</u>

Transfer prices between business segments are as set out in Note 6.

### 33. Commitments and contingent liabilities

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

As at 31 December 2012, the Company and the subsidiary have outstanding commitments of Baht 643 million, USD 8 million and Euro 2 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 468 million, USD 8 million and Euro 2 million) (2011: Baht 1,481 million, USD 15 million and Euro 2 million, the Company only: Baht 451 million, USD 15 million and Euro 2 million).

#### 33.2 Operating lease commitments

The Company and its subsidiary have entered into lease agreements in respect of the lease of land, office building space, motor vehicles and equipment. The terms of the agreements are generally between 1 and 5 years.

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

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2012	2011	2012	2011
Payable:				
in up to 1 year	7	7	5	6
In over 1 and up to 5 years	4	6	2	3

### 33.3 Service commitments

As at 31 December 2012, a foreign subsidiary has no outstanding commitments in respect of consulting agreement (2011: USD 0.2 million).

### 33.4 Bank guarantees

The bank guarantees issued by banks on behalf of the Company and the subsidiary in respect of certain performance bonds as required in the normal course of business were as follows.

(Unit: Thousand Baht)

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Guarantee of construction contract and bidding	Baht 869 million USD 2 million	Baht 815 million USD 2 million	Baht 528 million USD 2 million	Baht 391 million USD 2 million
Guarantee of advance payment bond and retention	Baht 534 million USD 3 million	Baht 415 million USD 3 million	Baht 478 million USD 2 million	Baht 408 million USD 3 million
Guarantee of others	Baht 11 million	Baht 7 million	Baht 7 million	Baht 2 million
Total	Baht 1,414 million USD 5 million	Baht 1,237 million USD 5 million	Baht 1,013 million USD 4 million	Baht 801 million USD 5 million

### 33.5 Guarantees

As at 31 December 2012, the Company has commitment from guarantee of credit facilities of the subsidiaries totaling Baht 1,779 million and USD 13 million (2011: Baht 1,545 million and USD 13 million).

## 34. Litigations

34.1 On 6 December 2011, a government agency submitted a letter to a bank to seize the bank guarantee for a tender of Baht 20 million that the Company had placed with that bank, since the government agency considered the Company to have been unable to perform in accordance with the tender.

On 29 December 2011, the Company sued that government agency and its associates (the Party) through the Central Administrative Court, seeking an order to the Party to return the bank guarantee and pay damages amounting to Baht 27.5 million plus interest at a rate of 7.5% per annum and the bank guarantee fees, from the date of the lawsuit until settlement is made. The Company believes that the Company is not to blame for its inability to perform in accordance with the tender since a law prohibited construction in accordance with the tender. In addition, the Company submitted a temporary protection request to the Central Administrative Court, to ask the Court to order protection of the bank guarantee until the Court judges this case.



On 3 February 2012, the Central Administrative Court dismissed the request for protection of the bank guarantee, based on the bank's right to decide whether or not the bank guarantee should be released. However, the Company has the right to submit an appeal of the decision with the Supreme Administrative Court.

The Company's management noted that this litigation is still under consideration by the Central Administrative Court and the case is not final. As at 31 December 2012 and 2011, the Company recorded provision for the related contingent liability amounting to Baht 20 million in the Company's financial statements.

34.2 On 24 May 2011, a private company (the Party) lodged a civil lawsuit against a subsidiary for breach of an agreement to manufacture goods, claiming damages amounting to Baht 17.5 million, with interest at a rate of 7.5% per annum from the date of the lawsuit until settlement is completed.

On 21 September 2011, the subsidiary provided testimony to the Civil Court, denying the allegations in the lawsuit of the Party and requesting the Court to dismiss the suit and order the Party to pay the subsidiary's billing for work done under the contract, amounting to Baht 10.9 million.

The case is still being considered by the Civil Court. However, the Company's management believes that there will be no significant losses to the subsidiary as a result of this litigation and so the Company did not set aside provision for contingent liabilities in its books of account.

34.3 On 4 December 2007, a subsidiary lodged a lawsuit with the Central Administrative Court against a government agency (the Party), requesting an order for the Party to settle the Baht 7.7 million that the Party advanced to the subsidiary to perform work under the agreement against damages of Baht 13.4 million, and to pay the subsidiary damages of Baht 6.1 million with interest at a rate of 7.5% per annum, from the date of the lawsuit until settlement is completed. However, the Party submitted its testimony to the Central Administrative Court on 20 August 2008, noting that the damages claimed exceeded actual damage, and that the third claim compensation report, dated 16 July 2008, noted that the board of the Party had approved payment of claims to the subsidiary amounting to Baht 0.8 million, and the subsidiary thus returned an amount of Baht 6.8 million to the Party.

Facts of the case between the subsidiary and the Party have been amended a number of times.

On 20 April 2010, the Party submitted its latest testimony to the Central Administrative Court regarding the bank guarantee fee for the advance payment amounting to Baht 0.1 million, and petitioned the Court to dismiss the lawsuit and order the subsidiary to pay the Baht 7.7 million that the Party advanced to the subsidiary to perform work under the agreement.

On 24 January 2012, the subsidiary lodged its latest amended lawsuit with the Central Administrative Court, petitioning the Court to order the Party to settle the Baht 7.7 million that the Party advanced to the subsidiary against damages of Baht 19.4 million, and to pay the subsidiary damages of Baht 12.5 million, together with interest at a rate of 7.5% per annum calculated from the date of the lawsuit until settlement is completed. In response, the Party lodged a statement of opposition to the lawsuit brought by the subsidiary and petitioned the Court to dismiss the suit and order the subsidiary to return the advance.

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

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

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

The Company is currently preparing the documents to deny all charges.

## **35. Financial instruments**

### **35.1 Financial risk management**

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

#### **Credit risk**

The Company and its subsidiary are exposed to credit risk primarily with respect to trade accounts receivable, unbilled receivable and short-term loans to. The Company and its subsidiary manage the risk by adopting appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade accounts receivables, unbilled receivable and short-term loans to as stated in the statement of financial position.

## Interest rate risk

The Company and its subsidiary's exposure to interest rate risk relates primarily to its deposits at financial institutions, short-term loans to/from, trade accounts payable, and liabilities under finance lease agreements. However, since most of the Company and its subsidiary's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate, the interest rate risk is expected to be minimal.

Significant financial assets and liabilities as at 31 December 2012 classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2012				
	Fixed interest rates within 1 year	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	-	149	-	149	0.25 - 3.00
Trade and other receivables	-	-	501	501	-
Unbilled receivable	-	-	817	817	-
Accounts receivable - retention under construction contracts	-	-	276	276	-
Advance paid to subcontractors under construction contracts	-	-	108	108	-
Restricted deposits at financial institutions	121	-	-	121	0.75 - 3.00
	121	149	1,702	1,972	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	46	-	-	46	5.50 - 6.00
Trade and other payables	-	-	442	442	-
Unbilled payable	-	-	276	276	-
Unearned construction revenue	-	-	63	63	-
Accounts payable - retention under construction contracts	-	-	132	132	-
Advance received from customers under construction contracts	-	-	466	466	-
	1	-	-	1	2.35 - 3.00
Liabilities under finance lease agreements	47	-	1,379	1,426	

(Unit: Million Baht)

	Consolidated financial statements				
	As at 31 December 2011				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	-	776	-	776	0.50 - 3.50
Current investments	-	5	-	5	1.00
Trade and other receivables	-	-	346	346	-
Unbilled receivable	-	-	488	488	-
Accounts receivable – retention under construction contracts	-	-	105	105	-
Advance paid to subcontractors under construction contracts	-	-	222	222	-
Restricted deposits at financial institutions	187	-	-	187	0.50 - 3.00
	187	781	1,161	2,129	
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	6	-	-	6	5.00 - 7.50
Trade and other payables	-	-	363	363	-
Unbilled payable	-	-	152	152	-
Unearned construction revenue	-	-	288	288	-
Accounts payable - retention under construction contracts	-	-	36	36	-
Advance received from customers under construction contracts	-	-	648	648	-
Liabilities under finance lease agreements	1	-	-	1	2.35 - 3.00
	7	-	1,487	1,494	

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2012				
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	-	21	-	21	0.25 - 3.00
Trade and other receivables	-	-	355	355	-
Unbilled receivable	-	-	771	771	-
Accounts receivable - retention under construction contracts	-	-	71	71	-
Advance paid to subcontractors under construction contracts	-	-	40	40	-
Short - term loans to related parties	36	-	-	36	3.50 - 5.00
Restricted deposits at financial institutions	49	-	-	49	0.75 - 3.00
	85	21	1,237	1,343	
<b>Financial liabilities</b>					
Trade and other payables	-	-	230	230	-
Unbilled payable	-	-	164	164	-
Accounts payable - retention under construction contracts	-	-	27	27	-
Advance received from customers under construction contracts	-	-	429	429	-
Short-term loans from related party	44	-	-	44	3.00
	44	-	850	894	

(Unit: Million Baht)

	Separate financial statements				
	As at 31 December 2011				
	Fixed interest	Floating	Non- interest	Total	Effective interest rate (% per annum)
	rates within 1 year	interest rate	bearing		
<b>Financial Assets</b>					
Cash and cash equivalents	-	383	-	383	0.50 - 3.50
Trade and other receivables	-	-	142	142	-
Unbilled receivable	-	-	471	471	-
Accounts receivable – retention under construction contracts	-	-	14	14	-
Advance paid to subcontractors under construction contracts	-	-	31	31	-
Short - term loans to related parties	1	-	-	1	3.50 - 5.00
Restricted deposits at financial institutions	104	-	-	104	0.50 - 3.00
	105	383	658	1,146	
<b>Financial liabilities</b>					
Trade and other payables	-	-	198	198	-
Unbilled payable	-	-	34	34	-
Advance received from customers under construction contracts	-	-	448	448	-
	-	-	680	680	

### Foreign currency risk

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

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

Foreign currency	Consolidated financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2012	2011	2012	2011	2012	2011
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	6,928	2,369	1,961	2,543	30.63160	31.69120
Euro	-	-	742	508	40.55265	41.02735
Omani Rial	-	-	-	-	79.56260	82.31485
SGD	-	-	2	41	25.03395	24.38535

Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2012	2011	2012	2011	2012	2011
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	6,942	2,384	1,961	2,532	30.63160	31.69120
Euro	-	-	742	508	40.55625	41.02735
Omani Rial	58	7	-	-	79.56260	82.31485
SGD	-	-	2	41	25.03395	24.38535

### 35.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 36. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure to support its business and maximise shareholder value. As at 31 December 2012, the Group's debt-to-equity ratio was 1.54:1 (2011: 1.98:1) and the Company's was 1.12:1 (2011: 1.03:1).

### 37. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 28 February 2013.

## 10. Audit Fee

### Audit Fee

	Audit Firm	2012 Audit Fee
TRC Construction Public Company Limited	Ernst & Young Office Limited	Baht 860,000
<b>Subsidiaries;</b>		
Sahakarn Wisavakorn Co., Ltd	Ernst & Young Office Limited	Baht 820,000
TRC International Limited	Simon W.F. Ng & Co., Hong Kong	USD 2,860
TRC Investment Limited	S.C.Ng Fuk Chong, FCCA Mauritius Republic	USD 1,500
TRC Middle East LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200
TRC Engineering LLC	Talal Abu-Ghazaleh & Co., Sultanate of Oman	Oman Rial 3,200

### Non-Audit Fee

Travelling expenses of the auditors for 2012 audit task

- TRC Construction Public Company Limited Baht 18,323
- Sahakarn Wisavakorn Co., Ltd. Baht 2,390





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