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"To do it right and best from the beginning"

ANNUAL REPORT 2017



Certificate No. TH07/4254



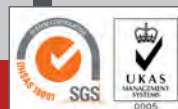
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TRC CONSTRUCTION PLC
บริษัท ทีอาร์ซี คอนสตรัคชั่น จำกัด (มหาชน)

Vision

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

Mission

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

Target

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



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Message from the Chairman of the Board of Directors

Mrs. Paichit Rattananon
Chairman of the Board of Directors

The global economy has generally experienced accelerated growth in 2017, led by a nascent revival of economic growth in the United States of America, Canada, the eurozone countries, and Japan. This significant economic headway experienced by these powerhouse countries would definitely have a chain affect on the overall volume of global trade, representing a fundamental factor underlying the economic reinvigoration in the new industrial countries (NICs), ASEAN countries, and other emerging economies far and wide. With respect to the overview of Thai economy, the Fiscal Policy Office has forecasted that, owing to the continual recovery of export and tourism sectors, Thai economy in 2017 would be reported a growth of 4.0%, showing ongoing improvement from the year before which stood at 3.2%. The private sector's investment is starting to pick up with a growth rate of 2.1% in line with the increase in Thai Industries Sentiment Index in response to the clarity in the implementation of government policies e.g. the infrastructure investment projects, the promulgation of the draft Eastern Economic Corridor Act. It is also anticipated that the growth of construction services industry will continue into 2018 with a driving force in favor of large-scale investment projects under the Action Plan for Intensive-Phase Transport System. Once this action plan is implemented, it is likely that we will see more large-scale projects begin their first phase of construction which will essentially lead to expedited disbursement of public expenditures in connection with those projects whose construction is underway. A concrete sign of upcoming election dates will also bolster confidence of a business sector and stimulate national-level private investment.

The 2017 operating results of the Company and its subsidiaries combined are as follows: the construction service revenues decreases 35.90% from the previous year to Baht 2,370.13 million, the profit attributable to equity holders goes down 68.19% from the previous year to Baht 92.79 million, the gross profit margin (GPM) and the net profit margin (NPM) are reported at 21.54% and 3.81% respectively. The competition in 2017 remained high and the price war was still evident, resulting in a drop in GPM of projects that TRC Group had obtained through bidding. Nonetheless, during the year the Company and its subsidiaries have been successful to sign 8 more projects with private entities worth Baht 3,355.22 million and 6 projects with state/public organizations worth Baht 2,002.52 million, or a total of Baht 5,357.74 million from 14 projects combined. At the end of 2017, the Company and Sahakarn Wisavakorn Co., Ltd. have a total backlog of 18 projects accounting for Baht 6,712.00 million in unrealized revenue. With respect to project development and investment to enhance business opportunity, TRC Group has established 2 new subsidiaries named TRC Utility Company Limited and SH Crossings Company Limited. The former is to engage in the production and sales of water in Tasit Sub-District,

Pluak Daeng District, Rayong while the latter is to provide construction services in connection with underground electrical conduits, boring and pipe jacking work. Both will expectedly have their first recognized income officially reported in 2018.

The Company has made an approach of intra-organizational management process development central to the corporate culture and objectively implemented it to accomplish corporate long term goals. Such management development includes the upgrade of quality management system from ISO 9001:2008 to ISO 9001:2015, and the implementation of environmental management system (ISO 14001:2015) and occupational health and safety management system (OHSAS 18001:2007). The Company has received certifications for all these 3 management systems from UKAS on October 10, 2017. Considering the aspect of business partner management, the Company's performance has been assessed continually on a yearly basis by the Purchasing and Material Management Division of PTT Public Company Limited and the Company has always ranked as a "Grade A" vendor in every metric since 2001, including this year as well. Furthermore, the Company has been assessed by PTT Public Company Limited in association with the Management System Certification Institute (Thailand), or MASCI, of its performance in terms of trade partner sustainability and ranked in "Very Good" tier, confirming our commitment to take the Company's operation to the next level of international standard. Apart from the improvement in area of management, the Company has integrated its advancement in business with social responsibility concept through CSR activities that have been regularly organized throughout the year e.g. blood donation, Back to Hometown program, Move for Change initiative, etc. Recognizing the importance of ongoing development of corporate and personnel potentials, the Company recently launched Knowledge Sharing program to improve knowledge and strengthen intra-organizational relationship.

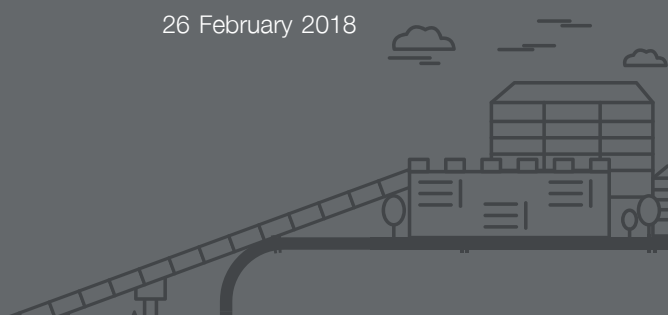
In 2017 the Company's stocks were selected to be part of the calculation of sSET Index for the first and second halves of 2017. In December 2017, TRC stocks still remain to be part of sSET Index for the first half of 2018 as well – sSET is a new index first introduced in 2017 by the Stock Exchange of Thailand which represents price movements of common stocks of public companies, apart from constituents in the SET50 Index and SET100 Index whereas the constituents in sSET Index must have constant liquidity and comply with requirements regarding the distribution of shares to minor shareholders.

On behalf of the Company's Board of Directors, I would like to express my sincere gratitude to all shareholders, customers, vendors, financial institutions, the public and private sectors, business partners and the Company's management and employees for the continued support and trust in our organization, and for being a key force lending to the Company's confident strides into its 20th founding anniversary in 2018. The year 2018 will see, according to the plan, the Company's businesses flourish at a fair clip and go forward to accomplish the targeted Baht 10,000 million in income from construction services within 2019. The Company is firmly determined to evolve and strengthen its business position while still adhering to the good corporate governance principles in the best interests of shareholders, stakeholders and the nation.



(Mrs. Paichit Rattananon)
Chairman of the Board of Directors

26 February 2018



2017 Report of the Audit Committee

The Audit Committee of TRC Construction Public Company Limited consists of 3 independent directors – Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM. as Chairman, Mr. Arun Chirachavala and Mrs. Puangthip Silpasart as members – whose qualifications meet the Stock Exchange of Thailand’s requirements and having experience in engineering, finance and banking, accounting and energy business. In 2017, the Audit Committee held a total of 4 meetings, all of which were fully attended by the Committee’s members. The Audit Committee performed its duties pursuant to the Audit Committee Charter and as assigned by the Board of Directors.

In 2017, the Audit Committee performed its duties as briefly described below:

Review of Financial Statements and Reports: The Audit Committee reviewed the quarterly and the 2017 annual financial statements of the Company and its subsidiaries, as well as the information in the notes to the financial statements to ensure the adequacy and completeness of disclosure, and examined key audit matters being addressed in the Auditor’s Report. The relevant management officers were also invited to join the Audit Committee meetings to present the agenda in relation to financial statements, to report the analysis and operating results of the Company and its subsidiaries and to answer the Audit Committee’s inquiries. After the review, the Audit Committee is of the opinion that financial statements of the Company and its subsidiaries fairly present, in all material respects, the information as required by financial reporting standards, are reliable and beneficial to users of the Company’s financial statements.

The Audit Committee met with the auditor, without the presence of the Company’s management, to discuss the matters that the Company and its subsidiaries need to improve as earlier addressed in the audit observation report for the year ended December 31, 2017 as well as the Key Audit Matters (KAMs) in the Auditor’s Report to ensure that the auditor has performed duties and express opinion in an independent and non-restricted manner.

Review of Compliance with Laws: The Audit Committee reviewed the Company’s compliance with the law on securities and stock exchange, the regulations of the Stock Exchange of Thailand, and other laws governing business operation of the Company and its subsidiaries. After review, no transaction of either the Company or its subsidiaries was found in breach of law or relevant regulations.

Review of Internal Control Evaluation: The Audit Committee reviewed the internal controls of the Company and its subsidiaries as presented in the reports of performance audit by the internal auditor and the independent/external auditor, and considered the 2017 program for evaluating internal controls adequacy, as proposed by the internal auditor, before presenting it to the Board meeting. The Audit Committee and the Board are of the opinion that in 2017 the internal controls of the Company and its subsidiaries are appropriate and adequate. The Company’s management is to report the progress, time frame and results of the remedial actions, as earlier recommended by the Audit Committee, the independent/external auditor and the internal auditor, to the Audit Committee meeting every quarter.

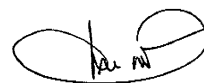
Internal Audit Oversight: The Audit Committee has selected EI Business Advisory Co., Ltd. – an independent internal auditor commissioned by the Company since 2015 – to be internal auditor for 2017 and considered the appropriateness of the 2017 internal audit plan. This auditing company was to report the audit results along with recommendations to the Audit Committee meeting every quarter to ensure that the internal controls of the Company and its subsidiaries are efficient

and appropriate for all corporate units. The Audit Committee has presented to the Board meeting the minutes of audit committee meetings and a summary of audit, and also addressed the key audit matters.

Review of Connected Transactions: The Audit Committee reviewed connected transactions executed in 2017 – transactions between the Company and ASEAN Potash Chaiyaphum PLC – to see whether they were performed pursuant to the corporate policy on connected transactions and the Notification of the Stock Exchange of Thailand Commission and in a fair and reasonable manner.

Selection and Nomination of External Auditor, and Audit Fee: The Audit Committee has selected an independent/ external auditor for 2017 on the basis of the prior year's performance, qualifications, skills, knowledge, proficiency and professional experience and then proposed the nomination, or EY Office Limited, to the Board meeting in order to seek final approval from the 2017 annual general meeting of shareholders. In this meeting, shareholders would be requested to consider the proposed appointment of EY Office Limited as independent auditor of the Company and Sahakarn Wisavakorn Company Limited and the audit fee set at the rates of THB 1,050,000 (increased by THB 50,000 from last year) payable by the Company and THB 820,000 (the same rate as last year) payable by Sahakarn Wisavakorn Company Limited. EY Office Limited has been appointed as independent auditor of the Company, Sahakarn Wisavakorn Co., Ltd., and ASEAN Potash Chaiyaphum PLC – the Company's affiliate – since 1999, 2015 and 2017 respectively.

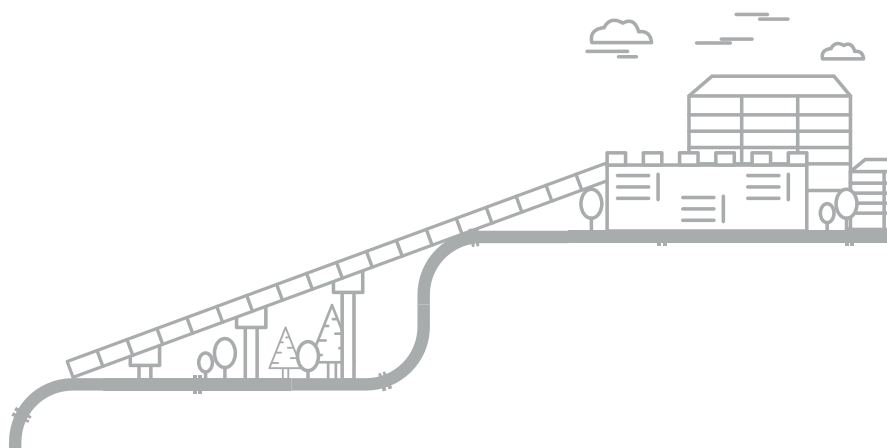
The Audit Committee has performed its duties in a prudent, vigilant, and independent manner. The Audit Committee is of the opinion that:- the 2017 financial statements of the Company and its subsidiaries are correct, reliable, and in conformity to the generally accepted accounting principles; the Company and its subsidiaries have conducted business within the confines of proper and efficient internal controls and internal auditing; the Company and its subsidiaries have been in full compliance with law, rules and regulations, and other regulatory requirements pertinent to business operation.



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

Chairman of the Audit Committee

26 February 2018



Directors' Responsibility Statement in Relation to the Financial Statements

The Board of Directors of TRC Construction Public Company Limited is responsible for financial statements of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards and accounting policies properly drawn up and consistently applied pursuant to financial reporting standards. The Company's management has exercised discretion with due care to develop financial projections and use key assumptions in preparing financial estimates of the Company's subsidiaries for purpose of accounting entry in relation to investments in its subsidiaries. The Board has also ensured that the accounting records and the disclosure of material information in the notes to the financial statements are accurate, complete and indicative of TRC Group's financial position and operating results for the benefit of shareholders and investors.

In the Auditor's Report on the Company's 2017 consolidated financial statements, the Company's external certified auditor, or EY Office Limited, has disclosed key audit matters and other information as follows:- auditing procedures for recognition of revenue from construction contracts, investments in subsidiaries, other matters, responsibility of the management and other authorized person whose roles involve the oversight of financial statements, and auditor's responsibility regarding the auditing of financial statements.

The Board has appointed an Audit Committee consisting of independent directors, who are fully qualified and competent as required by the Stock Exchange of Thailand, to review and ensure the Company's accurate financial reporting and effective internal controls. The Audit Committee's opinions in connection with the performance of duties during 2017 are provided in this annual report under section 'Report of the Audit Committee'.

The Board is of the opinion that the 2017 financial statements of the Company and its subsidiaries present their overall financial position and operating results, and that the disclosure of material information in the notes to the financial statements are fairly accurate, in all material respects, in accordance with generally accepted accounting principles.



(Mrs. Paichit Rattananon)

Chairman of the Board of Directors

26 February 2018

2017 Report of the Remuneration and Nomination Committee

The Remuneration and Nomination Committee has been performing duties as assigned by the Board of Directors within the scope of roles and responsibilities as set forth in the relevant Charter governing the nomination and recruitment of qualified candidates to serve as directors. The Remuneration and Nomination Committee is also responsible for considering the matters concerning the remunerations and other benefits payable to members of the Board of Directors as well as the other committees, including remunerations for the Company's top management.

The Remuneration and Nomination Committee consists of six members, i.e. four independent directors (Assoc. Prof. Pises Sethsathira, Assoc. Prof. Aekkachai Nittayagasetwat, Ph.D., FRM., Mr. Arun Chirachavala, and Mrs. Puangthip Silpasart) and two executive directors (Mr. Pasit Leesakul and Mrs. Podchanee Phaosavasdi) with independent directors making up the major proportion (four in six persons or equivalent to 67%), which is in accordance with good corporate governance principles.

In 2017, the Remuneration and Nomination Committee held two meetings – in both of which all committee members were present. The results of the Remuneration and Nomination Committee meetings, together with the Committee's viewpoints and recommendation on certain matters, as outlined below were reported to the Board of Directors.

1. Remuneration

- Considering the report on the 2016 evaluation of the Board of Directors' and other committees' performance
- Evaluating work performance of Chairman of the Executive Committee and Chief Executive Officer for 2016 and 2017
- Considering the 2016 and 2017 bonuses as well as the 2017 and 2018 salaries and remunerations of Chairman of the Executive Committee and Chief Executive Officer before proposing it for approval at the Board of Directors' meeting
- Considering the 2017 remunerations of members of the Board of Directors and of other committees (consisting of the 2016 bonus of directors and the 2017 remunerations of directors) before proposing it to the Board of Directors and the 2017 Annual General Meeting of Shareholders.
- Considering for approval the budget for the 2017 bonus payment and the 2018 salary increment of the Company and Sahakarn Wisavakorn Company Limited

2. Nomination

Considering the proposal to the Board of Directors meeting and the 2017 Annual General Meeting of Shareholders for the reappointment of three directors retiring by rotation to hold their directorship for another term

3. Other matters

- Considering, before proposing it to the Board of Directors for approval, the revision of the current Remuneration and Nomination Committee Charter (the 3rd amendment, 2017) to ensure its best practicality and adherence to corporate governance principles
- Evaluating work performance of the Remuneration and Nomination Committee for 2017 before presenting the evaluation results to the Board of Directors

The Remuneration and Nomination Committee has been performing the entrusted duties in a vigilant, transparent and fair manner and free of influences from the Company's management in accordance with corporate governance principles and in the best interests of the Company and all sectors of stakeholders.



(Assoc. Prof. Pises Sethsathira)

Chairman of the Remuneration & Nomination Committee

8 February 2018

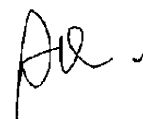
2017 Report of the Corporate Governance Committee

Formally established by the Board of Director since 2012, the Corporate Governance Committee has been entrusted with the tasks of:- reviewing the Corporate Governance Policy, the Business Code of Conduct, as well as the policies and guidelines related to corporate social and environmental responsibility; proposing guidelines and/or policies related to good corporate governance; providing recommendations on good corporate governance to the Board of Directors; supervising the management's implementation of the Corporate Governance Policy; and monitoring and keeping the Board of Directors informed of the CSR and environmental activities in order to ensure adherence to the principles of good corporate governance.

According to the evaluation of corporate governance performance for the year 2017 by Thai Institute of Directors Association, the Company was rated "Excellence" – a solid indication of better performance than 2016's "Very Good" ranking result. The Corporate Governance Committee presented this performance result to the meeting of Board of Directors and discussed about the direction in which TRC Group should be heading to ensure that the corporate governance activities be carried out consistent with the Corporate Governance Code (CG Code) and to maintain this ranking in years to come.

As an attempt to conduct corporate-wide communication of TRC Group's corporate governance guidelines in line with its Core Values, in 2017 the Company has published for directors, executives, and all employees of both the Company and its subsidiaries free booklets of Corporate Governance Manual, Business Ethics and Code of Conduct, and the Anti-Fraud and Corruption Policy – all recipients must sign as a proof of acceptance. There has also been a seminar for all employees to attend to learn the summarized content of these free printed materials. To ensure all employees' full understanding and strict adherence to the corporate core values, the Company has organized at its headquarters and every single site office staff activities that have been purposefully designed to promote the Company's core values: "We are TRC", where T = Transparency & Integrity, R = Respect & Trust, and C = Commitment.

The Corporate Governance Committee is firmly confident that with an effective management system in place and the Company's dedication to continual quality improvement in operation based on good governance principles, the Company would be able to fulfill its goals and visions that aim toward excellence in all-round design and construction services in the sustainably growing industry of energy and public utility infrastructure.



(Mr. Arun Chirachavala)

Chairman of the Corporate Governance Committee

8 January 2018

2017 Report of the Risk Management Committee

TRC Construction Public Company Limited has been devoting significant attention to the administrative tasks of risk management due to the recognition that the effectively and systematically implemented risk management scheme could work in the Company's favor by enhancing smooth business operation, lowering the chance of potential damage, and minimizing the magnitude of unavoidable, impending setbacks afflicting the business down to the acceptable and controllable level. Thus, with the risk management planning in place, it would not be unreasonably optimistic to anticipate the Company's greater capability to achieve its administration and operational goals and sustainably ascending corporate value to be enjoyed by the Company's shareholders and stakeholders. In 2013 the Board of Directors meeting has appointed both independent directors and executive directors to serve as members of the Risk Management Committee bestowed with the authority and responsibilities as defined by the Board of Directors.

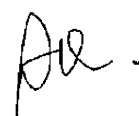
In 2017, the Risk Management Committee held 2 meetings which all Risk Management Committee members attended to consider key matters as outlined below.

1. To follow up, assess, and give constructive feedback on the implementation of 2017 risk management plan.
2. To review the current Risk Management Committee Charter and advise the Board of Directors to continue using it without making any change.
3. To consider and give opinions on TRC Group's risk factors for 2017.
4. To consider the 2018 risk management plan.
5. To review the results of corporate-wide risk management activities.
6. To take part in evaluating the 2017 performance of the Risk Management Committee.

The evaluation results were presented in the Board of Directors meeting by the Risk Management Committee.

In 2017 the Company has officially announced the implementation of corporate risk management policy and communicate this policy to the Company's and Sahakorn Wisavakorn Company Limited's directors, executive officers, and employees to ensure their full acknowledgement and cooperation in using the policy as a risk-based decision framework (the corporate risk management policy is divided into major sections as follows:- objectives of the policy; scope, roles and responsibilities; guidelines on how to manage risks; and policy revision). In addition, the Management Committee has been appointed to serve as Risk Handling Sub-Committee as well. In a meeting of Risk Handling Sub-Committee a range of key risks to which the Company is exposed were addressed and there has been an appointment of a Risk Task Force, which consists of 7 representatives selected from the executives team and the operational level in varied departments, entrusted with assessing and analyzing risk factors likely to affect each of the Company's business units, formulating action plans and practical measures to manage the identified risks, incorporating these plans and measures into the Company's corporate strategic plan, and reporting the progress of risk management-related undertakings to the Risk Handling Sub-Committee and the Risk Management Committee respectively.

The Risk Management Committee is of the opinion that TRC Group has made such immense progress in implementing risk management initiatives that its key risks have been contained to a controllable level and, with the help of preventive and regulatory mechanism, would not threaten TRC Group's business operation. TRC Group has also been working on developing concrete programs for handling risks borne by TRC Group and running corporate-wide workshops to ensure that employees at all levels are thoroughly familiar with risk management concept and process.



(Mr. Arun Chirachavala)

Chairman of the Risk Management Committee

8 January 2018



The Board of Directors and Managements

Mrs. Paichit Rattananon

Chairman of the Board and Authorized Director

Age : 62 years old

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

Tenure as the director: 12 years 8 months (until December 2017)

Attendance in meetings during year 2017:

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
6/6	None	None	None	None	None	None

Shareholding in TRC as at 31 December 2017:

28.628% (1,680,367,458 shares) Directly and indirectly holds the shares through KPK 1999 Co., Ltd. in which Mrs. Paichit holds 50.50% of its shares

Family Relationship among Executives:

Mother of Mr. Pasit Leesakul, Director and Chief Executive Officer and Ms. Pavita Leesakul, Vice President, Corporate Affairs Division

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

Training:

Institution	Program
Thai Institute of Director Association	- Director Certification Program (DCP) class 142/2011 - Role of the Chairman Program (RCP) class 15/2007 - Director Accreditation Program (DAP) class 38/2005
The National Defense College of Thailand	National Defense College class 48 (NDC 48)
Capital Market Academy	Capital Market Academy Leader Program class 5 (CMA 5)
Thailand Energy Academy	Energy Academy Leader Program class 6 (TEA 6)
King Prajadhipok's Institute	Intermediate Certificate Course Good Governance for Medical Executives class 6

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
2005 - present	Chairman

Position in other listed companies: None

Position in other non-listed companies: 3 companies

Year	Position	Company	Business Type
2015 - present	Chairman	Sahakarn Wisavakorn Company Limited	Construction Services
2013 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services
2008 - present	Director	TRC International Limited (Hong Kong)	Investment in other business
2002 - present	Managing Director	KPK 1999 Company Limited	Property Rental
2004 - 2015	Managing Director	Thai Tokushukai Company Limited	Hospital Activities

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

Criminal offense record during the past 10 years: None



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

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

Age : 54 years old

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

Tenure as the director: 12 years 8 months (until December 2017)

Attendance in meetings during year 2017:

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

Shareholding in TRC as at 31 December 2017: 0.092% (5,421,426 shares)

Family Relationship among Executives: None

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

Training:

Institution	Program
Thai Institute of Director Association	<ul style="list-style-type: none"> - Risk Management Committee (RMC) class 10/2013 - Role of the Compensation Committee (RCC) class 12/2011 - Compensation Survey class 1/2011 - Director Accreditation Program (DAP) class 35/2005

Working Experience in the last 5 years:

TRC Construction Public Company Limited

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

Position in other listed companies: 4 companies

Year	Position	Company	Business Type
2011 - present	Independent Director and Audit Committee	Stars Microelectronics (Thailand) Public Company Limited	Technology and electronic components wholesale
	Independent Director and Audit Committee	Panjawattana Plastic Public Company Limited	Plastic packaging production
2010 - present	Independent Director and Chairman of Audit Committee	UAC Global Public Company Limited	The Company supplies various kinds of chemical, catalysts and base oils as well as investment in renewable and alternative energy and utilities system
2008 - present	Independent Director and Chairman of Audit Committee	GETABEC Public Company Limited	Manufacturing and distributing System Boiler and Combustion System

Position in other non-listed companies: 2 companies

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

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

Criminal offense record during the past 10 years: None



Mr. Arun Chirachavala

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

Age : 64 years old

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

Tenure as the director: 8 years 6 months (until December 2017)

Attendance in meetings during year 2017:

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

Shareholding in TRC as at 31 December 2017: 0.066% (3,857,142 shares)

Family Relationship among Executives: None

Education: Master of Industrial Engineering, Stanford University, U.S.A.

Training:

Institution	Program
Thai Institute of Director Association	- Director Certification Program (DCP) class 88/2007 - Director Accreditation Program (DAP) class 34/2005

Working Experience in the last 5 years:

TRC Construction Public Company Limited

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

Position in other listed companies: 2 companies

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

Position in other non-listed companies: 1 company

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

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

Criminal offense record during the past 10 years: None



Mrs. Puangthip Silpasart

Independent Director, Audit Committee and
Remuneration and Nomination Committee

Age : 63 years old

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

Tenure as the director: 1 year 10 months (until December 2017)

Attendance in meetings during year 2017:

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

Shareholding in TRC as at 31 December 2017: None

Family Relationship among Executives: None

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

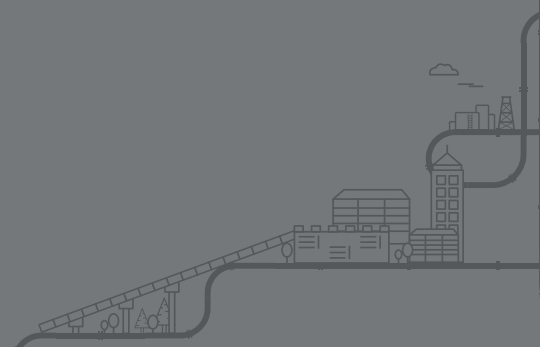
Training:

Institution	Program
Thai Institute of Director Association	- Director Certification Program (DCP) class 226/2016 - Role of the Chairman Program (RCP) class 38/2016
Ministry of Industry	Top Executive Program in Industrial Development and Investment (IBID) class 2/2015
Thailand Energy Academy, PTT Public Company Limited	Executive Program in Energy Literacy for a Sustainable Future (TEA) class 6/2015
Chula Unisearch, Chulalongkorn University	Power of the Kingdom class 2/2014
The Electronic Government Agency (Public Organization) (EGA)	E-government Executive Program (CIO) class 3/2013
The National Intelligence Agency	National Security Management Course (NSMC) class 2/2010
The Office of the Civil Services Commission	The Civil Service Executive Program for Senior Civil Servants (Visionary Leadership: Program 1) class 53/2007
Exploration and Production of Petroleum Training Institute, Paris, France	Organizational Restructuring Program
The Office of the Permanent Secretary, Ministry of Energy	Energy Executive Development Program
Sasin Graduate Institute of Business Administration of Chulalongkorn University	Senior Executive Program

Working Experience in the last 5 years:

TRC Construction Public Company Limited

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



Position in other listed companies: 1 company

Year	Position	Company	Business Type
2016 - present	Independent Director, Audit Committee, Nomination and Remuneration Committee	Thai Sugar Terminal Public company limited (TSTE)	Product Loading Service, Warehouse Rental and Port Service
2015 - 2017	Director and Corporate Governance and Social Responsibility Committee	The Electricity Generating Public Company Limited (EGCO)	Power Producer

Position in other non-listed companies: 1 company

Year	Position	Company	Business Type
2015 - present	Executive Director	Technical Petroleum Training Institute	The core institute in providing international standards for training courses in the petroleum exploration and production business.
2014 - 2015	Director-General	Department of Mineral Fuels, Ministry of Energy	Government Services
2013 - 2014	Deputy Director-General	Department of Mineral Fuels, Ministry of Energy	Government Services
2008 - 2013	Director, Central Administration Bureau	Department of Mineral Fuels, Ministry of Energy	Government Services

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

Criminal offense record during the past 10 years: None



Assoc. Prof. Pises Sethsathira

Independent Director,

Chairman of Remuneration and Nomination Committee
and Corporate Governance Committee

Age : 61 years old

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

Tenure as the director: 12 years 8 months (until December 2017)

Attendance in meetings during year 2017:

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

Shareholding in TRC as at 31 December 2017: 0.066% (3,857,142 shares)

Family Relationship among Executives: None

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

Training:

Institution	Program
Thai Institute of Director Association	- Audit Committee Program (ACP) class 17/2007 - Director Accreditation Program (DAP) class 35/2005

Working Experience in the last 5 years:

TRC Construction Public Company Limited

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

Position in other listed companies:

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

Position in other non-listed companies: None

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

Criminal offense record during the past 10 years: None



Mr. Smai Leesakul
Authorized Director and
Chairman of Executive Committee
 Age : 62 years old

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

Tenure as the director: 10 years 7 months (until December 2017)

Attendance in meetings during year 2017:

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

Shareholding in TRC as at 31 December 2017: 1.069% (62,767,582 shares)

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

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

Training:

Institution	Program
Thai Institute of Director Association	- Financial Statements for Directors (FSD) class 18/2012 - Director Accreditation Program (DAP) class 64/2007
The Federation of Thai Industries	BRAIN: Business Revolution and Innovation Network class 1
Thailand Energy Academy	Top Executive Program in Energy (TEA) class 8
Commerce Academy, University of the Thai Chamber of Commerce	Top Executive Program in Commerce and Trade (TEPCoT) class 5
Urban Green Development Institute Bangkok	Bangkok Metropolitan Administration Executive Program (Mahanakorn class 1)
The National Defense College of Thailand	The Joint State-Private Sector Course (NDC) class 16
Capital Market Academy	Capital Market Academy Leader Program (CMA) class 7

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
2015 - present	Chairman of Executive Committee
2007 - present	Director
2013 - 2015	Risk Management Committee and Chairman of Management Committee
2009 - 2015	Remuneration and Nomination Committee
2007 - 2015	Chief Executive Officer

Position in other listed companies: None



Position in other non-listed companies: 8 companies

Year	Position	Company	Business Type
Apr 17 - present	Director	Thai Listed Companies Association	-
2016 - present	Vice Chairman of the Federation of Thai Industries and Chairman of Institute of Agro-based Industries	The Federation of Thai Industries	-
2015 - present	Director, Chief Executive Officer and Managing Director	ASEAN Potash Chaiphaphum Public Company Limited	Potash mining for fertilizer and chemical production
2011 - present	Director	TRC Engineering LLC (Sultanate of Oman)	Construction Services
2010 - present	Director	TRC Middle East LLC (Sultanate of Oman)	Construction Services
2008 - present	Director	TRC International Limited (Hong Kong)	Investment in other business
	Director	TRC Investment Limited (Mauritius)	Investment in other business
2007 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services
2007 - 2015	Chief Executive Officer	Sahakarn Wisavakorn Company Limited	Construction Services
2014	Chairman	Thailand Post Distribution Company Limited	Cargo and Warehouse Services
2012 - 2014	Vice Chairman	Thailand Post Company Limited	Postal Services
2002 - 2013	General Secretary	The Federation of Design and Construction Services of Thailand (FEDCON)	-

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

Criminal offense record during the past 10 years: None



Mrs. Podchanee Phaosavasdi

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

Age : 57 years old

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

Tenure as the director: 10 years 4 months (until December 2017)

Attendance in meetings during year 2017:

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
6/6	None	2/2	1/1	2/2	1/1	15/19

Shareholding in TRC as at 31 December 2017: None

Family Relationship among Executives: None

Education: Master of Business Administration-Marketing, Ramkhamhaeng University

Training:

Institution	Program
Thai Institute of Director Association	- Risk Management Committee Program (RMP) class 4/2014 - Director Certification Program (DCP) class 151/2011 - Role of the Compensation Committee (RCC) class 9/2009 - Director Accreditation Program (DAP) class 64/2007
The Faculty of Economics, Chulalongkorn University	Risk Management Certificate Program class 3/2014
The Institute of Industrial Energy, the Federation of Thai Industries	Energy Symposium 2016
The Federation of Thai Industries	4.0 Thailand Industrial Development Strategy
KPMG Thailand	2017 ASEAN Infrastructure and PPP Outlook : KPMG Executive Briefing

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
2015 - present	Executive Committee, Chief Commercial Officer and Acting Vice President, Commercial Division
2013 - present	Remuneration and Nomination Committee and Risk Management Committee
2012 - present	Corporate Governance Committee
2007 - present	Director and Management Committee

Position in other listed companies: 1 company

Year	Position	Company	Business Type
2013 - present	Independent Director, Audit Committee and Remuneration and Nomination Committee	Aqua Corporation Public Company Limited	Managing investments in various business sectors



Position in other non-listed companies: 7 companies

Year	Position	Company	Business Type
Nov 17 - present	Director	SH Crossings Company Limited	Construction Services
Jun 17 - present	Director	TRC Utility Company Limited	Investment of the infrastructure projects
2016 - present	Director	ASEAN Potash Chaiyaphum Public Company Limited	Potash mining for fertilizer and chemical production
2015 - present	Executive Committee, Chief Commercial Officer and Vice President, Commercial Division	Sahakarn Wisavakorn Company Limited	Construction Services
2011 - present	Director	TRC Engineering LLC (Sultanate of Oman)	Investment and bidding of new projects
	Director	TRC Middle East LLC (Sultanate of Oman)	Investment and bidding of new projects
2006 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services

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

Criminal offense record during the past 10 years: None



Mr. Pasit Leesakul

Authorized Director, Chief Executive Officer, Chairman of Management Committee, Remuneration and Nomination Committee, Risk Management Committee, Executive Committee, Acting Chief Operation Officer and Acting Chief Financial Officer

Age : 34 years old

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

Tenure as the director: 4 years 9 months (until December 2017)

Attendance in meetings during year 2017:

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
6/6	None	2/2	None	2/2	1/1	18/19

Shareholding in TRC as at 31 December 2017: 0.114% (6,685,714 shares)

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

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

Training:

Institution	Program
Thai Institute of Director Association	Director Accreditation Program (DAP) class 105/2013
Thai Listed Companies Association	- TLCA Leadership Development Program (LDP) class 4 - TLCA Executive Development Program (EDP) class 7
Training of military personnel of Petroleum and Energy	The Management of the Expiring Petroleum Concessions
Econ Chula Association, Chulalongkorn University	Ultra Wealth Program 1 (UW) class 1
Academy of Business Creativity, Sripatum University	Difference: How to Harness Business Creativity Program (ABC) class 3
Faculty of Police Science, Royal Police Cadet Academy	Young Executive Program for law Enforcement (YPL) class 1
King Prajadhipok's Institute	Political Leadership in the New Era Program (PNP) class 2
NIDA-Wharton	NIDA Executive Leadership Program (ELP) class 5

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
February 2018	Acting Chief Operation Officer and Acting Chief Financial Officer
2015 - present	Chief Executive officer, Executive Committee, Chairman of Management Committee, Remuneration and Nomination Committee and Risk Management Committee
2013 - present	Director
2011 - present	Management Committee
2013 - 2015	Executive Vice President
2012 - 2015	Vice President, Commercial Division
2010 - 2012	Acting Vice President, Project Development and Investment Division



Position in other listed companies: None

Position in other non-listed companies: 5 companies

Year	Position	Company	Business Type
Nov 17 - present	Director	SH Crossings Company Limited	Construction Services
Jun 17 - present	Director	TRC Utility Company Limited	Investment of the infrastructure projects
2015 - present	Chief Executive Officer	Sahakarn Wisavakorn Company Limited	Construction Services
2014 - present	Director	Thai Investor Relations Club	-
2012 - present	Director	Sahakarn Wisavakorn Company Limited	Construction Services

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

Criminal offense record during the past 10 years: None



Mr. Loh Eng Kee

Director, Executive Committee,

Management Committee and Deputy Chief Operating Officer

Age : 60 years old

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

Tenure as the director: 2 year 9 months (until December 2017)

Attendance in meetings during year 2017:

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
6/6	None	None	None	None	1/1	13/19

Shareholding in TRC as at 31 December 2017: 0.021% (1,252,928 shares)

Family Relationship among Executives: None

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

Training:

Institution	Program
Thai Institute of Director Association	Director Accreditation Program (DAP) class 74/2008

Working Experience in the last 5 years:

TRC Construction Public Company Limited

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

Position in other listed companies: None

Position in other non-listed companies:

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

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

Criminal offense record during the past 10 years: None



Mr. Sakda Tantivathanakul
 Management Committee and Advisor
 Age : 60 years old

Appointment Date: 1 February 1999

Tenure: 18 years 10 months (until December 2017)

Attendance in meetings during year 2017:

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
None	None	None	None	None	None	19/19

Shareholding in TRC as at 31 December 2017: 0.008% (482,142 shares)

Family Relationship among Executives: None

Education: Bachelor of Civil Engineering, Chiang Mai University

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
February 2018 - present	Advisor
February 2017 - January 2018	Deputy Chief Operating Officer
2005 - present	Management Committee
2013 - February 2017	Vice President, Operation 1 Division
1999 - 2013	Assistant Vice President, Operation Division

Position in other listed companies: None

Position in other non-listed companies: 1 company

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

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

Criminal offense record during the past 10 years: None



Mr. Chaveng Reesrikitti

Management Committee and Deputy Chief Operating Officer

Age : 59 years old

Appointment Date: 1 February 1999

Tenure: 18 years 10 months (until December 2017)

Attendance in meetings during year 2017:

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
None	None	None	None	None	None	18/19

Shareholding in TRC as at 31 December 2017: 0.009% (507,085 shares)

Family Relationship among Executives: None

Education: Bachelor of Mechanical Engineering, Chiang Mai University

Working Experience in the last 5 years:

TRC Construction Public Company Limited

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

Position in other listed companies: None

Position in other non-listed companies: 1 company

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

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

Criminal offense record during the past 10 years: None



Ms. Pavita Leesakul

Vice President, Corporate Affairs Division, Corporate Communication Manager, Acting Material Management and Logistics Manager, Acting Legal Manager and Acting Human Resource Manager
Age : 31 years old

Appointment Date: 1 August 2016

Tenure: 1 year 5 months (until December 2017)

Attendance in meetings during year 2017:

Board of Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
None	None	None	None	None	None	13/19

Shareholding in TRC as at 31 December 2017:

0.184% (10,803,314 shares)

Family Relationship among Executives:

Daughter of Mrs. Paichit Rattananon, Chairman and Mr. Smai Leesakul, Director and Chairman of Executive Committee and sister of Mr. Pasit Leesakul, Director and Chief Executive Officer

Education:

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

Training:

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

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
February 2018	- Acting Legal Manager - Acting Human Resources Manager
2016 - present	- Vice President, Corporate Affairs Division - Acting Material Management and Logistics Manager
2016 - 2017	Corporate Communication Manager
2014 - 2015	Senior Purchase Officer

Position in other listed companies: 1 company

Year	Position	Company	Business Type
Jun 17 - present	Director	TRC Utility Company Limited	Investment of the infrastructure projects
2013	Corporate Communication Officer	Golden Land Property Development Public Company Limited	Property Development

Position in other non-listed companies: None

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

Criminal offense record during the past 10 years: None



Ms. Ounruen Sujarittam

Senior Finance and Investor Relations Manager
and Company Secretary

Age : 50 years old

Appointment Date: 8 September 2004

Tenure: 13 years 3 months (until December 2017)

Shareholding in TRC as at 31 December 2017: None

Family Relationship among Executives: None

Education: Master of Business Administration-Finance, National Institute of Development Administration
Bachelor of Faculty of Commerce and Accountancy, Chulalongkorn University

Training:

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

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
2013 - present	Senior Finance and Investor Relations Manager
2007 - present	Company Secretary
2004 - 2013	Corporate Finance Manager

Position in other listed companies: None

Position in other non-listed companies: 3 companies

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

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

Criminal offense record during the past 10 years: None



Ms. Rewadee Ardham
Senior Accounting Manager
 Age : 49 years old

Appointment Date: 1 July 2000

Tenure: 17 years 5 months (until December 2017)

Shareholding in TRC as at 31 December 2017: 0.019% (1,107,857 shares)

Family Relationship among Executives: None

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

Training:

Institution	Program
Thai Listed Companies Association	Strategic Financial Leadership Program (SFLP)

Working Experience in the last 5 years:

TRC Construction Public Company Limited

Year	Position
2000 - present	Senior Accounting Manager

Position in other listed companies: None

Position in other non-listed companies: None

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

Criminal offense record during the past 10 years: None

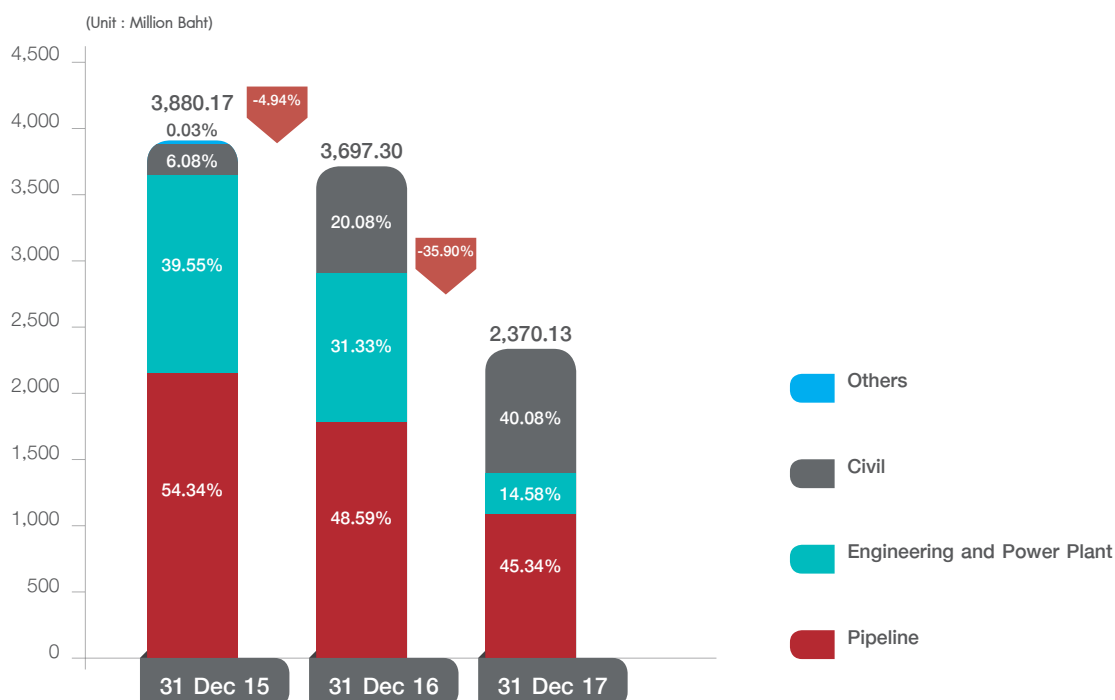
1. Financial Highlights

The Company's financial information	Unit	2017	2016	2015
Income Statements	MB			
Construction services income		2,370.13	3,697.30	3,880.17
Earnings before interest, tax, depreciation and amortization		290.33	399.33	379.19
Net profit attributable to equity holders of the Company		92.79	290.76	305.96
Statements of Financial Position	MB			
Total assets		4,598.38	5,003.16	4,571.87
Total liabilities		1,842.55	2,319.31	2,151.21
Shareholders' equity and non-controlling interests		-27.67	-28.71	-23.19
Equity attributable to owners of the Company		2,783.49	2,712.56	2,443.84
Information about Common Shares				
Number of issued and paid-up ordinary shares	Million shares	5,869.69	5,135.99	4,522.77
Book value per share	Baht	0.47	0.52	0.54
Earnings per share	Baht	0.016	0.050	0.060
Dividend per share	Baht	0.00825	0.0218571	0.025625
Dividend payout ratio	%	47.86	30.01	29.31
Financial Ratio				
Gross profit margin	%	21.54	20.30	16.44
Net profit margin	%	3.81	7.78	7.74
Return on equity	%	3.41	11.39	16.11
Return on assets	%	1.93	6.07	8.50
Debt to equity	(Time(s))	0.67	0.86	0.89
Interest-Bearing Debt-to-Equity Ratio	(Time(s))	0.15	0.16	0.06
Interest Rate Capability*	(Time(s))	15.36	26.88	104.12

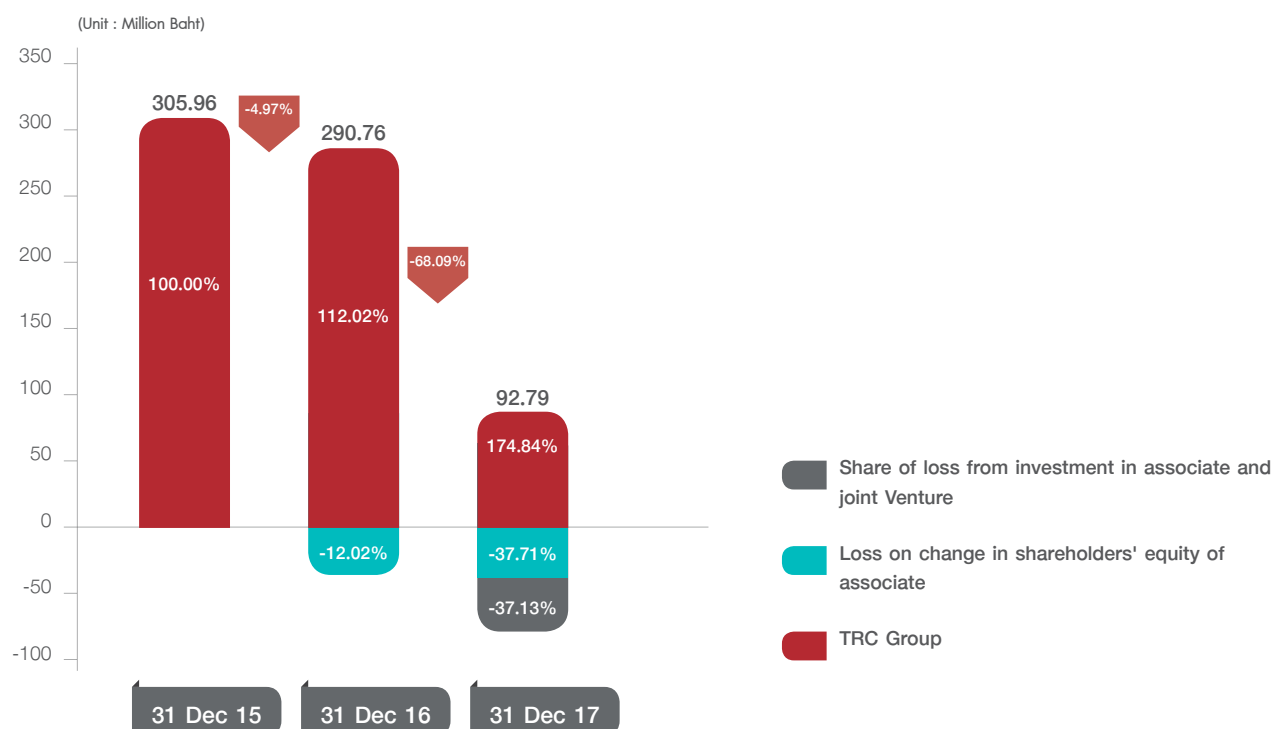
* Interest Rate Capability (Under rights and responsibilities of debenture issuer) = EBITDA / INTEREST

Financial Highlights

Construction services income

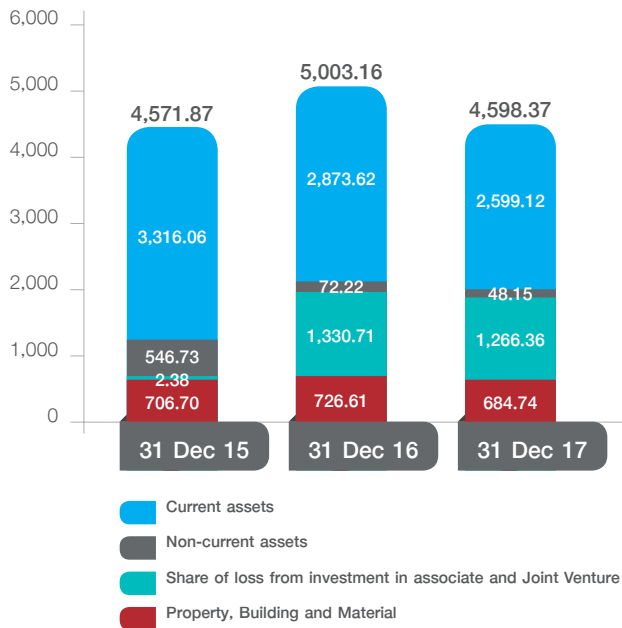


Net Profit

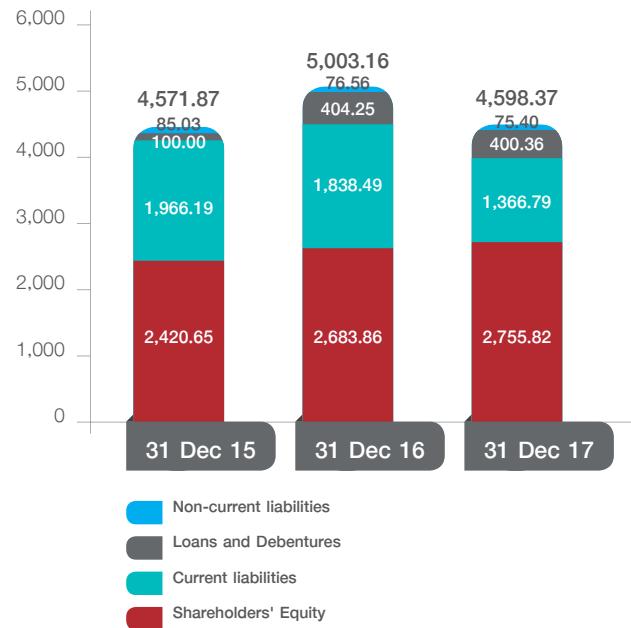


Statement of financial position

Current Assets

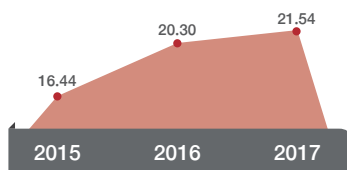


Total Liabilities and Shareholders' Equity

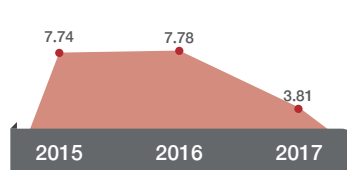


Financial Ratio

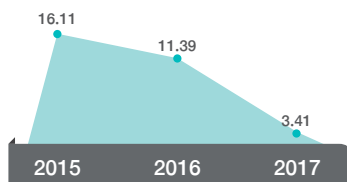
Gross profit margin (%)



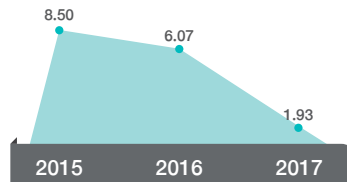
Net profit margin (%)



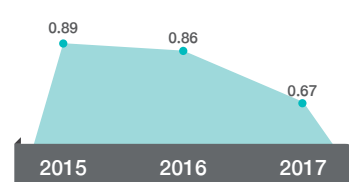
Return on equity (%)



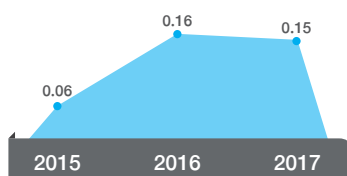
Return on assets (%)



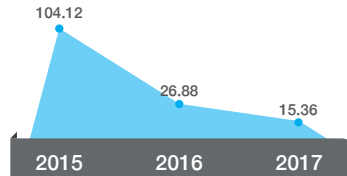
Debt to equity (Time)



Interest-Bearing Debt-to-Equity Ratio (Time)



Interest Rate Capability (Time(s))



2. Business Policy and Overview

1. Business Policy and Overview

Incorporated since 20 November 1998 to provide services in connection with engineering design, the supply of industrial machinery and equipment, and total-solution construction, TRC Construction Public Company Limited has in-depth expertise and experience in the construction of natural gas transmission pipelines and petrochemical plants, civil work and public utilities system. The Company's clients are mainly the conglomerates in the energy and petrochemical industry. Since its inception, the Company has not only focused its efforts on growing business but also engrossed in expanding the capital base. After becoming a listed company on MAI (Market for Alternative Investment) market on 22 December 2005, the Company has successfully managed to move from MAI to the main board of SET on 23 April 2013 under Property Development sector, Property & Construction group. On 2 January 2014, SET relocated the Company's securities from Property Development to Construction Services sector.

Vision, Mission and Target (as reviewed by the 6/2017 Board of Directors Meeting on 8 November 2017)

● **Vision**

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

● **Mission**

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

● **Target**

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

● **Corporate Value**

T – Transparency, Ethical Standards and Integrity

R – Respect and Trust

C – Commitment to Quality Safety, Health, Environment and Social Responsibility

2. Key Changes and Accomplishments

During the past 5 years, the Company's accomplishments in expanding its business and securing large-scale projects on an ongoing basis are outlined below:

2013

- The Company and its subsidiaries were awarded 6 major projects as follows:
 1. Two projects awarded to the Company include:
 - Navanakorn-Rangsit Interconnecting Gas Pipeline Project awarded by PTT Public Company Limited, worth Baht 834.01 million and USD 7.55 million.
 - Saraburi-Nakhon Ratchasima Natural Gas Pipeline Project awarded by PTT Public Company Limited, worth Baht 4,433.65 million and USD 103.45 million. This project has been undertaken in the name of Sinopec-TRC Joint Venture – a joint entity between China-based Sinopec International Petroleum Service Corporation and the Company with a ratio of capital contribution at 70:30.
 2. Three projects awarded to Sahakarn Wisavakorn Co., Ltd. include:
 - Two projects for construction of, first, Region 8 Pipeline Operations Center and, second, Applied Energy Laboratory Building – both awarded by PTT Public Company Limited – worth Baht 206.70 million and Baht 275 million respectively.
 - A project for construction of road, a bridge crossing Khlong Chonprathan 26 (irrigation canal no. 26), and the drainage system phase 1 of TPARK Wang Noi 2 awarded by TICON Logistic Park Company Limited, worth Baht 163.61 million.
 - Architectural Construction and Sanitary Works for Warehouse Building 9 (Sriracha), Phase 2 Project awarded by Alucon Public Company Limited, worth Baht 93.48 million.
- Working in partnership with IRPC Public Company Limited, TRC Engineering LLC – a subsidiary based in Sultanate of Oman – was awarded Oman Refinery and Petrochemical Industry Company's Front End Engineering and Design (FEED) for SR-WWTP Odor Abatement Project worth OMR 350,000.
- The 2013 Annual General Meeting of Shareholders passed its resolutions in relation to the registered capital, the issuance and offering of the Employee Stock Options Program Project 2 (ESOP-W2) warrants to directors and/or employees as follows:
 - Approval for the change to par value of the ordinary shares from Baht 1.00 to Baht 0.50
 - Approval for the cancellation of capital increase under a general mandate and the reduction of registered capital earlier reserved for the capital increase and for the exercise of ESOP-W1 warrants.
 - Approval for an increase of registered capital from Baht 336,585,589 to Baht 425,514,868.50 by issuing 177,858,559 new ordinary shares at par value of Baht 0.50 to prepare for the Company's obligations arising from the issuance of stock dividends, the exercise of ESOP-W2 warrants, and the capital increase by means of right offering.
- The Company issued 112,146,533 shares of stock dividends and received Baht 78.17 million from existing shareholders as payment for 31,269,062 ordinary shares at the offering price of THB 2.50 per share. As of end of 2013, the Company reported its registered capital and paid-up capital at Baht 425,514,868.50 and Baht 408,293,386.50 respectively.

- In April 2013, the SET moved the Company from MAI to SET Main Board.
- In November 2013, the Company won the SET Awards 2013, or Top Corporate Governance Report Award – MAI, in recognition of its exceptional performance in corporate governance reporting. The Company has also won the Outstanding Corporate Performance Award for MAI-listed companies. In addition, Mr. Smai Leesakul, Chief Executive Officer at that time, has been honored with the Outstanding CEO Awards from MAI.
- To enter the bidding for the State Railway of Thailand's project, Sahakarn Wisavakorn Co., Ltd. in partnership with Kuedo Kongyung Co., Ltd. – a strategic partner from South Korea – established a subsidiary named “SKK Joint Venture Co., Ltd.” in which Sahakarn Wisavakorn holds a controlling interest of 89.97%.

2014

- The Company was awarded 2 major projects as follows:
 1. A project for construction of New Bio-Diesel Plant with a production capacity of 450 tons per day awarded by Bangchak Bio Fuel Company Limited, worth Baht 1,200 million.
 2. Waste Gas Incinerator Installation Project at Chana Gas Separation Plant, Songkhla awarded by Trans Thai-Malaysia (Thailand) Limited, worth Baht 519 million and USD 11.33 million.
- On 23 June 2014, the Company and Sahakarn Wisavakorn Co., Ltd. moved their head office to No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng Sub-District, Bang Khen District, Bangkok. The new office building is 6-storey high and built on a 7 Rai, 1 Ngan, 45 sq. Wah plot of land wholly owned by the Company.
- TRC International Limited purchased additional TRC Middle East LLC shares, resulting in an increase in shareholding in TRC Middle East LLC from 60% to 70%.
- In October 2014, SKK Joint Venture Company Limited was dissolved and liquidated to cut down on administrative expense. Since its establishment, SKK Joint Venture had never engaged in any business operation.
- Directors, executives, and employees had their warrants converted to ordinary shares in the 1st – 3rd exercise of rights under ESOP-W2 program. There were a total of 5,954,933 new shares from these exercises of ESOP-W2 warrants. The Company's registered capital and paid-up capital as of 31 December 2014 were Baht 425,514,869 and Baht 411,306,853 respectively.

2015

- The Company and its subsidiaries were awarded 4 major projects as follows:
 1. 1st Transmission Pipeline Life Extension Project: 28” Recoating Section (RC-400) awarded by PTT Public Company Limited, worth Baht 3,725 million.
 2. Three projects awarded to Sahakarn Wisavakorn Co., Ltd. include:
 - A project for construction of Srinakarin-Romklao Road, Phase 1 awarded by Bangkok Metropolitan Administration, worth Baht 885.7 million.
 - A project for construction, improvement and expansion of waterworks phase 1, part 2 in Koh Samui District, Surat Thani Province operated under the administration of the Provincial Waterworks Authority, Koh Samui Branch. This project, worth THB 858 million and undertaken in the name of Hydrotek Sahakarn Joint Venture, was awarded by the Provincial Waterworks Authority.
 - A project for supply, installation, and commissioning of cigarette making machinery and equipment used in the dry-ice expanded tobacco (DIET) process (M-01/2) awarded by Thailand Tobacco Monopoly, Ministry of Finance, worth Baht 837.07 million (or EUR 15,476,635.11).

- In March 2015, The Board Meeting No. 3/2015 passed a resolution to appoint Mr. Pasit Leesakul as the Company's director and Chief Executive Director. The appointment became effective on and from 1 April 2015.
- The 2015 Annual General Meeting of Shareholders passed its resolutions in relation to the registered capital, the issuance and offering of debentures, and the adjustment to ESOP-W2 entitlements as follows:
 - Approval for the change to par value of the ordinary shares from THB 0.50 to THB 0.125
 - Approval for the issuance and private placement of debentures of up to THB 500 million
 - Approval for the issuance and private placement of debentures of up to THB 2,000 million
 - Approval for the reduction in registered capital from THB 425,514,868.50 to THB 423,741,039
 - Approval for the issuance and private placement, under general mandate, of up to 330,461,068 ordinary shares
 - Approval for the increase of registered capital from THB 423,741,039 to THB 655,358,932.25
 - Approval for the allocation of 1,852,943,146 new ordinary shares to prepare for the Company's obligations arising from the issuance of stock dividends, the warrants issued through private placement and to persons subscribing for debentures, and the adjustment to ESOP-W2 entitlements.
- In May 2015, the Company took the following actions related to ordinary shares:
 - Changing the par value of the ordinary shares from THB 0.50 to THB 0.125
 - Reducing the registered capital to THB 423,741,039
 - Increasing the registered capital to THB 655,358,932.25
 - Issuing 830,537,602 shares of stock dividend
- In July 2015:
 - Issuing debentures through private placement within the limit of THB 100 million, maturing in 2 years with a coupon rate of 4.68% per annum payable every 3 months.
 - Making private placement of additional 330,000,000 ordinary shares at the offering price of THB 2.20 a share to 16 persons and subsequently receiving THB 713.09 million in proceeds from selling these shares.
 - Buying a 5-Rai plot of land in Map Kha District, Rayong to build a fabrication shop for storing, repairing and maintaining machines and to prepare for upcoming large-scale projects and business expansion.
- In November 2015, the Company won the SET Awards 2015 in 2 categories, namely Outstanding Corporate Performance Award for listed companies and Outstanding Investor Relations Award for listed companies.
- During 2015, the Company's additional investments in the ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (APOT) were transacted as follows:
 - In January 2015, TRC International Limited purchased additional 250,000 shares in APOT at THB 200 per share, totaling THB 50,000,000. As a result, TRC International Limited held a total of 750,000 shares in APOT.
 - On 16 September 2015, the Board of Directors Meeting No. 9/2015 passed a resolution to approve TRC Investment Limited (a subsidiary in Mauritius)'s purchase of up to 6.30 million shares in APOT at THB 200 per share, or approximately THB 1,260 million in total, from Thermal Trade and Investment Limited.
 - On October 15, 2015, TRC Investment Limited made 1st payment for APOT shares for a sum of THB 355 million, and on October 30, 2015, the company received the transfer of 1,775,000 shares in APOT. As a

result, TRC Group's shareholding in APOT at the end of 2015 went up to 12.25% (8.61% shareholding by TRC Investment Limited and 3.64% shareholding by TRC International Limited) with THB 2,060.84 million in paid-up capital.

- The establishment of new subsidiaries and the registration of capital increase by Sahakarn Wisavakorn Co., Ltd. are as follows.
 - A subsidiary named "CR3 & Sahakarn Joint Venture Company Limited" ("CR3") was established in partnership between Sahakarn Wisavakorn and its Chinese strategic alliance, or China Railway No. 3 Engineering Group Co., Ltd., in which Sahakarn Wisavakorn holds 51% stake. The purpose of this subsidiary was to participate in the bidding for the State Railway of Thailand's project. Nonetheless, it did not participate in the bidding as planned and, as it was not intended to do further business, the management decided to dissolve the entity in order to save cost spent on its administration. The liquidation process was complete in December 2015.
 - A subsidiary named "Hydrotek Sahakarn Joint Venture" ("CR3") was established in partnership between Sahakarn Wisavakorn and Hydrotek Public Company Limited, in which Sahakarn Wisavakorn holds 49% stake. The purpose of this subsidiary was to take on the Provincial Waterworks Authority's project for construction, improvement and expansion of waterworks operated under the administration of the Provincial Waterworks Authority, Koh Samui Branch in Surat Thani. It was agreed that all business operations of this joint venture would be under the sole responsibility of Sahakarn Wisavakorn and Hydrotek PLC would not share any gain or loss, nor would it take any responsibility in the damage arising from such operations.
 - In May 2015, Sahakarn Wisavakorn increased its registered capital from THB 200 million to THB 500 million.
- Directors, executives, and employees had their warrants converted to ordinary shares in the 4th – 7th exercise of rights under ESOP-W2 program. The 3rd – 6th exercise of warrants led to an addition of 48,001,970 new shares (the conversion rate for the 3rd and 4th exercise was 1:1 while the conversion rate for the 5th and 6th was 1:5). The Company's registered capital and paid-up capital as of the end of 2015 were THB 655,358,932.25 and THB 565,345,762 respectively.

2016

- In February 2016, the Company obtained the Letter of Award from ASEAN Potash Chaiyaphum Public Company Limited ("APOT") for Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities worth USD 142.03 million, EUR 416.00 million and THB 12,433.39 million, or THB 34,089.50 million in total. In May the Company received a Notice to Proceed for the Early Works – the scope of work under this notice was restricted to the engineering work and site survey/exploration – worth altogether EUR 10.20 million and THB 294.94 million, or THB 711.36 million in total. This Notice to Proceed's work is part of the Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities.
- In March 2016, the Board of Directors Meeting No. 3/2016 passed a resolution approving the dissolution of subsidiaries in Sultanate of Oman – TRC Middle East LLC and TRC Engineering LLC – since both entities had not signed any project since 2015, nor did they have further plan to participate in bidding.
- In March 2016, the Company issued debentures through private placement within the limit of THB 200 million, maturing in 2 years with a coupon rate of 4.40% per annum payable every 3 months.
- The 2016 Annual General Meeting of Shareholders passed its resolutions in relation to the Company's registered capital as follows:

- Approval for the issuance and private placement of up to 675,000,000 warrants to persons subscribing for the Company's debentures worth up to THB 2,000 million.
- Approval for the reduction of registered capital from THB 655,358,932.25 to THB 570,665,282.63.
- Approval for the increase of registered capital from THB 570,665,282.63 to THB 726,373,442.88.
- Approval for the allocation of 1,245,665,282 new ordinary shares to prepare for the Company's obligations arising from the issuance of stock dividends, the warrants issued through private placement and to persons subscribing for debentures, and the adjustment to ESOP-W2 entitlements
- In May 2016, the Company executed transactions in connection with its ordinary shares as follows.
 - Reduction of registered capital to THB 570,665,282.63
 - Increase of registered capital to THB 726,373,442.88
 - Issuance of 570,436,077 shares of stock dividend
- TRC Investment Limited made additional investments in ordinary shares of ASEAN Potash Chaiphum Public Company Limited ("APOT"). After the second, third, and fourth payments for these shares totaling THB 905 million, a total of 2,750,000 APOT shares was transferred to TRC Investment Limited, making the TRC Group's stake in APOT as of the end of 2016 increase to 26.22 percent whereby TRC Investment Limited and TRC International Limited respectively held 23.43% and 2.79% with THB 2,688.31 million in paid-up capital.
- The Company's stocks were qualified to become part of the SET100 index for the period starting from July 1 – December 31, 2016.
- Directors, executives, and employees had their warrants converted to ordinary shares in the 8th and 9th (the last) exercise of rights under ESOP-W2 program. The number of additional shares resulting from the 7th to 9th exercise of warrants was 42,783,587 (the conversion rate was 1:5), consequently making the Company's registered capital and paid-up capital as of the end of 2016 stand at THB 726,373,442.88 and THB 641,998,220 respectively.

2017

- The Company and its subsidiaries were awarded 8 major construction projects as follows:
 1. Four projects awarded to the Company include:
 - EPC for RDCC Catalyst Cooler Project Part 2 – Back Pressure Steam and Utilities System awarded by IRPC Public Company Limited, worth THB 492 million.
 - BV4.19 PIG Launcher and Receiver Installation Project awarded by PTT Public Company Limited, worth THB 229.28 million
 - Natural Gas Transmission Pipeline to NGV Service Stations of The Land Transport Association of Thailand (Nam Phong) Project awarded by PTT Public Company Limited, worth THB 59.15 million
 - RCG#Sales Gas GSP6 Mixing Header Project awarded by PTT Public Company Limited, worth THB 28.15 million
 2. Four projects awarded to Sahakarn Wisavakorn Co., Ltd. include:
 - Improvement of Pracharumjai Road – Mitmaitri Road Project awarded by the Bangkok Metropolitan Administration, the Metropolitan Electricity Authority, the Metropolitan Waterworks Authority, and TOT Public Company Limited, worth THB 990.84 million.

- The 7,602-km Kanlapaphruek Road Extension Project awarded by the Department of Highways (Ministry of Transport), the Metropolitan Electricity Authority, and the Metropolitan Waterworks Authority, worth THB 849.72 million
- Improvement of Nature Trail toward Khanom National Park Project awarded by Highway of Nakhon Si Thammarat District 1, worth THB 47.80 million
- A project for laying separate source (untreated) water pipeline for Quality Coffee Products Co., Ltd. awarded by Eastern Water Resources Development and Management PCL, worth THB 15.42 million
- In March, the Company received from ASEAN Potash Chaiyaphum Public Company Limited a Limited Notice to Proceed (LNTP) for the Early Work of Underground Mining Facilities worth THB 711 million (the LOA for project worth approximately THB 34,000 million) for the Company to commence the mineral processing plant's engineering work and the procurement of long lead machinery and equipment.
- The 2017 Annual General Meeting of Shareholders passed its resolutions in relation to the Company's registered capital as follows:
 - Approval for the reduction of registered capital from THB 726,373,442.88 to THB 641,998,220 consisting of 5,135,985,760 ordinary shares with par value of THB 0.125, and the amendment of Clause 4 of the Company's Memorandum of Association in line with the approved reduction of registered capital.
 - Approval for, first, the increase of registered capital for THB 91,714,031.25 equivalent to 733,712,250 ordinary shares, resulting in the Company's registered capital increasing from THB 641,998,220 to THB 733,712,251.25 or equivalent to 5,869,698,010 ordinary shares, and, second, the amendment of Clause 4 of the Company's Memorandum of Association in line with the approved increase of registered capital.
 - Approval for the allocation of 733,712,250 new ordinary shares to prepare for the Company's obligations arising from the issuance of stock dividends.
- In May 2017, the Company executed transactions in connection with its ordinary shares as follows.
 - Reduction of registered capital to THB 641,998,220
 - Increase of registered capital to THB 733,712,251.25
 - Issuance of 733,707,536 shares of stock dividend
- In June 2017, the Company set up a subsidiary named "TRC Utility Company Limited" with THB 1,000,000 in registered capital, whose business activities will mainly involve investment in projects related to basic infrastructure. The first investment by this newly-established entity is the Water Supply Concession Project of Tasit Subdistrict Administration Organization in Pluak Daeng District, Rayong. The investment value of this project is THB 46.5 million.
- In March 2017, the Company issued debentures through private placement within the limit of THB 100 million, maturing in 1 years with a coupon rate of 4.50% per annum payable every 3 months
- In October 2017 the Company has been certified to ISO9001:2015 quality management standard, ISO14001:2015 environmental management system standard, and OHSAS18001:2007 occupational health and safety management system standard from SGS (Thailand) Company Limited.
- In November 2017, Sahakarn Wisavakorn Co., Ltd., in partnership with Chinese strategic alliance Huayuan Innovative Development (Hong Kong) Company Limited, set up a subsidiary named "SH Crossings Company Limited" in which Sahakarn Wisavakorn holds 51% stake and the other holds 49%. The purpose of this new

subsidiary incorporated with Baht 40,000,000 in registered capital is to do business in construction of underground electrical conduits, including boring and pipe jacking work,

- The Company's stocks have become qualified for the calculation of sSET Index – an index representing price movements of common stocks of public companies, apart from constituents in the SET50 Index and SET100 Index, which are listed on the Stock Exchange of Thailand, have constant liquidity and comply with requirements regarding the distribution of shares to minor shareholders.
- According to the 2017 corporate governance assessment conducted by the Thai Institute of Directors Association (IOD), the Company has been rated “excellent”.
- During the year, ASEAN Potash Chaiyaphum Public Company Limited (APOT) – one of the Company's affiliates – has undertaken the following actions to make changes to its registered capital and paid-up capital.
 - In March 2017, APOT received Baht 80 million from the Ministry of Finance as payment for 1,174,860 newly-issued ordinary shares at the price of Baht 68.43 per share. After the registration of change in paid-up capital from Baht 2,688,308,700 to Baht 2,805,797,300, TRC Group's shareholding in APOT as of the end of 2017 is down to 25.13% (22.46% shareholding by TRC Investment Limited and 2.67% shareholding by TRC International Limited).
 - In July 2017, a change in capital from Baht 2,805,797,300 to Baht 29,472,035,900 was registered in accordance with the 2017 Annual General Meeting of Shareholders' resolution approving the capital increase.

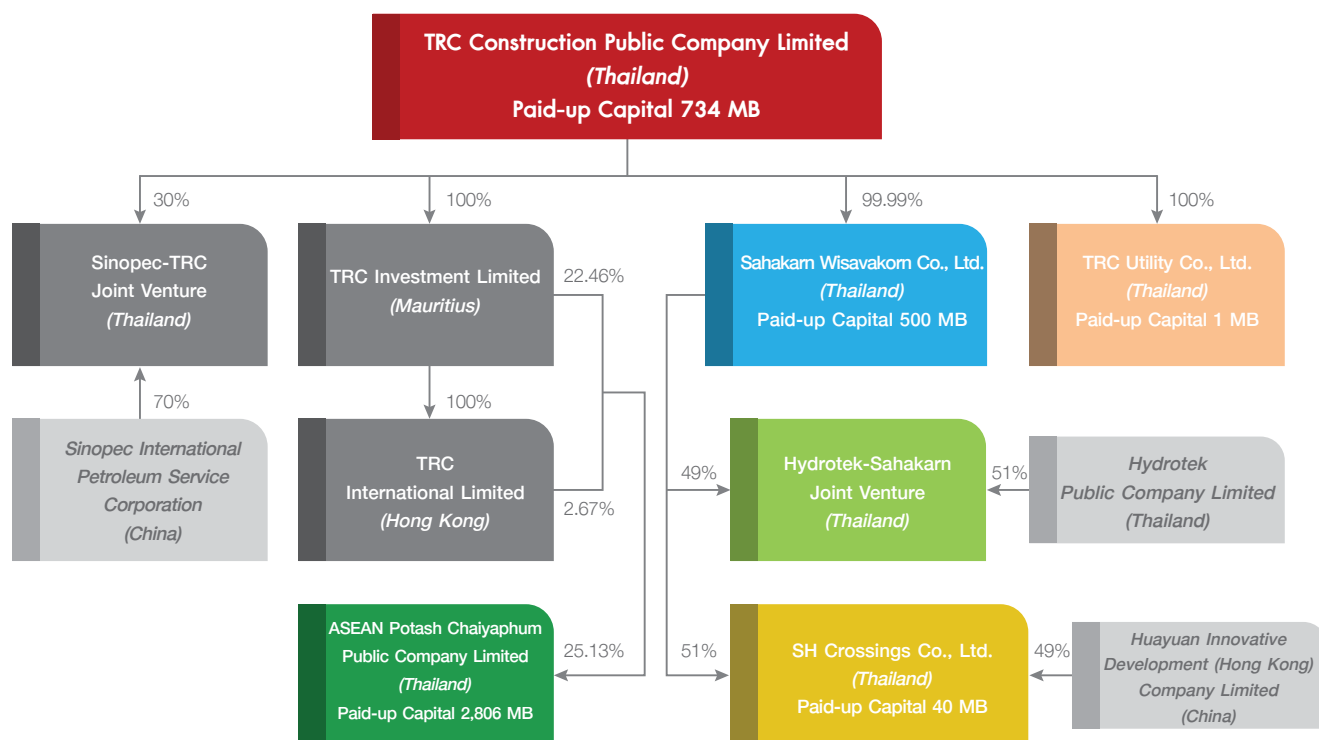
3. TRC Group Structure

● TRC Group Structure Overview

As at 31 December 2017, There are 8 subsidiaries in which the Company's other subsidiaries own a stake. as follows;

1. Sahakarn Wisavakorn Company Limited
2. TRC Investment Limited
3. TRC International Limited
4. TRC Middle East LLC*
5. TRC Engineering LLC*
6. TRC Utility Company Limited
7. SH Crossings Company Limited
8. Hydrotek Sahakarn Joint Venture

* As it is in the process of dissolution and solvency, the name is withdrawn from 'TRC Group Structure'



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

Name	Paid-up Capital	Nature of Business	Shareholding (%)
TRC Construction Public Company Limited	Baht 734 million	To provide services in connection with engineering design, the supply of industrial machinery and equipment, and total-solution construction	-
Subsidiaries:			
Sahakarn Wisavakorn Company Limited	Baht 500 million	Public Utility and General Construction Service Business	99.99%
TRC Investment Limited	USD 1	Investment in other business	100%
TRC International Limited	HKD 10	Investment in other business	100% (Shareholding through TRC Investment Limited)
TRC Utility Company Limited	Baht 1 million	Investment in of basic infrastructure business	100%
TRC Middle East LLC	OMR 150,000	Construction Service Business in Sultanate of Oman	70% (Shareholding through TRC International Limited)
TRC Engineering LLC	OMR 250,000	Construction Service Business in Sultanate of Oman	70% (Shareholding through TRC International Limited)
SH Crossings Company Limited	Baht 40 million	Construction of Underground electrical conduits, trenchless for Horizontal Directional Drilling (HDD), Boring and Pipe Jacking	51% (Shareholding through Sahakarn Wisavakorn Company Limited)
Hydrotek Sahakarn Joint Venture	Baht 1 million	Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province (This joint venture has been established to undertake this construction project only)	49% (Shareholding through Sahakarn Wisavakorn Company Limited)
Associates:			
ASEAN Potash Chaiyaphum Public Company Limited	Baht 2,806 million	Potash Mining for fertilizer and chemical production at Bamnet Narong District, Chaiyaphum Province	25.13% (holding though TRC International Limited 2.67% and TRC Investment Limited 22.46%)

4. Nature of Business

The Revenue Structure of the Company and its subsidiaries

Revenue	Operated by	Percentage of Share Holding	2017		2016		2015	
			Amount (MB)	%	Amount (MB)	%	Amount (MB)	%
1. Construction Services income and Sales								
1.1 Revenue from Pipeline System Construction	TRC		861.67	35.37	1,240.08	33.18	838.68	21.21
	TRC-Sinopec Joint Venture	30%	1.40	0.06	132.98	3.56	1,132.29	28.63
	Hydrotek Sahakarn Joint Venture	49%	211.62	8.69	423.35	11.33	137.39	3.47
Total			1,074.69	44.12	1,796.41	48.07	2,108.36	53.31
1.2 Revenue from Engineering System Installation and Factory Construction for Energy and Petrochemical Business	TRC		52.02	2.13	650.15	17.40	1,534.59	38.80
	SKW	99.99%	293.42	12.05	508.39	13.60	-	-
Total			345.44	14.18	1,158.54	31.00	1,534.59	38.80
1.3 Revenue from Civil Work Construction	TRC		298.17	12.24	272.63	7.30		
	SKW	99.99%	651.83	26.76	469.72	12.57	236.12	5.97
Total			950.00	39.00	725.35	19.87	236.12	5.97
1.4 Revenue from Other Services	TRC		-	-	-	-	1.10	0.03
Total			2,370.13	97.30	-	-	1.10	0.03
Total construction services income			2,370.13	97.30	3,697.30	98.94	3,880.17	98.11
2. Interest income			1.34	0.05	3.20	0.09	11.03	0.28
3. Other income			64.36	2.64	36.40	0.97	63.83	1.61
Total revenues			2,435.83	100.00	3,736.90	100.00	3,955.03	100.00

1. Nature of Business

● TRC Construction Public Company Limited

TRC Construction Public Company Limited is a construction company providing services in connection with engineering design, the supply of industrial machinery and equipment, and total-solution construction with in-depth expertise and experience in the construction of natural gas transmission pipelines and petrochemical plants, including the development of projects and investments in energy, real estate, power plants and petrochemical industries. One of the Company's subsidiaries, or Sahakarn Wisavakorn Co., Ltd., has long been in the construction business for more than 60 years providing civil work and basic infrastructure services to several state agencies, state-owned enterprises and leading private conglomerates.

The Company has been partnering with both national and offshore contractors in order to become qualified for bidding and seeing the awarded projects through. The partnership may involve the forming of joint venture or consortium, as the Company sees fit.

With a view to bringing growth, security and sustainability to its business, the Company has formulated an investment strategy with a goal to materialize at least 4 investment projects within 2019. Between 2015 and 2016, the Company invested, through two of its subsidiaries named TRC Investment Limited and TRC International Limited, in ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited ("APOT"). Of the total investment in ordinary shares, TRC Investment Limited held 6,300,000 shares and TRC International Limited held 750,000 shares, accounting for 22.46% and 2.67% respectively and making the Company's overall percentage of shareholding in APOT stand at 25.13% as of December 31, 2017 (the paid-up capital of APOT was THB 2,805,797,300).

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

1. Engineering: This segment of service deals with the engineering design as per the customer's purpose of use. This type of work generally requires specific, technical knowledge in engineering design in construction and installation to get the most efficient performance of deliverables for clients.

2. Procurement: This deals with procurement of construction materials, as per customer request, to be used in the planned construction and installation. Procurement service is usually incorporated as part of a scope of construction work.

3. Construction: The process of construction and installation of engineering system usually follows the completion of engineering design and material procurement.

4. Construction Management: This involves overseeing the construction process to ensure that it is carried out as planned.

5. Project Development and Investment: This deals with scouring opportunities to develop and invest in new projects whose natures are commensurate with the Company's core business.

The Company could be commissioned to do only one or multiple of the above services in one contract and the Company may subcontract certain part of the services to the other contractor who is specialized for that job.

Currently, TRC Group has 4 business units as follows:

1. Pipeline system construction: The Company's pipeline system construction business unit mainly focuses on natural gas transmission pipeline construction for companies in energy and petrochemical industries. In the past, the Company's key segment was in the construction of natural gas distribution pipeline system. By partnering with overseas strategic alliances in several large-scale, cross-country or cross-province pipeline projects e.g. Wangnoi-Kaengkhroi Natural Gas Pipeline Project in 2005 – the Company's first project undertaken by CPP-TRC Joint Venture; a joint entity between China Petroleum Pipeline Bureau and the Company – and many more, the Company has gradually acquired such considerable,

in-depth experience that at the moment it is capable of bidding and handling most of the large-scale projects on its own. The Company's expertise in other fields than the natural gas pipeline system includes pipeline for transporting raw materials, petrochemical system, water and oil pipeline.

2. Engineering system installation and construction of energy and petrochemical plants: This business unit offers services in connection with engineering design, the supply of industrial machinery and equipment, and total-solution plant construction to companies in the energy and petrochemical industry.

3. Civil work and public utility system: This unit is managed by Sahakarn Wisavakorn Co., Ltd.

4. Project development and investment: With a focus on developing projects associated with energy, real estate, power plants and petrochemical plants, the purpose of this unit is to engage in long term investment in projects and construction service.

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

Sahakarn Wisavakorn Co., Ltd. ("Sahakarn Wisavakorn"), formerly known as United Engineering Co., Ltd., was established by Mr. Pratueng Kamprakob in 1954 with a registered capital of THB 500,000 to provide construction service.

Sahakarn Wisavakorn's business had been continually growing since its founding. However, in 1997 Sahakarn Wisavakorn started to have financial problem which went downhill over the years until it was so severe that Sahakarn Wisavakorn had to undergo the rehabilitation program in 2000. After years of its effort to recover financial position in accordance with the rehabilitation program, Sahakarn Wisavakorn was eventually released, by the order of the Central Bankruptcy Court, from the enforcement of rehabilitation program on March 1, 2004.

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

Sahakarn Wisavakorn is not only registered but also classified as a first class or special class contractor by a number of state agencies e.g. the Department of Highways, Department of Rural Roads, Bangkok Metropolitan Administration, Royal Irrigation Department, Metropolitan Waterworks Authority, Provincial Waterworks Authority, Provincial Electricity Authority, Marine Department, Department of Water Resources, Port Authority of Thailand, National Housing Authority, etc. As a result, Sahakarn Wisavakorn has been able to enter the bidding on state agencies' large-scale projects since 2009. In addition, Sahakarn Wisavakorn has received quality management certification, or ISO 9001:2008, confirming its quality assurance standards comparative to others being accepted worldwide.

At present, Sahakarn Wisavakorn's registered and paid-up capital is THB 500 million.

- **TRC Utility Company Limited**

On 20 June 2017, the Company set up a subsidiary named "TRC Utility Company Limited" with THB 1,000,000 in registered capital, whose business activities will mainly involve investment in projects related to basic infrastructure. The first investment by this newly-established entity is the Water Supply Concession Project of Tasit Subdistrict Administration Organization. The natures of this project involve the construction of water treatment plant and managing sales of water to industrial and household users within the area governed by Tasit Subdistrict Administration Organization in Pluak Daeng District, Rayong.

- **SH Crossings Company Limited**

On 17 November 2017, Sahakarn Wisavakorn Co., Ltd., in partnership with Chinese strategic alliance Huayuan Innovative Development (Hong Kong) Company Limited, set up a subsidiary named "SH Crossings Company Limited" with

THB 40 million in registered capital. The purpose of this new subsidiary is to do business in construction of underground electrical conduits, including boring and pipe jacking work.

- **Subsidiaries in Sultanate of Oman**

- **TRC Middle East LLC** was established for specific purpose in 2009 to undertake the Flow Lines Rima Satellites Small Fields Construction Project awarded by Petrogas Rima LLC. The nature of works was to construct the distribution pipeline for crude oil with the 3-year contract (May 2009 - April 2012) and, due to customer's satisfaction, in 2012 the contract was extended for another 2 years for additional works. This project was completed and handed over to the customers since 2014.

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

The Board of Director Meeting No. 3/2016 dated March 10, 2016 has approved the dissolution of TRC Middle East LLC and TRC Engineering LLC. The dissolution of these companies was made based on the fact that TRC Middle East LLC had already finished the construction works and handed over the completed project to the owner, or Petrogas Rima LLC and both entities had not engaged in any other projects since 2015. At present both entities are in the process of officially registering the dissolution and liquidation which is anticipated to complete within 2018.

Projects on Hand

As of 31 December 2017, the Company and its subsidiaries had projects on hand as below summary.

	Number of the Projects	Uncompleted Work Value (MB)
TRC Construction Public Company Limited	8	4,634.76
Sahakarn Wisavakorn Company Limited	10	2,077.24
Total	18	6,712.00

- **TRC Construction Public Company Limited**

Project Name	Type ⁽¹⁾	Client	Project Value ⁽²⁾ (MB)	Value of Uncompleted Work (MB)	Project Period
1. 1 st Transmission Pipeline Life Extension Project: 28" Recoating Section	E,P,C	PTT Public Company Limited	3,725.00	1,330.20	Feb 15 - Oct 18
2. LNTP for Turnkey Delivery of APOT Project Package	E,P,C	ASEAN Potash Chaiphum Public Company Limited			
2. Surface Processing and Facilities					
2.1 Engineering, road subbase and Temporary site facilities			711.36	239.36	May 16 - Dec 18
2.2 Long Lead Equipment for Processing Plant			2,310.72	2,310.72	May 17 - Dec 18

Project Name	Type ⁽¹⁾	Client	Project Value ⁽²⁾ (MB)	Value of Uncompleted Work (MB)	Project Period
3. RDCC Catalyst Cooler Project Part 2 Back Pressure Steam Turbine and Utilities System	E,P,C	IRPC Public Company Limited	492.00	451.26	Sep 17 - Jun 19
4. BV4.19 PIG Launcher and Receiver Installation Project	E,P,C	PTT Public Company Limited	229.28	167.67	Sep 17 - Nov 18
5. Revamp LPG Transfer Pump to Domestic BRP	E,P,C	PTT Public Company Limited	208.50	54.79	Apr 17 - Sep 18
6. Preparation and Refurbishment of Existing Decline	E,P,C	ASEAN Potash Chaiphaphum Public Company Limited	162.40	63.60	Jan 16 - Dec 18
7. Natural Gas Distribution Pipeline Project, Connecting Line to NGV, the Land Transport Association of Thailand	E,P,C	PTT Public Company Limited	59.15	0.30	Jan 17 - Dec 17
8. RGC # Sales Gas GSP6 Mixing Header	E,P,C	PTT Public Company Limited	28.15	16.86	Sep 17 - May 18
Total 8 Projects			7,926.56	4,634.76	

- **Sahakarn Wisavakorn Company Limited**

Project Name	Type ⁽¹⁾	Client	Project Value ⁽²⁾ (MB)	Value of Uncompleted Work (MB)	Project Period
1. Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province Phase 1, Part 2	E,P,C	Provincial Waterworks Authority	855.23	82.87	Aug 15 - Apr 18
2. Engineering Procurement and Construction for Dry Ice Expanded Tobacco Process, DIET Process (M-01/2) (Project value Baht 237.21 million and Euro 15.48 million)	E,P,C	Thailand Tobacco Monopoly, Ministry of Finance	834.42	32.61	Dec 15 - Jun 18
3. Construction Project, Srinakarin to Romklao Road, Phase 1 (Construction the interchange of Srinakarin Road and Krungthepkreetha Construction Srinakarin Road to Hua Mark Klong)	E,P,C	Bangkok Metropolitan Administration	826.85	15.23	Jul 15 - Jan 18

Project Name	Type ⁽¹⁾	Client	Project Value ⁽²⁾ (MB)	Value of Uncompleted Work (MB)	Project Period
4. Department of Highway's Extension Kalaparuek Road	E,P,C	Department of Rural Roads	445.16	418.89	May 17 - Aug 18
		Metropolitan Electricity Authority	361.85	361.85	May 17 - Jul 18
		Metropolitan Waterworks Authority	42.71	40.73	May 17 - Jul 18
5. Improvement of Pracharumjai Road – Mitmaitri Road	E,P,C	Bangkok Metropolitan Administration	367.29	367.29	Sep 17 - Sep 19
		Metropolitan Electricity Authority	418.79	418.79	Nov 17 - Aug 18
		Metropolitan Waterworks Authority	195.23	195.23	Dec 17 - Aug 18
		TOT Public Company Limited	9.53	9.53	Dec 17 - Aug 18
6. The Improvement Nature Trail into National Park Office Hat-Khanom-Mu-Ko-Thale-Tai phase Ao Thong Yang - Ao Thong Yee	E,P,C	Nakhonsithammarat Province	98.11	81.39	May 17 - Jun 18
7. Construction Thong Nian Water Supply Station and Laying of water supply pipes	E,P,C	Provincial Waterworks Authority	47.80	33.22	Jul 17 - Mar 18
8. Laying of raw water distribution Pipeline in Quality Coffee Products Ltd.	E,P,C	Eastern Water Resources Development and Management Public Company Limited	15.42	0.42	Sep 17 - Jan 18
9. Construction of school buildings Cor Sor Lor. 2 floors (special form)	E,P,C	Anuban Watpronpharaung School	15.34	15.34	Dec 17 - Dec 18
10. Adjust the soil and compaction with a wall	E,P,C	PTT Natural Gas Distribution Company Limited	12.00	3.85	Feb 17 - Feb 18
Total 10 Projects			4,545.73	2,077.24	

Notes:

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

(2) The value of uncompleted works for the foreign currency using Fx at Baht 39.3938 per EUR and Baht 32.8472 per USD.

2. Marketing and Competition

Competitive Strategy

The competitive strategies of the Company and subsidiaries are as follows:

1. Quality Control: The Company has a policy to control the quality of works to be in line with the customers' requirement and deliver the works punctually in order to obtain customers' satisfaction.

2. Reputation and Experiences of Engineers in Management Level: With over than 20-year acceptable reputation and expertise in engineering field, the Company's management are capable to oversee and monitor the engineering managers' works in all projects.

3. Past Credentials: With reference to quality of works and good performance in the past, the Company has gained some respects and reliance to execute a large scale projects in both natural gas pipeline system and processing plant construction of energy and petrochemical industries in a form of turn-key projects. In addition, the business expansion to overseas enables customers to rely on and have confidence to not only return for the Company's service but also recommend others for the Company.

4. Employees' Capabilities: There are a large number of skilled employees providing efficient services to customers; in the meantime, the Company has a retention policy with training courses arrangement for them consistently.

5. Cooperation with Partners: To reinforce competency for obtaining new projects from both domestic and international customers, the Company has cooperated with strategic partners having technology and petrochemical products to increase capabilities for competitive and overseas business expansion.

Marketing Strategies

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

1. Maintaining domestic customer base. The Company has the largest market share in the natural gas pipeline construction industry, serving several conglomerate clients in Thailand e.g. PTT Public Company Limited and other entities under the umbrella of PTT Group. The Company has focused its effort on quality management on the basis of ISO quality assurance standards – the Company and Sahakarn Wisavakorn Co., Ltd. have been certified to ISO since 2007 and 2009 respectively – and on timely delivery of work to clients.

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

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

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

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

needs and to enhance its opportunity to secure new target groups of customers in both Thailand and neighboring countries in the wake of freer trade in goods and services envisaged by AEC.

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

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

6. Building and maintaining corporate reputation. Under the administration of the Company's highly competent management team with extensive experience specifically in running the construction business, the Company's professional reputation became widely recognized, particularly in the construction industry. The Company won the Stock Exchange of Thailand's Outstanding Company Performance Awards in 2013 and 2015. The Company is firmly determined to maintain and live up to its reputation by implementing such measures as the enhancement of personnel's talents and skills required for performing their tasks effectively, retention of the skilled, quality workforce by, among other things, ensuring that such employees feel contentment about their work. Employee satisfaction at work will entail high level of efficiency in providing services to customers and, in the end, contribute to the optimal benefits of all segments of stakeholders.

Competitiveness

The Company's mainstream business is in petrochemicals pipeline construction, industrial machinery design and installation services. The Company's strategic alliance networks and good relationship with its business partners helps improve the Company's eligibility to enter the bidding for large-scale projects that require highly specialized know-hows. Even so, during 2016 – 2017 the competition for large-scale projects was very intense as there were more than ever other contractors entering the bidding battleground and offering cut-throat prices, leading to the Company not being selected in the tender for some projects.

With respect to the energy and petrochemical plant construction, the Company has upgraded its offers to clients by embracing turn-key solution into its range of services which include the engineering work, supply and procurement, and construction service. Efficiency in providing services and fulfillment of customer requests have been central to the Company's strategy.

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

Nature of Customers and Target Customers

In regard to pipeline construction, engineering system installation and plant construction for energy and petrochemical market, the target customers are mainly state-owned enterprises, government agencies, private companies in energy and

petrochemical industry, and the companies whose manufacturing bases are located in industrial estates using gas as fuel in the production process. The companies in PTT Group are the key accounts of the Company.

With respect to civil works and basic infrastructure market, the target customers are state agencies providing basic infrastructure services to the public such as Department of Highways, Department of Rural Roads, Royal Irrigation Department, State Railway of Thailand, Bangkok Metropolitan Administration, etc. as well as private companies in real estate, energy and petrochemical industry.

Industry Outlook and Trends

Economic and Energy Market Overview

In 2017 growth of Thai economy stands at 3.8 percent, outperforming the prior year's growth of 3.3 percent. The contributing factors of the 2017 growth include ongoing expansion of export, private consumption, government spending, investment, freight and transport, and a surge in both industrial and agricultural production while construction prices were falling. Based on the information reported by the Macroeconomic Strategy and Planning Office, Thai economy in 2018 is expected to grow further in a range of 3.6 to 4.6 percent due to:

- (1) Global economic growth at a satisfactory rate which in turn drives the export sector;
- (2) The momentum of expedited public investment;
- (3) A recovery of private investment sector;
- (4) The expansion of key economic sectors which continue from last year; and
- (5) Improved employment rate and higher Thai population's base income.

In addition to the list above, the government's measures to support the agricultural and low-income sectors is also one of all other factors fueling the expected growth of Thai economy. It is anticipated that the expansion of export, private consumption, and overall investment will stand at 5.0%, 3.1% and 5.5% respectively.

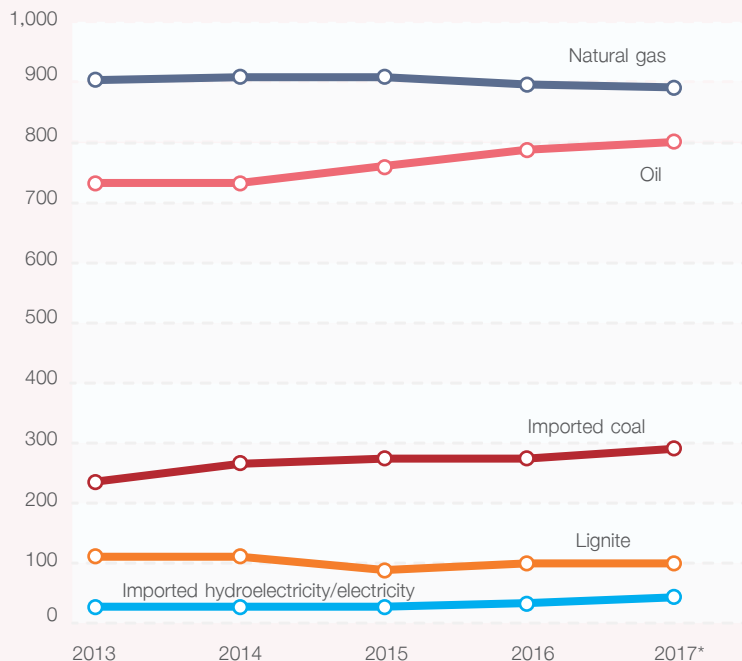
The country's economic growth and wealth is essentially driven by, most important of all, the energy-related factor. Not to mention the fulfillment of most basic human needs, the principal driving force of the production sector, i.e. the industrial, agricultural, labor, social, and household components is absolutely dependent on energy. The Ministry of Energy has developed and implemented the Energy 4.0 Policy to ensure that the national economy is driven forward under the key concept of efficiency reinforcement of energy resources and proper use of innovations for energy development. This certainly encompasses the whole energy system ranging from the process of production, to the supply, conversion and consumption, depending on the categories of energy, namely fuel, natural gas, and electricity. In the development of fuel segment, the focus is on the readiness of required infrastructure. The planning involves the expansion of pipeline system in order to improve efficiency and security in oil transportation, and lower the costs of oil transportation by road which will have a positive impact on the retail oil price structure. As a result, the retail oil prices in remote provinces will be closer to those offered in Bangkok and the vicinity.

Demand and Use of Energy

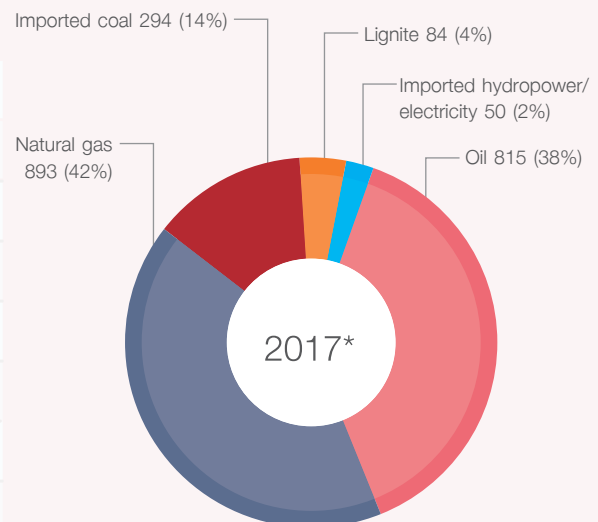
According to the report by the Energy Policy and Planning Office (EPPO), Ministry of Energy, the level of primary commercial energy consumption during the first 9 months of 2017 stands at 2,137 kilo barrels of oil equivalent per day, increasing 1.5% from the previous year. Of the total volume of the aforesaid energy consumption, the natural gas represents the largest proportion equal to 42%, falling from last year's percentage of 43. The second largest proportion at 38% comes from oil, unchanged from last year. Use of imported coal was reported to have increased from the prior year to stand at 14%. The remaining portion of energy consumption consisting of lignite, and imported hydropower/electricity remains the same as the prior year. The breakdown of energy consumption compared with prior year's levels is graphically illustrated below.

Breakdown of primary commercial energy consumption

in kilo barrels of oil equivalent per day



Source: Energy Policy and Planning Office, Ministry of Energy



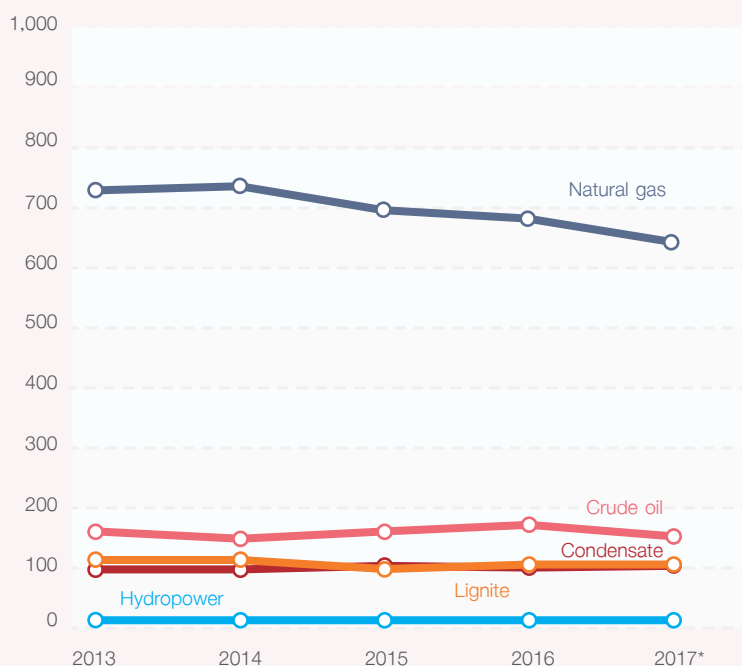
Total volume: 2,137 kilo barrels of oil equivalent per day
*Jan – Sep

Primary energy consumption 1.5%

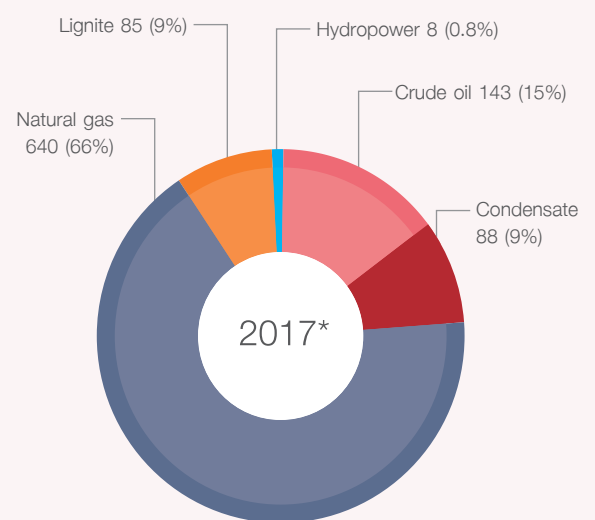
The production of primary commercial energy during the first 9 months of 2017 stands at 963 kilo barrels of oil equivalent per day, falling 6.0% from the previous year. Of the total volume of the aforesaid energy production, the natural gas which is presently a major resource of energy used in the country's industrial sector, as shown in graphics below, represents 66%.

Breakdown of primary commercial energy production

in kilo barrels of oil equivalent per day



Source: Energy Policy and Planning Office, Ministry of Energy

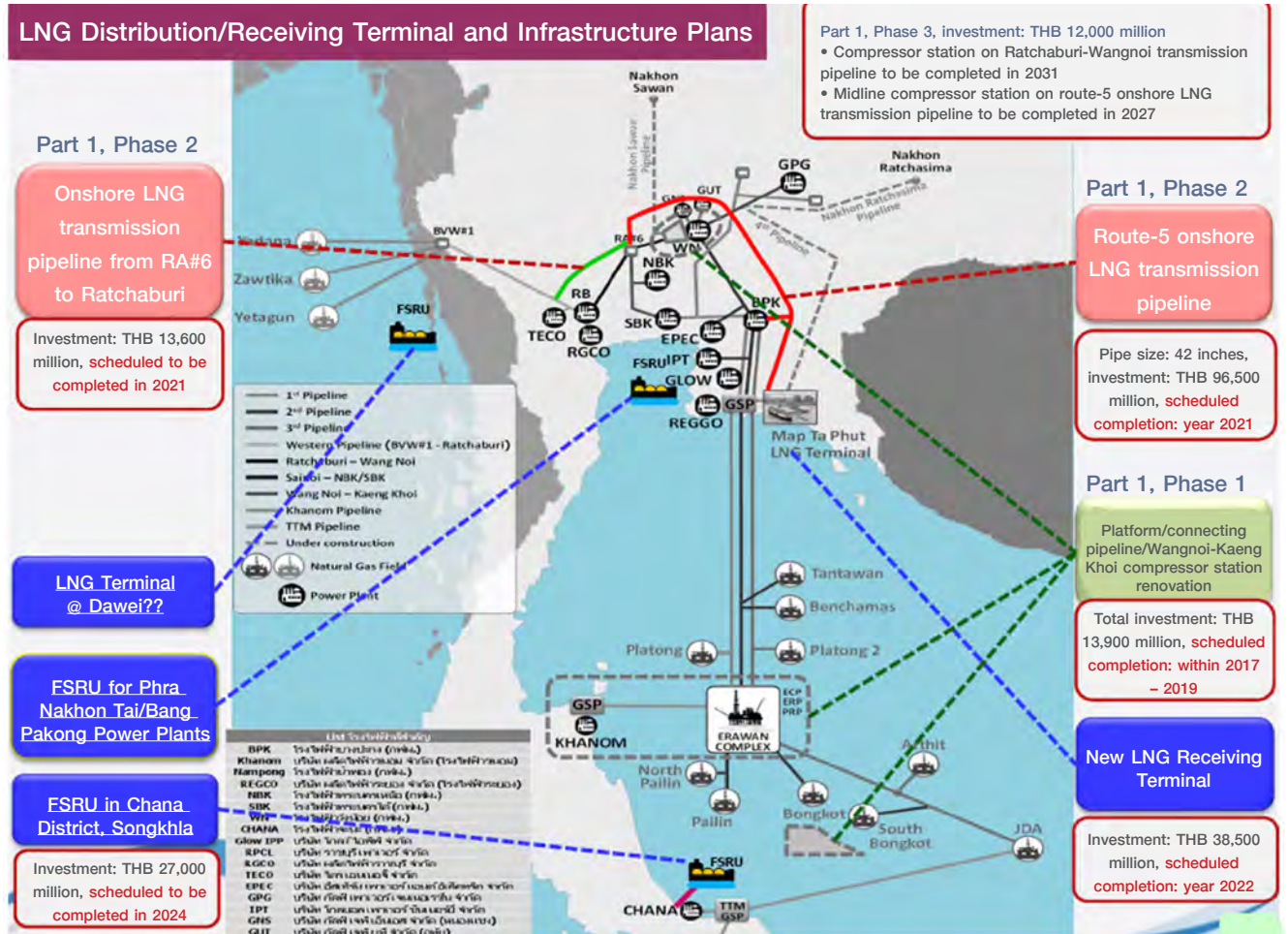


Total volume: 963 kilo barrels of oil equivalent per day
*Jan – Sep

Primary energy production 6.0%

Trends

The Council of Ministers passed a resolution to acknowledge the National Energy Policy Council's endorsement of the natural gas infrastructure and transmission system plan for purpose of energy security. Intended to ensure security in energy and to meet the increasing natural gas consumption demand in the future, the aforesaid endorsement covers all 3 phases of part 1 for which PTT Public Company Limited is responsible.



Source: http://www.dmf.go.th/publication/Gas%20Plan%20_Final_Publish.pdf

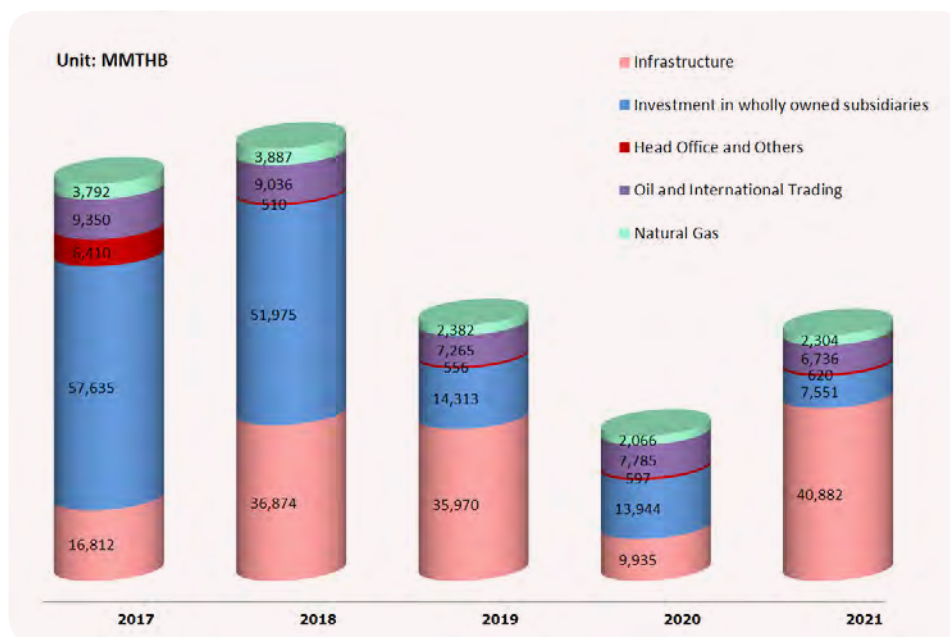
Late 2017, the board of directors of PTT Public Company Limited (“PTT”) passed a resolution approving THB 341,962 million 5-year investment plan (2018 – 2022) with details as shown in the table below.

(Unit: Million Baht)

Business	2018	2019	2020	2021	2022	Total	%
Natural gas	3,854	2,463	1,759	1,676	1,040	10,792	3%
Natural gas transmission pipeline	26,049	17,841	5,819	6,437	755	56,901	17%
Oil and international trading	12,169	71	6	6	6	12,258	3%
Infrastructure	21,033	4	4	4	5	21,050	7%
Head office and others	7,038	3,532	4,142	4,259	3,789	22,760	6%
Joint investment and investment in PTT wholly-owned entities	176,470	21,969	10,771	8,987	4	218,201	64%
Total	246,613	45,880	22,501	21,369	5,599	341,962	100%

Source: PTT's news reported to the Stock Exchange of Thailand on December 22, 2017

According to the 5-year plan as shown above, the investment earmarked for infrastructure and oil businesses – PTT's mainstay sectors – will be put into the construction of natural gas transmission system and the improvement of service stations. The planned joint investment and investment in PTT wholly-owned subsidiaries e.g. the investment in the expansion of LNG import, etc. is to meet the increasing domestic consumption of natural gas. Furthermore, the integration into ASEAN Economic Community (AEC) has also played a significant part in the escalation of natural gas demand in ASEAN region. Following the adoption of policy to promote energy-related collaboration among ASEAN members, the ASEAN-member countries put their efforts in the tangible development of Trans-ASEAN Gas Pipeline (TAGP) and ASEAN Power Grid (APG) projects and signed a TAGP-related deal in 2002. Thereafter, the additional agreement on LNG pipeline was finalized in order to construct the cross-border LNG transmission system and to promote the LNG free trade via this secured transmission system. According to the plan, at least one LNG pipeline-related project will be materialized within 2020 in order to support the projected rise of gas consumption in the region. With interconnected infrastructure in place, the cross-border energy trading will be more convenient, spur more investment in the energy industry, and reinforce the ASEAN region's position in terms of energy security. In the face of trade liberalization among ASEAN-member countries allowing free movement of goods and services, capitals, and labor, it presents a good opportunity to broaden channels of investment in the sector of natural gas transmission pipeline construction not only in Thailand but in other ASEAN-member countries also.

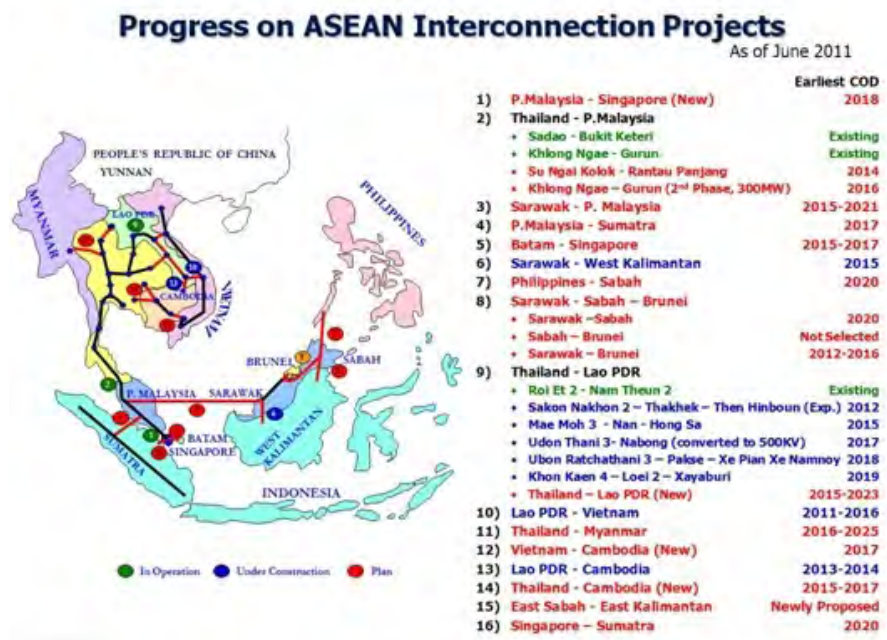


Source: <http://ptt.listedcompany.com/misc/PRESN/20171115-ptt-am-3q2017-02.pdf>

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

With respect to the electricity which is key to the production of goods and services along with the continually rising demand for electricity in all ASEAN-member countries, it is important for each country to increase its power production capacity in order to ensure adequate supply of electricity at a competitive cost. The ASEAN Power Grid, which is part of ASEAN Vision 2020 and already went through a series of project studies and selection process, had first started as a bilateral agreement on the power grid connection between 2 countries before the project scope was expanded to include other neighboring countries into the power grid network and, in the end, to interconnect the power grids of all countries within ASEAN.

As shown in the figure below, for Thailand the power grid project that has already been completed and in operation consists of the power grid connection between Thailand and the Lao People's Democratic Republic (Lao PDR) and the grid connection.



Source: <https://www.tcijthai.com/news/2012/21/archived/1017>

For Thailand, the power grid project that has already been completed and in operation consists of the power grid connection between Thailand and the Lao People's Democratic Republic (Lao PDR) and the grid connection between Thailand and Malaysia. The linking of power grids with ASEAN countries other than the ones mentioned above is currently in the process of construction. With respect to Thailand Power Development Plan for 2015 – 2036 (PDP2015) which has been implemented for over 2 years, there are recently emerging trends that considerably influence the projected electricity consumption in the future, definitely leading to deviation of the current electricity demand projections and assumptions. Such trends include the advent of disruptive technology, efforts to promote use of electrical vehicles (EVs), and the rising installation of Solar Rooftop to generate power used in one's own household.



Source: <http://www.thansettakij.com/content/226193>

In addition to the plans and development as described above, another project worth mentioning is the natural gas pipeline connection among ASEAN-member countries. The agreement for this project, in which the LNG pipeline was later included, had been officially signed since 2011. The purpose of this agreement is to build a natural gas transmission system that all countries' pipelines are interlinked with one another and to promote free trade of gas via secured transmission system. At present there are 4 onshore locations of LNG stations with storage tanks capable of converting liquid LNG into gaseous form. The total storage capacity of these tanks is 17.8 million tons. According to the decision of the ASEAN Council on Petroleum, at least one project for the construction of additional LNG pipeline is expectedly to be finalized within 2020 in order to meet the rising demand for gas. It has been forecasted that gas consumption of all ASEAN countries combined will increase to 23,000 million cubic feet per day in 2035.

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

Construction Industry

Construction sector accounts for 8.5% of the national GDP, intertwined with many other industries and, thus, dictating in part the soundness of labor market. National construction industry is divided into 2 sectors:- first, public sector construction; and second, private sector construction, and the proportions of investment in construction, on average, by these 2 sectors are 55:45. In addition to projects in Thailand, many Thai contractors have crossed the border to take on construction projects overseas, especially in the Kingdom of Cambodia, the Lao People's Democratic Republic (Lao PDR), and the Republic of the Union of Myanmar. Development and investment in infrastructure and facilities in these neighboring countries is in full swing at the moment and, in doing business in these countries, Thai contractors are opting to build strategic alliances with homegrown firms in each country.

Type	Public Sector Construction	Private Sector Construction
<i>Natures of construction work</i>	Most of the construction projects are for large-scale infrastructure that needs extensive expertise e.g. road networks, etc.	Most are residential buildings followed by industrial plants and commercial buildings e.g. retail/department stores, etc.
<i>Revenue recognition basis</i>	The calculation of construction fee is based on K factor; this adjustment indicator helps lower a risk associated with price volatility (price quoted in the tender vs. price at the time the fee becomes due). If K factor rises beyond 4%, the contractor is to be compensated for the increase. On the other hand, if K factor falls more than 4%, the contractor has to return K factor-based certain sum to the state agency employer.	Construction fee is usually varied with the construction cost at market value. The contractor is to solely bear the risk as well as advantage arising from the volatility of construction materials' prices.

Type	Public Sector Construction	Private Sector Construction
Selection of contractors	e-bidding method	<ul style="list-style-type: none"> - No fixed method in selecting qualified contractor. Oftentimes, the contractor who is acquainted with the employer will be hired. - If the project scale is large, the method of bidding, either e-bidding or sealed-envelope bidding, is often used.
Return	Fairly low margin	Margin higher than the rate offered by public sector
Source of fund	Government budget, state-owned enterprise's budget, loan facility, public-and-private partnership (PPP), and infrastructure fund	Project owner's fund allocated for purpose of investment or loan (including fund raised through ordinary shares and debentures).

Source: https://www.krungsri.com/bank/getmedia/0c1192bb-680c-4910-af61-2a4f6fc0f582/IO_Construction_Contractor_2017_TH.aspx

In Thailand the investment in construction industry during the past 5 years has been generally swiveling from one end to the other due to unsettled political issues and changes at the government level, entailing intermittent progress of government investment in construction mega-projects as well as the hesitation of private sector in making investment decisions.

Nonetheless, it seems that the gloom in the construction market is turning to boom once again in response to a series of government's investment schemes to spur Thai economy. In 2015 the value of construction industry stood at THB 1,158.9 million, growing 11.6% year-on-year following the expedited public investment in infrastructure e.g. road network improvement/construction project, state office buildings refurbishment project, and other mega-projects – for example, additional lines of electric train – for which the first phase of construction has recently started. In 2016 the value of construction industry remained high, reported at THB 1,224.30 million, growing 5.6% year-on-year.

Construction	2013	2014	2015	2016	2017 ^F		2018 ^F		2019 ^F	
					Worse	Best	Worse	Best	Worse	Best
Total Construction										
(THB, bn)	1,052.2	1,038.5	1,158.9	1,224.3	1,311.0	1,330.0	1,442.0	1,477.0	1,595.0	1,633.0
Growth (%)	1.5	-1.3	11.6	5.6	7.0	8.6	9.2	11.9	9.3	11.9
Public Construction										
(THB, bn)	497.1	494.6	629.6	701.1	785.0	799.0	903.0	927.0	1,034.0	1,061.0
Growth (%)	-3.0	-0.5	27.3	11.4	12.0	14.0	14.0	17.0	13.0	16.0
Private Construction										
(THB, bn)	555.1	543.9	529.4	523.2	526.0	531.0	539.0	550.0	561.0	572.0
Growth (%)	6.0	-2.0	-2.7	-1.2	0.5	1.5	2.0	4.0	3.0	5.0

Source: https://www.krungsri.com/bank/getmedia/0c1192bb-680c-4910-af61-2a4f6fc0f582/IO_Construction_Contractor_2017_TH.aspx

It is anticipated that the years 2018 and 2019 will see the growth of public construction at a rate of 13-16% per year in line with the construction progress of mega-projects and the projected value for 2 years combined would approximately be THB 1.9 trillion. As a consequence, gigantic contracting firms are likely to gradually accumulate backlog on their books from which smaller, independent contractors will definitely have their share of benefits by subcontracting jobs not only from these big players but also directly from the government as some mega-projects are to be divided into a series of smaller contracts. The other contributing factor to mention here is the growing market of residential buildings which is expected to get even stronger in 2018.

With respect to the outlook for construction growth in the neighboring countries' market, it's been forecasted that CLM countries (Kingdom of Cambodia, Lao People's Democratic Republic (Lao PDR), and Republic of the Union of Myanmar) will continue to accelerate their investment in infrastructure and public facilities, especially in major metropolises and special economic zones which are at the moment experiencing exploding growth after ongoing colossal investment in business and tourism sectors. This presents a good opportunity for Thai contractors to increase their presence in these markets and make the most out of the advantages from shared borders which make the transportation of construction machinery, equipment, and materials an easy task.

- **Republic of the Union of Myanmar.** Considering the fact that the government of Myanmar consistently keeps investing in infrastructure coupled with the revival of real estate sector, especially the continuing investment in residential and commercial buildings, Myanmar represents one of the greatest opportunities for Thai contractors.
- **Kingdom of Cambodia.** Though there is no sign of a spike in investment as compared with the recent past, it is anticipated that further investment in infrastructure and real estate/construction sector will continue.
- **Lao People's Democratic Republic (Lao PDR).** It is anticipated that more investment will be made in large-scale transportation networks, especially in multinational projects. Earlier there was a surge in projects on power plants.

Countries	Investment Projects	Total Value of Investment (USD, m)	Time Period
Myanmar	- Transport development master plan (air, road, rail and marine)	22,000	2014-2030
	- HAGL Myanmar center (mixed-use project)	550	2015-2018
	- The junction city in Yangon (mixed-use project)	300	2016-2019
Cambodia	- Luxury hotel (Guangzhou R&F properties), Phnom Penh	3,000	2017-2020
	- Phnom Penh–Sihanoukville highway corridor improvements	1,000	2014-2018
	- Shangri-La hotel, Phnom Penh	580	2016-2018
Lao PDR	- The Park (Disney Laos) at Thakhaek SEZ, Khammuan	10,000	2016-2024
	- High speed train (Kunming, China to Vientiane, Lao) (420 km)	7,200	2016-2020
	- Motorway in Vientiane (14 km)	200	2017-2019

Source: https://www.krungsri.com/bank/getmedia/0c1192bb-680c-4910-af61-2a4f6fc0f582/IO_Construction_Contractor_2017_TH.aspx

It is fairly obvious that the situation is lately in favor of construction contractors, especially the key players, that there is a likelihood of bigger backlog accumulation and the improvement of operating performance in the offing. Those contracting firms, particularly the provider of civil engineering service, that have been generally providing services to state

agencies are in a much better position to reap benefits from the recently accelerated progress of mega-projects – most are under the government’s action plan for 2016 and 2017 (with THB 2,339 million planned to be invested during 2016 to 2024). More good news for contractors is that several small- to medium-sized government projects are to be expedited, guaranteeing consistent flow of backlog for most contractors. With respect to private construction market which starts to pick up in 2018, it is forecasted that the volume of private construction projects will gradually regain its ground in pace with the national economy and consumer spending power while the competition will remain high. There’s a likelihood that big and medium-sized players that are mainly serving residential and commercial building market will not have any problem building up a healthy backlog for the time being and in the foreseeable future and will also have a good opportunity to explore new market abroad, especially the potential customers in CLM countries in infrastructure, residential, hospitality, commercial, and industrial plant market.

3. Provision of Product and Service

- **Employee**

The construction is one of the Company’s core businesses and the number of headcounts is subject to the size of each project for which the Company has won the tender. It has been the policy of the Company to hire engineers and other permanent staff in the number commensurate with the Company’s estimates of income and not put too many employees or welders on its payroll. However, to avoid the potential shortage of labor, the Company is resorting to maintaining a standby team of workers, welders certainly included, that could be promptly deployed in any project in need of extra hands or in case of urgency.

As a result of a rapid growth of TRC Group’s business during 2011-2016, the Company has recruited more permanent employees to fill many positions in different units, particularly in the fields of engineering, marketing, operation, and purchasing to guarantee that the progress of large-scale projects won’t be disrupted.

- **Source of Fund**

The Company and its subsidiaries have policy to seek, on project-by-project basis, a project finance loan from financial institutions or, in some cases, go for the option of joint investment e.g. the formation of joint venture, etc. to exploit the benefit of joint pool of working capital to finance the construction work.

- **Sub-Contractors**

TRC Group also has a practice to subcontract some parts of the works that Company has no expertise or during the period in which workload surpasses the available labor on hand. In selecting any subcontractor, the Company takes into consideration their financial status, past credentials as well as their readiness in terms of workforce and machines & equipment. It is the Company’s policy to define the same or nearly the same terms and conditions – including the delivery, quality/performance guarantee, inspection of deliverables, penalty and claims, etc. – of contract between the Company and each subcontractor as the main contract signed with the project owner (Back-to-Back agreement).

- **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 on a case by case basis. In addition, since Sahakarn Wisavakorn Co., Ltd. has machines and equipment specifically for civil works e.g. trucks, excavators and tractors etc. that the Company could readily borrow, the Company is able to reduce expenses associated with machinery and equipment.

- **Raw Materials**

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

1. Specific construction materials. These account for the largest portion, in terms of pecuniary value, of all raw materials combined e.g. pipes, valves, etc. In construction business, it is usually the project owner who sets the requirements and specifications of raw materials to be used in that project, occasionally leading to the situation where the Company had no choice of suppliers other than the specific distributor or manufacturer, whether domestic or offshore, as directed by the project owner. However, it is more often that only details of the required raw materials are provided and leave the choices of suppliers to be decided by the Company. In such case, the Company would be able to negotiate and confirm the prices with suppliers/manufacturers before submitting the tender; these confirmed prices are not subject to change for an agreed duration.

2. Common construction materials. These include welding wires, bricks, sandpapers, etc. Generally sourced domestically, this category of materials is usually ordered from the Company's regular vendors or, if necessary or occasionally, bought from hardware shops close to the construction site. With respect to the procurement of raw materials in 2017 by the Company and Sahakarn Wisavakorn Co., Ltd. combined, the proportion of domestic to international sourcing is 63:37.

5. Risk Factors

1. Risks Related to Business Operation

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

As the Company and its subsidiaries are in the construction business, the timing of revenue realization is essentially relative to the project life cycle. Generally, the initial and final stages of project have usually seen low volume of construction work since most of the activities during these intervals are for the preparation of construction site before mobilizing equipment and labor to the area, and doing some touch-up before handing over the complete work to clients; only the phase in-between during which a substantial proportion of construction work physically takes place presents a spike of realized revenues that can be recorded on the Company's books. As a result, the Company's operating results vary with the phases of construction and schedules as specified in each contract. In addition, the operating results also depend on the continuation of awarded contracts. Unfortunately, it is not possible for the Company to foresee exactly whether and when a new contract will be finalized and signed since the acquiring of new projects is, more often than not, through bidding and the process of vetting bidders' qualifications up to announcing a successful bidder usually takes several months. In some cases, as it happened before, the bidding of some projects that the Company had solidly planned to enter was unexpectedly postponed. This kind of uncertainty is down to many reasons, not least of which include the market condition and the project owner's sources of capital.

Owing to the above-mentioned circumstances, the TRC Group's operating results are likely to vary year by year. In case of Sahakarn Wisavakorn Company Limited (a subsidiary) which is, to a certain degree, dependent on contract-based projects signed with state agencies for, for example, public utility works, a political jolt or mishap could easily put the already signed projects on hold for unknown period of time. Whatever the case, the focus of the Company and its subsidiaries is to carry out business within the policy framework, that is, the services offered to clients must be of high quality; the delivery of work to clients must be timely and meet the customer satisfaction; and the existing customer base in both government and private sectors must be well maintained. All of this is to ensure that clients have high regard and confidence in the TRC Group and will award many more contracts to us in the future. It is also the policy of the Company to mitigate risk by making additional investments in other promising projects with potentials of long-term, consistent revenue.

1.2 Risk arising from fierce price competition in bidding

The cutthroat competition in the bidding for construction projects has been continuing into 2018. A domestic construction industry is one of many other businesses whose players, big-name and small, rival one another largely on price. In a typical bidding process, it usually starts with the preliminary screening of qualified bidders who are required to meet all qualifications as set by the project owner and then, out of all these qualified bidders, the owner will select the one offering the lowest price. And this is the challenge that the Company is currently up against, especially when it comes to projects of grand scale which usually attract both domestic contractors and offshore conglomerates with deeper pockets and higher operational capacity than the Company. Realizing that a failure to continually bring in new projects may take its toll on the Company's percentage of market share and operating performance, the Company at times has to resort to lowering its gross profit margin or offering a project owner more appealing contractual terms and conditions. To be better positioned to compete, the Company and Sahakarn Wisavakorn Company Limited continue to scour the globe for suitable offshore contractor giants with a large pool of capital and technological know-how to form a business tie before participating in the

bidding particularly for the private sector's large-scale energy and petrochemical projects and those of the government including the construction for transportation and public utility infrastructure. Meanwhile, the Company is also working on its policy to strengthen its long-running relationship with the existing clients in both state and private sectors in order to create better opportunity to continually secure projects in the future, such effort encompassing activities to ensure the improved quality standard, timely delivery of work, and better skills, quality and efficiency of workforce.

1.3 Risk arising from reliance on a small collection of clients

According to the breakdown of the Company's revenue, the major source of income was from the natural gas pipeline construction service rendered to the energy and petrochemical businesses, particularly those companies within PTT Group; a leading energy conglomerate in Thailand. Recognizing the risk of heavily relying on a small number of clients, the Company decided to expand the scope of pipeline construction as well as the diversity of service to cover the water pipeline system, petrochemical transmission pipelines, installation of engineering system and plant construction for petrochemical and renewable energy clients, e.g. the biodiesel and ethanol production plants. The Company has also expanded the customer base to include, for example, the power plant, transportation and public utility providers (percentages of the Company's and its subsidiaries' revenue from pipeline construction service in 2015, 2016 and 2017 are 53 : 48 : 45 respectively).

1.4 Workforce management risk

The Company's core business of contracting construction generally needs workforce with specialized expertise and knowledge and the loss or shortage of qualified workforce will adversely affect the Company's ability to efficiently conduct business as well as its competitiveness in the market. In addition, managing workforce planning in construction business is relatively difficult due to uncertain timing of new project acquisition. If the bidding is unsuccessful or any project is delayed, the Company may bear the redundant cost of underutilized workforce. In its attempt to minimize risk related to permanent and contract workforce, the Company has resorted to devising a meticulous HR scheme based on the volume of backlog and incoming projects, and varying the number of active subcontractors to best match the timing.

Having made human asset a priority, the Company has scrupulously designed and launched HR management policy taking into consideration commensurate and fair packages of allowance and fringe benefits as well as staff morale and spirit. The Company also provides other support in terms of training, both in-house and outsourced programs, to hone employees' skills and empower them with knowledge necessary for their varied jobs and efficiency enhancement. In addition, there has been continual revisions of workflow process and related systems to keep them operable at all times, and reinforced environment where staff, though working in different departments, is active in sharing their knowledge with others which is a good opportunity for co-workers to have better understanding or skills that they have not been familiar with before.

1.5 Compliance risk from changes in government policies, laws, rules and regulations

The Company is principally engaged in the provision of large-scale construction services for the energy and petrochemical industries and its overall potential for growth largely depends on the national policies and economic direction which is a significant driving force behind a private sector's investment decisions, as well as a series of national development programs e.g. projects and schemes related to the development of transportation infrastructure and promotion of real estate sector. Unfortunately, sometimes the magnitude of economic growth and government spending may not hit the projected figures. Having recognized this threat, TRC Group is working on reducing its reliance solely on the revenue from construction service, thus developing a business diversification plan on long-term investment in new projects, and, as a result, establishing in 2017 a new subsidiary named "TRC Utility Company Limited" – TRC Group's first foray into the production and distribution of water for Tasit Subdistrict Administration Organization – Rayong.

As a partnership between Chinese leading venture in pipe jacking Huayuan Innovative Development (Hong Kong) Company Limited and Sahakarn Wisavakorn Co., Ltd., a new company was incorporated under the name "SH Crossings

Company Limited” whose main business objective is to secure government contracts, through bidding, for projects to construct underground electrical and communication conduits, including boring and pipe jacking work, as part of a plan to become ASEAN smart metropolis.

In addition, the Company has the obligation to comply with specific sets of law and regulatory requirements e.g. laws governing labor protection, environmental impact, and safety, the Public Limited Company Act, rules and regulations, including official announcements, of the Stock Exchange of Thailand as well as the Securities and Exchange Commission, and so forth. At present, the trend of legal oversight in the construction industry is toward stringent laws and regulations. In response to this trend, the Company manages potential legal risk by setting up a department/division specifically in direct command of handling legal risk, upgrading corporate standards commensurate with all legal requirements, and taking all possible actions to ensure that all activities performed in the name of the Company are in full compliance with relevant laws, rules and regulations.

2. Operational Risks

2.1 Risk arising from construction project delay

With respect to the construction projects, the Company generally enters into a lump-sum type of contract with clients, under which the fixed contract price is acknowledged by both contracting parties as early as the date of contract execution. This means the Company will achieve profitability as or better than planned depends on its ability to manage project costs against the budget. Any delay in the construction of project will undoubtedly incur incremental costs to the project, adversely affecting the Company’s operating results and professional reputation.

Causes of delayed progress of construction may include:

1. The Company or its subcontractor failing to make the construction/project progress as planned;
2. Specific circumstances which may happen along the way and/or any change in surrounding circumstances; and
3. Changes in terms and conditions by the employer/project owner while the construction is underway.

In addition to the costs unavoidably incurred from delay e.g. labor cost, utility expense, the employer/project owner may claim a compensation or damages from the Company. To mitigate this set of risks, the Company has launched a policy to ensure:- the preparation of scrupulous action plan, a clear delegation of tasks and responsibilities, key operations being closely monitored and followed up, ongoing coordination and communication with project owner and relevant authorities so that the construction could proceed and finish as earlier scheduled by both parties. On the part of subcontractors, the Company has enlisted only firms that have adequate experience, good credentials in quality of work and timing delivery. However, as a measure to counter any damage from delay that may be caused by subcontractors, the Company’s common practice is to require each subcontractor to provide a performance bond to the Company. For any event where it is not possible to identify who is at fault for the delay e.g. accident, natural disaster, etc, the Company has resorted to the insurance policies taken out for each project against the possible perils.

2.2 Risk related to supply of construction materials

The Company has both domestic and overseas sources of suppliers. Procurement and delivery of some items of construction materials is subject to long lead time. Delay in material delivery will be a direct threat to the project accomplishment. To mitigate such risk, the Company makes a separate list of materials that require long lead time to ensure the purchase of all items in the list are made timely in advance to avoid any delays. Before joining any bidding on construction project, the Company will gather the information on key items of materials from vendors/suppliers or seek from the selected suppliers their commitment by signing a memorandum of cooperation on exclusive supply to ensure, at the earliest, the availability of such items in the intended quantity. Other measures taken to minimize the risk related to the supply of materials include:-

negotiating the price with vendors/suppliers in advance for better bid planning such that the tender price proposal is profitably proportionate to cost estimates; and determining the estimate contingency at the earliest step of tender in order to mitigate the risk arising from the volatility of material prices and/or changes in currency exchange rates.

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

2.3 Risk arising from delay in signing contract for Surface & Processing Plant and Facilities project

On 10 February 2016, the Company was granted by ASEAN Potash Chaiyaphum Public Company Limited (APOT) a Letter of Award associated with the construction of potash mineral processing plant, known as Surface & Processing Plant and Facilities project, worth approximately Baht 34,000 million. To date, the main contract for the potash mining construction has not been signed since APOT is still in the process of securing financing from its shareholders and financial institutions – the scale of this project is gigantic and requires a large pool of capital to get the whole project complete and off the ground. However, the Company has successfully negotiated with APOT to draw some parts of project work off the main contract e.g. site preparation, makeshift office construction, sourcing long-lead equipment from overseas, etc. so that the Company could start off while waiting for the conclusion of main contract. Agreeing with the Company's suggestion, APOT issued to the Company two Limited Notices to Proceed worth approximately Baht 3,022.08 million in total for parts of work that could be done in advance. For this particular risk of delayed execution of main contract, its adverse impact on the Company is unavoidable. Luckily, as TRC Group is the APOT's major shareholder and some of TRC Group's directors also sit on APOT's Board, the Company is able to stay abreast of the project-related planning and management activities in APOT, keeping a close eye on how its investment in APOT is managed to the optimal benefit of the Company. Generally speaking, the Company is confident that APOT's shareholders and financial institutions will give the potash mining project the sought-after financial assistance and see it completed within 2018.

3. Financial Risks

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

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

3.2 Foreign currency exchange risk

As certain portions of the Company's and its subsidiaries' revenue and project costs are in foreign currencies, the Company and its subsidiaries are inevitably exposed to foreign currency exchange risk; any change in the pertinent exchange rates will have impact on the Company's costs and operating results. The Company has managed such risk by

estimating costs of to-be-imported equipment/materials prior to entering the tender based on the exchange rates set higher than the rates applicable at the time of cost assessment in order to buffer the adverse effects of the potential fluctuation in exchange rates. For any large-scale project which usually requires the import of expensive materials and equipment, the Company may discuss with the project owner to allow a certain portion of the contract price to be quoted in the same foreign currency as the price of imported materials/equipment so that the Company would be able to manage the foreign currency risk by matching flows of income and expenses of the same currency through the use of foreign currency deposit (FCD) account(s) to which the income received in foreign currency from the project owner would be deposited while the amount due to the imported items' supplier would be withdrawn from this account as well. Other instruments used in mitigating foreign exchange risk include the forward contract and the FX Link.

In 2017, there were 3 projects of which income was in both Thai baht and foreign currencies, i.e. (1) Provincial Gas Transmission Pipeline Nakhon Ratchasima; a project awarded to Sinopec-TRC Joint Venture by PTT Plc., (2) New Incinerator Plant awarded by Trans Thai-Malaysia (Thailand) Limited, and (3) the supply, installation, and commissioning of cigarette making machinery and equipment used in the dry-ice expanded tobacco (DIET) process; this project was awarded to Sahakarn Wisavakorn Company Limited (the Company's subsidiary) by Thailand Tobacco Monopoly, the Ministry of Finance. To date, the first two projects have already been completed and handed over to both owners in 2017.

3.3 Risk arising from insufficient working capital

The Company's heavy industrial contracting business necessitates the massive amount of working capitals to be spent on construction equipment, materials, and labor. By nature of construction business, the contractor usually collects each interim payment only after the employer's taking-over of work associated with such payment. Should the payment of any projects be delayed or should the Company's working capitals are managed poorly, the milestone achievement of all other projects in progress is likely to suffer. To mitigate this risk, the Company decided to make it a corporate policy to negotiate stricter terms of payment, including the requirement of advance payment, with the project owners. The Company has also adopted other measures to manage its liquidity, that is, carefully planning the timing of interim payments receipt from owners against the payment term agreed with each supplier in order to minimize the possibility of temporary capital shortage that could undermine the Company's liquidity. To chime in with the corporate investment policy and business expansion planning, the Company has managed to raise capital by way of, for example, loans from financial institutions, issuance of debentures between 2016 and 2017, etc.

3.4 Risk arising from financial assistance to the intra-group companies

There have been business reasons necessitating the Company to give some of its subsidiaries financial support in the form of the provision of guarantee on loan or the authorization for using the Company's existing credit line. This somehow poses a threat to the Company particularly in case where the borrowing subsidiary becomes troubled with liquidity problem, usually after persistent loss of, or underperformed, profit, to the extent that repayment of loan is no longer possible and the Company, in the capacity of a guarantee provider, has to assume its subsidiary's repayment obligations. To minimize this type of risk, the approval authority and procedures for authorizing financial assistance to subsidiaries are clearly prescribed.

3.5 Risk arising from terms and conditions of debenture

As stipulated in the terms and conditions of debenture relating the rights of debenture holders, the Company is required to maintain the interest bearing debt to equity ratio to stand, as of the end of accounting year until maturity, at the level not higher than 2:1 and the debt service coverage ratio (DSCR) not below 3 times. A failure to sustain these ratio levels will undermine the Company's credibility as well as its business prospect and ability to raise capital in the future. So, the measures taken by the Company include the meticulous management of finance and the evaluation of the Company's ability to sustain the compulsory ratio levels on a regular basis.

Due to last year's situation and the analysis conducted by the Company on raising capital, the Company is in a position that may need to seek additional short-term financing and, in the management team's opinion, the current threshold of DSCR after obtaining short-term financing will no longer be fitting on the grounds that the denominator of the original formula represents "1-year maturity (long-term) liabilities", thus making it impossible for the Company to keep DSCR within the present range. In January 2018 the Company called a meeting of debenture holders and has been given approval for a change in ratio requirements from debt service coverage ratio not below 3 times to the interest coverage ratio : EBITDA/ Interest Expenses not below 4 times. This change is to be effective upon the Company's consolidated financial statements at the end of the 2017 accounting period.

4. Risk affecting the rights or investments of securities holders

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

As of 31 December 2017, KPK 1999 Company Limited held 1,660,896,316 shares of the Company, accounting for 28.30% of the company's paid-up shares (50.50% of KPK 1999 Co., Ltd.'s shares are owned by Mrs. Paichit Rattananon, Chairman of the Company's Board of Directors). This situation presents the risk that, whenever the number of shareholders attending any meeting of shareholders accounts for less than half of all shares issued, KPK 1999 Co., Ltd. may be able to dominate the resolution of the meeting for the agenda that requires a majority of votes, though the matters which the law or the Company's Articles of Association specifically require not less than three-fourths of attending shareholders' votes in resolving are unlikely to be affected by KPK 1999's current shareholding percentage in the Company. In such circumstance, other minor shareholders may not be able to conduct check-and-balance on the matters proposed by the major shareholder, or KPK 1999, if they fail to gather sufficient number of opposing votes.

Having recognized the importance of a well-functioning check-and-balance mechanism, the Company has taken actions to ensure the following:- power, roles and responsibilities of all committees being clearly and transparently defined; connected transactions between directors, major shareholders, executives, authorized persons, including any person with potential conflict of interest being strictly governed by a specific corporate policy whereas all of these persons are not allowed to vote on any agenda involving this particular matter; at least one independent member of the Audit Committee being appointed to sit on the Board of Directors to convince shareholders that this person will be able to transparently perform duties of probing and screening matters before proposing to the meeting of shareholders for approval, as well as performing check-and-balance functions, to a certain degree, on behalf of all minor shareholders.

6. General Information

Name	: TRC Construction Public Company Limited
Nature of Business	: Engages in Pipeline System Construction, Engineering System Installation and Factory Construction in Energy and Petrochemical Businesses and Project Development and Investment Business
Head Office Address	: No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	: 0107548000293
Website	: www.trc-con.com
Telephone	: +66 2022 7777
Facsimile	: +66 2022 7788
Registered Capital	: Baht 726,373,442.88
Paid-up Capital	: Baht 641,998,220
Number of Issued Ordinary Shares	: 5,869,693,296 shares
Par Value	: Baht 0.125

References

Share Registrar	: Thailand Securities Depository Company Limited
address	: No. 93, The Stock Exchange of Thailand Building, Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400, Thailand
Telephone	: +66 2009 9000
Facsimile	: +66 2009 9991

Auditor	: EY Office Limited
Address	: Lake Ratchada Complex, 33 rd Floor, 193/136-137 Ratchadaphisek Road, Bangkok 10110, Thailand
Telephone	: +66 2264 0777, +66 2661 9190
Facsimile	: +66 2264 0789-90, +66 2661 9192

Debenture Registrar	: CIMB Thai Bank Public Company Limited
	Capital Financial Markets and Payments Operations Department
	Registrar and Payments Operations Unit 15 th Floor
Address	: 44 Langsuan Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	: +66 2626 7506, +66 2626 7511

Companies in which TRC holds at least 10% stakes

● Subsidiaries

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

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

Name	: TRC International Limited
Portion of Share Holding	: 100% (Shareholding through TRC Investment Limited)
Nature of business	: Investment in other project
Head Office Address	: Room 2101, Hong Kong Trade Centre 161-7 Des Voeux Road, Central Hong Kong
Registration Number	: 1202588
Registered Capital	: HKD 10,000
Paid-up Capital	: HKD 10
Number of Issued Ordinary Shares	: 1 share
Par Value	: HKD 10

Name : **TRC Middle East LLC**
Portion of Share Holding : 70% (Shareholding through TRC International Limited)
Nature of business : Construction Service Business in Sultanate of Oman
Head Office Address : Office No. 41, Fourth Floor, Ghoubra Plaza, Building No. 19,
 Plot No. 105, Muscat, Sultanate of Oman, P.O. Box 659,
 Mina Al-Fahal, Muscat P. Code 116
Registration Number : 1070009
Registered Capital : Oman Rial 150,000
Paid-up Capital : Oman Rial 150,000
Number of Issued Ordinary Shares : 150,000 shares
Par Value : Oman Rial 1

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

Name : **TRC Utility Company Limited**
Portion of Share Holding : 100%
Nature of business : Investment in of basic infrastructure business
Head Office Address : No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District,
 Bangkok 10220, Thailand
Registration Number : 0105560100101
Registered Capital : Baht 1,000,000
Paid-up Capital : Baht 250,000
Number of Issued Ordinary Shares : 10,000 shares
Par Value : Baht 100

Name	: SH Crossings Company Limited
Portion of Share Holding	: 100% (Shareholding through Sahakarn Wisavakorn Company Limited)
Nature of business	: Construction of Underground electrical conduits, trenchless for Horizontal Directional Drilling (HDD), Boring and Pipe Jacking
Head Office Address	: No. 8, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	: 0105560194041
Registered Capital	: Baht 40,000,000
Paid-up Capital	: Baht 40,000,000
Number of Issued Ordinary Shares	: 400,000 shares
Par Value	: Baht 100

● **Associate**

Name	: Sinopec-TRC Joint Venture
Portion of Share Holding	: 30% (Sinopec International Petroleum Service Corporation 70%)
Nature of business	: Construction Service transmission pipeline from Saraburi to Nakhon Ratchasima
Head Office Address	: No. 8 Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	: 0993000315361
Telephone	: +66 2022 7761

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

● Others

Name	: ASEAN Potash Chaiyaphum Public Company Limited
Portion of Share Holding	: 25.13% consist of; 22.46% (shareholding through TRC Investment Limited, Mauritius) 2.67% (shareholding through TRC International Limited, Hong Kong)
Nature of business	: Potash mining for fertilizer and chemical production at Bamnet Narong District, Chaiyaphum Province
Head Office Address	: No. 8, TRC Building 5 th floor, Soi Sukhaphiban 5 Soi 32, Tha Raeng, Bang Khen District, Bangkok 10220, Thailand
Registration Number	: 0107547000478
Telephone	: +66 2001 7733
Facsimile	: +66 2001 7739
Registered Capital	: Baht 29,472,035,900
Paid-up Capital	: Baht 2,805,797,300
Number of Issued Ordinary Shares	: 28,057,973 shares
Par Value	: Baht 100

7. Shareholding Structure and Management

Major Shareholders

The top 10 largest shareholders as of December 31, 2017 were as below:

Name	No. of Shares	Shareholding
1. Mrs. Paichit Rattananon's Group	1,680,367,458	28.63%
- Mrs. Paichit Rattananon	19,471,142	0.33%
- KPK 1999 Co., Ltd. ⁽¹⁾	1,660,896,316	28.30%
2. SMPR Holding Pte. Ltd. ⁽²⁾	331,842,850	5.65%
3. Mr. Anonchai Weeraprawat	180,000,000	3.07%
4. Mr. Sangchai Wasunthara	176,106,600	3.00%
5. Thai NVDR Company Limited	110,425,693	1.88%
6. UBS AG LONDON BRANCH	90,526,513	1.54%
7. Mr. Boontham Kraiwattanapong	76,071,428	1.30%
8. Mrs. Jarunee Chinawongworakul	71,500,000	1.22%
9. Mr. Smai Leesakul	62,767,582	1.07%
10. THE HONGKONG AND SHANGHAI BANKING CORPORATION LIMITED, SINGAPORE BRANCH	56,339,588	0.96%
11. Others	3,033,745,584	51.68%
Total Issued and Paid-up Shares	5,869,693,296	100.00%

Note:

- KPK 1999 Co., Ltd. is the company of which 50.50% shares are held by Mrs. Paichit Rattananon, Chairman.
- The Ultimate Shareholder of SMPR Holding Pte. Ltd. is SP International Group Limited (shareholding in Samlee 100%)

8. The Dividend Policy

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

Details of the dividend payments during the past three years of TRC Construction Public Company Limited are as follows:

	2016	2015	2014
Net profit margin	Baht 357.93 million	Baht 399.13 million	Baht 255.67 million
Net profit attributable to equity holders of the Company and its subsidiaries	Baht 290.76 million	Baht 305.96 million	Baht 214.92 million
Annual statutory reserve	Baht 16.10 million	Baht 15.40 million	Baht 2.87 million
Net profit of the Company after statutory reserve	Baht 341.83 million	Baht 383.73 million	Baht 252.80 million
Dividend Type	Stock dividend and Cash dividend	Stock dividend and Cash dividend	Stock dividend and Cash dividend
The number of shares entitled to receive dividend payment	5,135,985,760 shares	4,563,502,886 shares	830,537,606 shares
Dividend payment	Cash dividend of Baht 20.54 million (Baht 0.0040000 per share) Stock dividend of Baht 91.71 million (Baht 0.0178571 per share) with existing 7 shares per 1 share	Cash dividend of Baht 45.64 million (Baht 0.010000 per share) Stock dividend of Baht 71.30 million (Baht 0.015625 per share) with existing 8 shares per 1 share	Cash dividend of Baht 11.54 million (Baht 0.003472 per share) Stock dividend of Baht 103.82 million (Baht 0.031250 per share) with existing 4 shares per 1 share
Ratio of dividend payment to net profit after statutory reserve	32.84%	30.48%	45.63%

Note: The cash/stock dividends were based on the par value at Baht 0.125 per share

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

9. Management Structure

1. The Board of Directors

Composition of the Company's Board of Directors

The Board of Directors consists of knowledgeable, competent members whose qualifications fully meet the requirements as per Section 68 of the Public Company Limited Act B.E. 2535 (1992) and the relevant notifications of the Capital Market Supervisory Board. The Board of Directors plays an important role in determining the Company's policies, overseeing, monitoring and assessing the Company's operating performance, independently evaluating performance of the Company's top management, and working with top management in developing both short and long term operational plans, corporate vision, mission, and management targets.

As at 31 December 2017, the Board of Directors and the subcommittees are listed below;

Name-List of Board of Directors, Managements and Advisor		Directors	Subcommittees					
			Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1. Mrs. Paichit Rattananon*	Chairman	✓						
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director and Chairman of Audit Committee	✓	✓	✓		✓		
3. Mr. Arun Chirachavala	Independent Director, Chairman of Corporate Governance Committee and Chairman of Risk Management Committee	✓	✓	✓	✓	✓		
4. Mrs. Puangthip Silpasart	Independent Director	✓	✓	✓				
5. Assoc. Prof. Pises Sethsathira	Independent Director and Chairman of Remuneration and Nomination Committee	✓		✓	✓			
6. Mr. Smai Leesakul	Director and Chairman of Executive Committee	✓					✓	
7. Mr. Pasit Leesakul	Director, Chief Executive Officer and Chairman of Management Committee	✓		✓		✓	✓	✓
8. Mrs. Podchanee Phaosavasdi	Director and Chief Commercial Officer	✓		✓	✓	✓	✓	✓
9. Mr. Loh Eng Kee	Director and Deputy Chief Operating Officer	✓					✓	✓
10. Mr. Sakda Tantivathanakul	Deputy Chief Operating Officer							✓

Name-List of Board of Directors, Managements and Advisor	Directors	Subcommittees					
		Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
11. Mr. Chaveng Reesrikitti Deputy Chief Operating Officer							✓
12. Ms. Pavita Leesakul Vice President, Corporate Affairs Division							✓
13. Mr. Wison Akethummakul Assistant Vice President, Engineering Division							✓
14. Mr. Amnuay Laimai Quality Management Division Advisor							✓
15. Mr. Nithitat Tip-anuntasakul Material Management & Logistics Advisor							✓
16. Mr. Supachoke Liamkao Corporate Strategic Departure Advisor							✓
Total	9	3	6	3	4	4	10

☑ Chairman ✓ Committee

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

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

Ms. Ounruen Sujarittam, Senior Finance and Investor Relations Manager, as the Company Secretary

- **The Board of Directors of Sahakorn Wisavakorn Company Limited** consists of 6 members as follows:

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

☑ Chairman ✓ Committee ⊙ Authorized Directors

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

- **The Board of Directors of TRC Utility Company Limited** consists of 3 members as follows:

Name-List of Board of Directors		Directors	Authorized Directors*
1. Mr. Pasit Leesakul	Chairman	☑	⊙
2. Mrs. Podchanee Phaosavasdi	Director	✓	⊙
3. Ms. Pavita Leesakul	Director	✓	⊙
Total		3	3

☑ Chairman ✓ Committee ⊙ Authorized Directors

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

- **The Board of Directors of SH Crossings Company Limited** consists of 3 members as follows:

Name-List of Board of Directors		Directors	Authorized Directors*
1. Mr. Pasit Leesakul	Chairman	☑	⊙
2. Mrs. Podchanee Phaosavasdi	Director	✓	⊙
3. Mr. Cong Chen	Director	✓	⊙
Total		3	3

☑ Chairman ✓ Committee ⊙ Authorized Directors

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

- **Summary of directors attendance in 2017 Board of Directors Meeting**

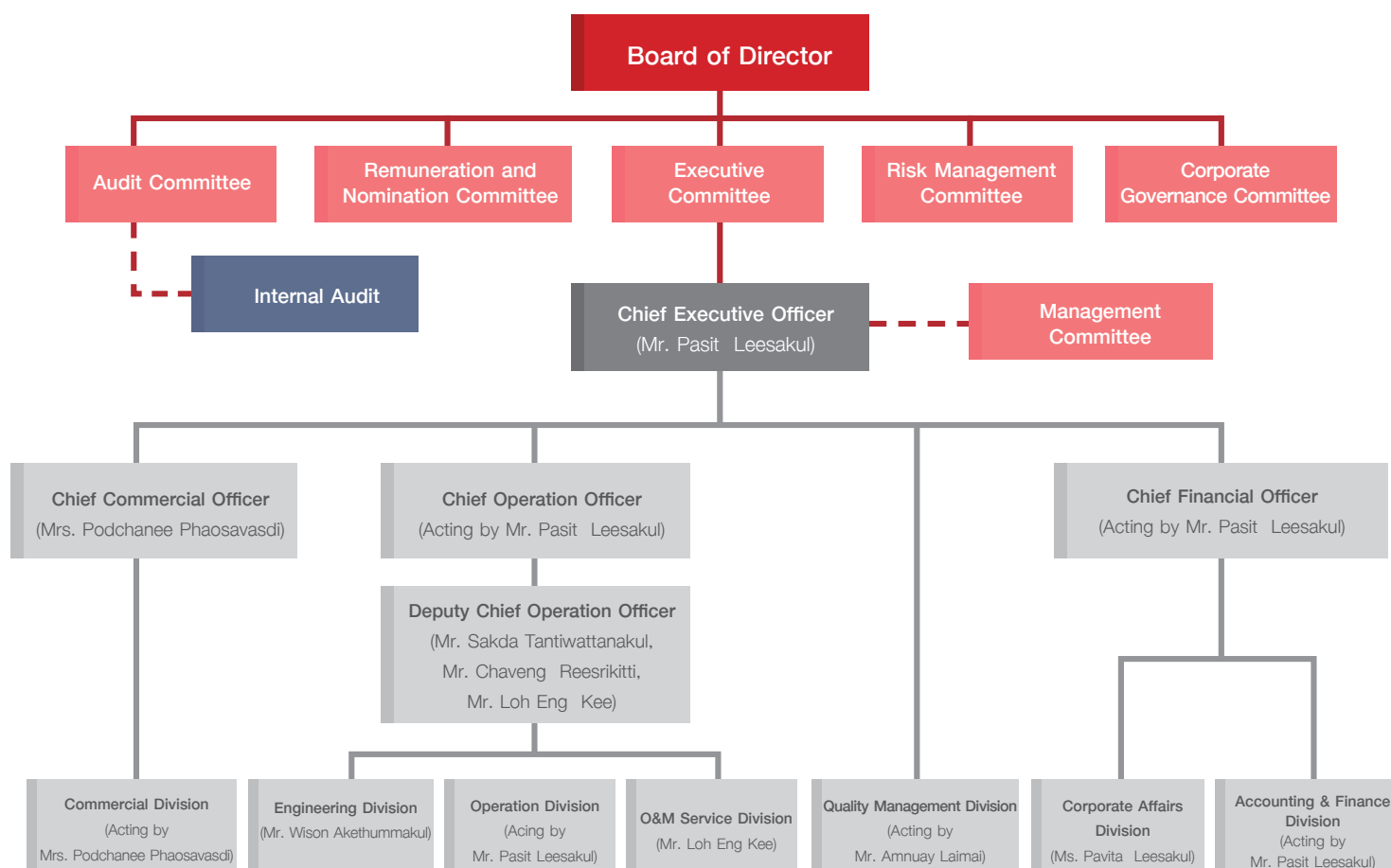
Name-List of Board of Directors	Attendances in 2017 (time)							
	Annual General Meeting	Directors	Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee	Executive Committee	Management Committee
1. Mrs. Paichit Rattananon	1/1	6/6	Not be a member	Not be a member	Not be a member	Not be a member	Not be a member	Not be a member
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	1/1	6/6	4/4	2/2	Not be a member	2/2	Not be a member	Not be a member
3. Mr. Arun Chirachavala	1/1	6/6	4/4	2/2	1/1	2/2	Not be a member	Not be a member
4. Mrs. Puangthip Silpasart	1/1	6/6	4/4	2/2	Not be a member	Not be a member	Not be a member	Not be a member
5. Assoc. Prof. Pises Sethsathira	1/1	6/6	Not be a member	2/2	1/1	Not be a member	Not be a member	Not be a member
6. Mr. Smai Leesakul	1/1	6/6	Not be a member	Not be a member	Not be a member	Not be a member	1/1	Not be a member
7. Mr. Pasit Leesakul	1/1	6/6	Not be a member	2/2	Not be a member	2/2	1/1	18/19
8. Mrs. Podchanee Phaosavasdi	1/1	6/6	Not be a member	2/2	1/1	2/2	1/1	15/19
9. Mr. Loh Eng Kee	1/1	6/6	Not be a member	Not be a member	Not be a member	Not be a member	1/1	13/19

• Summary of Director Appointment

Name	Appointed Year	Latest Appointment	Type of Directorship	Nomination/ Appointment in 2017	Next Appointment
1. Mrs. Paichit Rattananon	2005	2016	Chairman of the Boards	✓	2019
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	2005	2015	Independent Director	-	2018
3. Mr. Arun Chirachavala	2009	2016	Independent Director	-	2019
4. Mrs. Puangthip Silpasart	2016	2017	Independent Director	✓	2020
5. Assoc. Prof. Pises Sethsathira	2005	2015	Independent Director	-	2018
6. Mr. Smai Leesakul	2007	2017	Executive Director	✓	2020
7. Mr. Pasit Leesakul	2013	2017	Executive Director	✓	2020
8. Mrs. Podchanee Phaosavasdi	2007	2015	Executive Director	-	2018
9. Mr. Loh Eng Kee	2015	2016	Executive Director	-	2019

2. Executives

The Company's Organization Chart as of 31 December 2017



As of 31 December 2017, the Company management consists of 8 members as follows:

- | | | |
|----|----------------------------|---|
| 1. | Mr. Pasit Leesakul | Chief Executive Officer |
| 2. | Mrs. Podchanee Phaosavasdi | Chief Commercial Officer |
| 3. | Mr. Sakda Tantivatthanakul | Deputy Chief Operating Officer |
| 4. | Mr. Chaveng Reesrikitti | Deputy Chief Operating Officer |
| 5. | Mr. Loh Eng Kee | Deputy Chief Operating Officer |
| 6. | Ms. Pavita Leesakul | Vice President, Corporate Affairs Division |
| 7. | Ms. Ounruen Sujarittam | Senior Finance and Investor Relations Manager and Company Secretary |
| 8. | Ms. Rewadee Ardham | Senior Accounting Manager |

Scope of duties and responsibilities of Chief Executive Officer

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

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

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

3. Company Secretary

The Board of Directors has appointed Miss Ounruen Sujarittam as the Company Secretary since 8 November 2007.

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

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

Scope of duties and responsibilities of Company Secretary

1. Prepare and file documents related to
 - Director Registration
 - Notice of the Board of Directors Meeting including committees for which she acts as secretary to those committees; Remuneration and Nomination Committee and Corporate Governance Committee
 - Minutes of Meetings of the Board of Directors and those committees' meetings
 - Notice and Minutes of Shareholder Meetings
2. Keep record of conflict of interest report and independent certification letters of directors and executives and propose copies to Chairman of the Boards and Chairman of the Audit Committee within 7 days after receipt of such reports.
3. Handle any actions required as per the regulation of the Office of the Securities and Exchange Commission and as assigned by the Company such as
 - Give advice related to relevant laws and regulations including the code of conduct of corporate governance practice so that any activities of the Board of Directors are undertaken in compliance with those relevant laws.
 - Handle the Board of Directors Meetings, Remuneration and Nomination Committee Meetings and Corporate Governance Committee Meetings
 - Act as contact person for completed information disclosure as required by relevant laws to the Securities and Exchange Commission and Stock Exchange of Thailand
 - Carry out any tasks as assigned by the Company

4. Directors and Management's Remunerations

● Cash Remuneration

(A) Directors' Remuneration in 2017

In 2017, the directors' remuneration can be summarized as follows:

1. Monthly remuneration: Baht 50,000 per month for Chairman of the Boards, Baht 25,000 per month for Chairman of the Audit Committee, Baht 20,000 per month for each independent director and Baht 10,000 per month each for 4 Executive Directors.
2. Special remuneration or bonus: the 2017 Annual General Meeting of Shareholders resolved the director remuneration for 2016 operating result to 5 independent directors, totally Baht 1,837,869 to as following directors:
 - Mrs. Paichit Rattananon, Chairman Baht 660,000
 - 4 independent directors and 1 ex-independent director
 1. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. Baht 300,000
 2. Mr. Arun Chirachavala Baht 300,000
 3. Assoc. Prof. Pises Sethsathira Baht 300,000
 4. Mrs. Puangthip Silpasart* Baht 255,738
 5. Pol. Gen. Jarumporn Suramanee (Ex-Independent Director)** Baht 22,131

* Mrs. Puangthip has been appointed as director since 24 February 2016. The bonus was calculated from the number of days in 2016 which she acts as TRC's director for 312 days.

** Pol.Gen. Jarumporn resigned from directorship on 27 January 2016. The bonus was calculated from the number of days in 2016 which he was TRC's director for 27 days.

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

For subsidiaries, in 2017, the director remuneration was arranged and paid for Sahakarn Wisavakorn Co., Ltd. only and in a form of monthly remuneration at the rate of Baht 10,000 per person.

The summary of the directors' remuneration as follows;

(Unit: Baht)

Name-Surname	TRC Director Remuneration					Sahakarn Wisavakorn's Director Remuneration	Total of Remuneration
	Board of Directors (2015 monthly Remuneration and 2014 Bonus)	Meeting Fee					
		Audit Committee	Remuneration and Nomination Committee	Corporate Governance Committee	Risk Management Committee		
1. Mrs. Paichit Rattananon	1,260,000	None	None	None	None	120,000	1,380,000
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.	600,000	40,000	20,000	None	20,000	None	680,000
3. Mr. Arun Chirachavala	540,000	40,000	20,000	10,000	20,000	None	630,000
4. Pol. Gen. Jarumporn Suramaneer*	22,131	-	-	-	-	-	22,131
5. Mrs. Puangthip Silpasart	495,738	40,000	20,000	None	None	None	555,738
6. Assoc. Prof. Pises Sethsathira	540,000	None	20,000	10,000	None	None	570,000
7. Mr. Smai Leesakul	120,000	None	None	None	None	120,000	240,000
8. Mr. Pasit Leesakul	120,000	None	None	None	None	120,000	240,000
9. Mrs. Podchanee Phaosavasdi	120,000	None	None	None	None	120,000	240,000
10. Mr. Loh Eng Kee	120,000	None	None	None	None	None	120,000
11. Mr. Sakda Tantivatthanakul	Not a Director of TRC					120,000	120,000
12. Mr. Chaveng Reesrikitti	Not a Director of TRC					120,000	120,000
Grand total of 2017 Directors' Remuneration	3,937,869	120,000	80,000	20,000	40,000	720,000	4,917,869

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

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

Remuneration	2016		2017	
	Persons	Amount (MB)	Persons	Amount (MB)
Salary	7	29.67	7	31.97
Bonus	8*	6.20 (2015 bonus)	7	6.92 (2016 bonus)
Totally		35.87		38.89

- Note:
1. There are 8 managements consists of Mr. Smai Leesakul, Mr. Pasit Leesakul, Mrs. Podchanee Phaosavasdi, Mr. Loh Eng Kee, Mr. Sakda Tantivatthanakul, Mr. Chaveng Reesrikitti and Ms. Pavita Leesakul
 2. Bonuses for the Company's 2015 operating results that were payable in 2016 have included the portion entitled by Ms. Jongkolnee Tansuvan – the former acting Chief Financial Officer while taking office in 2015.
 3. The management's remuneration consists of salary, bonus, life & group accident insurance, health insurance, commencing year group social security funds and counterpart for provident funds but excluded Accounting Manager's and Finance Manager's remuneration.

(C) Remuneration of Chief Executive Officer

The Remuneration and Nomination Committee is responsible for evaluating work performance and determining the remuneration of Chief Executive Officer before proposing it to the Board of Directors for approval.

The remuneration of Chief Executive Officer includes salary, bonus, social security contribution, provident fund contribution, health insurance, a company car with driver, and fuel allowance.

- **Other Remunerations**

(A) Other remuneration of directors

The Chairman of the Boards gains the social security funds and counterpart for provident funds (in 2017 totally Baht 59,713) life & group accident insurance, health insurance, car, driver and fuel.

(B) Other remuneration of independent directors

The independent directors gain the health insurance

Allowance	2016		2017	
	Persons	Amount (MB)	Persons	Amount (MB)
Provident Fund	5	1.29	5	1.45

- Note:
- 5 managements consists of Mr. Smai Leesakul, Mr. Pasit Leesakul, Mrs. Podchanee Phaosavasdi, Mr. Sakda Tantivatthanakul and Ms. Pavita Leesakul

5. Employees

As of 31 December 2017, the Company and Sahakarn Wisavakorn Co., Ltd. had the total number of 1,207 staffs consisting of 421 permanent ones and 608 temporary ones as follows:

Division	Number of employees	
	2016	2017
Permanent staffs		
Management (from Vice President upwards)	7	7
Commercial Division	26	23
Engineering Division	44	32
Operation Division	186	168
Construction Service Division	81	41
Corporate Affairs Division	82	61
Quality Management Division	80	68
Accounting & Finance Division	19	21
Total	525	421
Temporary staffs	682	608
Grand total	1,207	1,029

● **The Employee's Remuneration:** In 2017, the Company and Sahakarn Wisavakorn paid the employee's remuneration of Baht 484.24 million consisting of salary, overtime, bonus, social security funds and counterpart for provident funds, etc.

(Unit: Million Baht)

Remuneration (excluding directors and executives named in the preceding section)	2016	2017
Permanent staffs	347.71	306.38
Temporary staffs	171.45	177.86
Total	519.26	484.24

● Provident Fund

The Company has established "TISCO Master Pooled Fund" – a registered provident fund managed by Tisco Securities Co., Ltd. with a view to building employee morale and spirit, and encouraging long-term employment. In 2017, the Company's and Sahakarn Wisavakorn Co., Ltd.'s contributions to this provident fund are THB 8.05 million and THB 1.3 million respectively.

● Employees Development Policy

According to TRC Group's philosophy, employees are the organization's most valuable asset. The Company's ongoing commitment and focus has always been around the management of human resources which is in line with the corporate

vision to become the country's leader in the construction business, making a delivery of quality and safety in building natural gas transmission pipelines and a range of facilities used in petrochemical and energy industry as well as sustainable growth in business central to the corporate ethos.

The Company's policy on human resources development and management is summarized below.

1. The Company's recruitment of new employees is a disciplined process and takes into consideration the qualifications of the individual applicant versus and the requirements of each job position. Before starting the job, all new hires are required to attend the orientation in which each will be given clearly-defined job description in details.

2. The presence of remuneration and fringe benefits procedures. In addition to the minimum employee welfare as required by law, the Company has designed the following benefits for employees.

- 2.1 Health insurance with coverage spanning in-patient and outpatient medical bills, surgical fee, accident and emergency care, and dental care.
- 2.2 Group life and accidental insurance.
- 2.3 Non-compulsory provident fund has been established for employees to accumulate savings for their retirement. Subject to the law, the Company's contribution to this fund is commensurate with the number of employment years and each employee may voluntarily decide, at his/her own discretion, to remit a contribution at a rate of 3 to 10 percent.

3. Pursuant to the policy earlier approved by the Board, the Remuneration and Nomination Committee is responsible for considering the Company's and Sahakarn Wisavakorn Co., Ltd.'s framework and budget for salary increments and bonuses on a yearly basis. In defining the above framework that is appropriate and in line with short-term and long-term operating performance, the Committee has taken into consideration both external factors (projected inflation rate, economic situation, the average rates of salary increments and bonuses of other companies in construction business) and internal factors (the Company's operating results, long-term investment plan, historical records of salary increase and bonus).

4. Human resources development plan has been continually updated. The objective of this plan is to improve both basic and specific/technical knowledge and skills as follows.

4.1 For new employees

The Company has regularly organized an orientation session in which new employees would be provided with basic knowledge necessary for their job positions, which includes the background and business nature of TRC Group, basics of business models, corporate vision, mission and goals, basics of ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007 quality management systems, basics of information technology and operating systems, and practices for safety in workplace.

4.2 For all level permanent employees

It is the Company's policy to encourage employees to periodically attend training courses in order to develop and improve their skills and proficiency in both general management and technical subjects. The Company has also invited outside professionals as guest instructors for in-house trainings.

Trainings in 2017:

Non-exhaustive list of training courses and programs provided to supervisory-level staff is as follows.

- *"Knowledge Management for Operational Level Staff"*. The purpose of this program is to ensure that the participants have a better understanding in the process of knowledge management, their roles in

making knowledge management a success, and the importance of their engagement in applying the concept of knowledge management to their operational functions to achieve higher work efficiency.

- *“Safety Personnel in Management Level (Managerial Safety Personnel)”*. This program deals with the roles and responsibilities of the managerial safety personnel in accordance with the laws administered by Ministry of Labour and the relevant occupational health and safety guidelines.
- *“Thailand Quality Award (TQA) Criteria”*. The program is intended to let employees recognize and understand one of the Company’s goals – that is, winning Total Quality Class (TQC) award within 2019. TQA Criteria is an effective tool used in assessing and improving the organization’s management system in order to empower the organization to achieve its goals, improve outputs, raise the competitiveness, and create synergy with corporate philosophy, vision, mission and strategies of TRC Group.
- *“Project Management Professional”*. This program is to review and refresh, for those in project management and construction management as well as managers, the technical knowledge, skills and proficiency within the context of roles and responsibilities, scope of work, and standards of project management professional, with aims to improve efficiency and effectiveness in managing projects to sustain the projected growth.
- *“Project Management Practitioner”*. This program is to enhance supervisory staff’s knowledge and insight into the management of project which could be applied to their jobs at hand with efficiency.
- *“Modern Approach for Modern Management”*. This program aims to help those in management positions to understand the key concept of management and administration and be able to apply the acquired management tools in their departments to enhance efficiency of managerial functions.
- *“Effective and Meaningful Communication”*. This program is intended to bring success to both teamwork and individual assignments in view of the fact that the communication is a powerful tool for creating camaraderie and positive environment in workplace which is one of the influential factors of success and goal achievement at both team and organization levels.

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

- *“Performance Measurement and Assessment against Key Performance Indicators (KPI)”*. The program is to enhance staff’s knowledge and understanding in the measurement and assessment of employee performance (KPI), how to correctly and efficiently prepare individual KPI report that aligns with the Company’s policy, and how to efficiently use KPI as the instrument for steering the organization toward the goals.
- *“Safe Working in Confined Space”*. The purpose of this course is to ensure that the employer is in full compliance with the Ministerial Regulation Prescribing Safety, Occupational Health and Environmental Management Standards for Working in Confined Space B.E. 2547 (2004), and to provide employees, whose professional role is to follow their employer’s instructions, with proper training, along with necessary knowledge and practical skills, on how to work in confined space pursuant to the statutory standard practices.
- *“TRC Beyond 2017”*. The purpose of this program is to ensure that employees at all levels have a good understanding and recognize the importance of corporate culture and to reinforce employees’ behavior that accords well with such culture which would further lend to the fulfillment of the Company’s vision, mission and goals.

- *"Basics of Microsoft Excel Application"*. This is intended to enable employees to apply what they have learned from this class to their work in order to improve work performance.
- *"Crane Operators, Signalers, and Riggers"*. This course is to ensure that employees whose job involves the use of crane are aware of and familiar with the requirements and guidelines on the use of crane in accordance with law on occupational health and safety, including the relevant rules and regulations. These employees had to attend the mandatory session of practical training as required by law.
- *"Safety Guidelines for Electrical Technicians"*. This program is to ensure that electrical technicians know how to perform their work safely as required by law, are aware of electrical hazards and how to prevent them, and participate in first-aid exercise for the safety of both rescuer and victim.
- *"Safety, Occupational Health and Environment in Workplace for Employees and New Hires"*. This program is to ensure that every employee is aware of his/her roles in connection with safety in workplace which is consistent with the law governing safety, occupational health and environment in workplace.

In 2017 the Company, in its effort to gather, compile, organize, share and make the best use of the Company's knowledge, has adopted the approach of Knowledge Management. As one of the key elements of knowledge management process, the knowledge sharing is implemented and encouraged through a number of peer presentations/trainings where other co-workers or employees from any departments who are interested in the presentation/training topics are invited to join. Topics of peer trainings held in 2017 include, but not limited to:

- *"How to Apply Cloud Technology in Your Work "*. Presented by IT and Data Center Department, this topic focuses on the efficient application of cloud computing in working and personal life.
- *"Basic Business Conversations in English"*. Organized by the Corporate Services Department, the presentation deals with the commonly used English words/sentences, reading for main idea, basic e-mail writing skills, etc.
- *"Investment in Mutual Funds for Tax Benefit"*. This topic presented by the Investor Relations Department is to introduce knowledge about investment in LTF and RMF.
- *"Coaching Techniques for Supervisor"*. The attendees would be more familiar with the meaning and techniques of coaching or training subordinate staff, including the effective communication skills to make coaching process smoother.

For 2017, the Company encouraged employees at all levels to attend trainings. The training man hours can be summarized as follows:

Training (Excluding to Directors)	2016		2017	
	Internal training	External training	Internal training	External training
Staff level	271	678	476	383
Supervisory level	465	708	306	418
Total training hours	736	1,386	782	801

5. Employee relations activities. The following activities were held to build, strengthen and enrich relationship in the organization.

- 5.1 'We are TRC' PR campaign to instill in employees working at head office and all site offices the corporate culture.
- 5.2 Lunch Talk. This is the activity giving the Company's staff an opportunity to socialize with management on such special occasions as *Big Cleaning Day*, Songkran Festival, etc.
- 5.3 'Move for Change' program to make employees recognize the health benefits of exercise and sports.
- 5.4 Recreational clubs of various sorts have been formed e.g. yoga, badminton, football, etc.
- 5.5 *Five Sor* activity to build employees' discipline and healthy habits. In addition to peer evaluation, the Company's management has also taken part in evaluating the achievement.
- 5.6 Sports Day and New Year Party activities to give all employees working at both head office and all site offices an opportunity to get together to strengthen the sense of camaraderie in a warm atmosphere.

6. The Company has recognized the importance of intra-organizational communication, especially between the Company and its employees. On the part of the Company, the communication is basically made via the Corporate Communication Department – a central unit responsible for collecting and disclosing, via a variety of channels, corporate information to all employees to ensure their uniform understanding in corporate policies, rules and regulations, news, and events. Communication channels mainly used include the intranet, e-mail, Application Line, and bulletin boards. The information disclosed through intranet is wide-ranging e.g. ERP-based learning content, ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007 requirements, photos of staff activities, staff news and updates which include monthly events, reminder of employees' birthdays, introduction of new employees, etc.

7. The Company has also made the principles of human rights central to the corporate culture. The Company's practices of human rights non-violation, non-gender discrimination, employment of the disabled, and gender equitable employment opportunities are testament to its true respect of human rights.

8. The Company has made available the channels – that is, HR manager and Suggestion Box – for any employees to express their opinions or submit complaints. HR manager is responsible for collecting employees' suggestions and complaints made through such channels, and bringing them to the attention of the HR Sub-Committee for consideration and further actions. The complainant's identity is to be strictly kept confidential.

- **Significant Labor Legal Dispute during the past 3 years**

None

10. Corporate Governance

1. Corporate Governance Policy

Having recognized the importance of corporate governance and its contribution to the Company's business value and sustainable growth, the Company has developed, mindful of the interests of all stakeholder sectors within confines of law and the Company's regulations, and on the basis of integrity, fairness, and equality, the Corporate Governance Policy, the Business Code of Conduct, and the Ethics and Code of Conduct for Management and Employees – free booklets of these corporate policy and code of conduct have been published and given out to directors, executives and employees of the Company and its subsidiaries. The aforesaid policy and code of conduct are intended to provide directional guidelines on socially acceptable behavior which will contribute to the TRC Group's sustainable business growth. In addition to free booklets, the Corporate Governance Policy and the Ethics and Code of Conduct for Management and Employees are also made available on the Company's website and incorporated as part of Work Rules handouts for all employees.

In 2017 the Corporate Governance Committee and the Board of Directors have conducted a review of Corporate Governance Policy as well as other relevant guidelines and received from Thai Institute of Directors Association (IOD) recommendations related to the 2017 corporate governance survey of Thai listed companies project.

With respect to the evaluation results in connection with the above project, the Company's overall score is 90% ("Excellent"), up from last year's score of 87% ("Very Good"), surpassing the average score (80%) calculated based on the survey of 620 listed companies, and standing above average scores in all evaluation categories.

2. Subcommittees

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

1. The Board of Directors of the Company and Sahakarn Wisavakorn Company Limited as of 31 December 2017

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

- | | |
|--|--|
| 1. Mrs. Paichit Rattananon | Chairman, a representative from KPK 1999 Co., Ltd., the Major Shareholders |
| 2. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. | Independent Director |
| 3. Mr. Arun Chirachavala | Independent Director |
| 4. Mrs. Puangthip Silpasart | Independent Director |
| 5. Assoc. Prof. Pises Sethsathira | Independent Director |
| 6. Mr. Smai Leesakul | Executive Director |
| 7. Mr. Pasit Leesakul | Executive Director |
| 8. Mrs. Podchanee Phaosavasdi | Executive Director |
| 9. Mr. Loh Eng Kee | Executive Director |

Ms. Ounruen Sujarittham, Senior Finance and Investor Relations Manager, as the Company Secretary

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

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

Authorized Directors of the Company and its Subsidiaries

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

Scope of Duties and Responsibilities of the Board of Directors

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

- (b) The transactions that might lead to any conflict of interests as well as are required by laws and/or regulations of the Stock Exchange of Thailand to receive the Shareholders' Meeting approval.

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

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

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

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

Scope of Duties and Responsibilities of the Chairman

The Chairman has the role of overseeing policy advocacy and strategic performing manner of the company's management including giving recommendation and support the operating of the Company's management. However, this entitle shall not participate in the daily operation. She or he shall preside as chairman of the Board of Directors Meeting and shareholders meeting, encourage all directors to participate in the meeting as well as monitoring the Board of Directors Meeting and shareholders meeting effectively and successfully.

2. Audit Committee

As of 31 December 2017, the Audit Committee consists of 3 independent directors as follows:

1. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM. as the Chairman of the Audit Committee
2. Mr. Arun Chirachavala
3. Mrs. Puangthip Silpasart

Ms. Rewadee Ardham, Senior Accounting Manager, as the Secretary to the Audit Committee

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

Audit Committee has 2-year term. The term of the current committee will be expired on 24 April 2019.

The Charter of the Audit Committee consisting of the objective of the Audit Committee appointment, scope of duties and responsibilities, qualification, term, meeting, quorum, remuneration, responsible unit and the quality control of the Audit Committee is as disseminated on the Company's website.

Scope of duties and responsibilities of the Audit Committee

1. To review and ensure that the disclosure of information in financial statements is accurate and adequate by cooperating with the Company's external auditor and management who is responsible for the quarterly and annually financial statements. Also, to recommend the external auditor to review or audit any transactions deemed significant during the auditing period;
2. To review the internal control system and internal audit system to ensure appropriateness and effectiveness and consider independence of internal audit as well as approve the appointment, transfer, reward and termination for head of internal audit;
3. To review the Company's internal control system and internal audit system to ensure appropriateness and effectiveness and consider the independence of the internal audit function as well as approve the appointment, transfer, recognition, and termination of the Head of Internal Audit and the change of internal auditor in the case of using an outsourcing service.
4. To review and ensure that the Company's operations are in compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand, as well as relevant laws;
5. To consider, select and nominate the external auditor and also propose the external auditor's remuneration including attend the meeting with the external auditor without participation of the Company's management at least once per year;
6. To consider the connected transactions or transactions that may lead to any conflict of interest and non-compliance with the laws and the Stock Exchange of Thailand's regulation to ensure that those transactions are reasonable and bring highest benefit to the Company;
7. To perform any duties as assigned by the Board of Directors and agreed upon by the Audit Committee such as reviewing the financial management and risk management policy, compliance with business ethic of the management and review with the management the important reports required for disclosure to the public according to the laws i.e. Management's report and analysis, etc.;
8. To prepare the corporate governance report of the Audit Committee for disclosure in the company's Annual Report in which has been signed by the Chairman of the Audit Committee and consisting of at least
 - 8.1 Comment on appropriateness and completeness and reliability of the Company's Financial statements
 - 8.2 Comment on sufficiency of the Company's internal control system
 - 8.3 Comment on compliance with the rules and regulations of the Securities Exchange Commission and the Stock Exchange of Thailand as well as relevant laws
 - 8.4 Comment on appropriateness of the auditors
 - 8.5 Comment on connected transactions
 - 8.6 A number of Audit Committee Meetings and attendances of each member

- 8.7 Comment or overview observation from which the Audit Committee has been gained after performing in compliance with the charter
- 8.8 Any reports which deem appropriate to be reported to the shareholders and other general investors under the scope of works and responsibility as assigned by the Board of Directors;
9. To report all regular activities as scheduled in order that the Board of Directors can acknowledge the Committee's activities as follows:
 - 9.1 The Audit Committee's Minutes of Meetings clearly specifying the committee's comment in various issues
 - 9.2 The report of the Committee's comment on financial statements, internal audit and internal audit process
 - 9.3 Any report which deem appropriate for acknowledgement of the Board of Directors;
10. During performing their duties, if the Committee finds any doubtful transactions or behaviors as shown below which may cause a significant impact to the Company's financial status and operating result, the Committee should report to the Board of Directors for further improvement as deem appropriated:
 - 10.1 Conflict of interest transactions
 - 10.2 Any suspicion or presumption of corruption, paradox or default which are significant for internal audit system
 - 10.3 Any suspicion that there are non-compliance with the rules and regulation of the Securities Exchange Commission and the Stock Exchange of Thailand or relevant laws

In case that the abovementioned report has been already submitted to the Board of Directors and discussed among the Board of Directors, the Committee and the Company's management for further improvement, however, after the due date, should the Committee finds that there is any negligence without inappropriate reason, one of the Committee's members can further report this to the Securities Exchange Commission and the Stock Exchange of Thailand;
11. In case that the auditor finds any doubtful acts which are noncompliance with the laws done by director, manager or any person who are responsible for the Company's operating and the matters of fact has been reported to the Committee for acknowledgement and prompt inspection. The Committee should then report the outcome of preliminary inspection to the Securities Exchange Commission, the Stock Exchange of Thailand and the auditor for acknowledgement within 30 days after getting the auditor's report. Any doubtful acts required to be reported including the procedure to gain the matters of fact should be in line with the Capital Market Commission's regulation;
12. To have authorization to invite directors, management, department heads or employees for discussion or clarification on the Committee's inquiry;
13. To review the scope of works and responsibility as well as appraise the Committee's performance on yearly basis;
14. To perform any other duties as assigned by the Board of Directors and agreed upon by the Audit Committee.

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

3. Remuneration and Nomination Committee

As of 31 December 2017, the Remuneration and Nomination Committee consists of 4 independent directors and 2 executive directors total 6 members as follows:

1. Assoc. Prof. Pises Sethsathira as the Chairman of the Remuneration and Nomination Committee
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.
3. Mr. Arun Chirachavala
4. Mrs. Puangthip Silpasart
5. Mr. Pasit Leesakul
6. Mrs. Podchanee Phaosavasdi

Ms. Ounruen Sujarittham, Senior Finance and Investor Relations Manager, as the Secretary to the Remuneration and Nomination Committee

Remuneration and Nomination Committee has 3-year term. The term of the current committee will be expired February 2021

The Charter of the Remuneration and Nomination Committee consists of duties and responsibilities with respect to consideration of remuneration, nomination, composition, term, meeting, report of their performance result and assess performance that are disseminated on the Company's website.

Scope of duties and responsibilities of the Remuneration and Nomination Committee

1. Remuneration

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

2. Nomination of directors

- 2.1 To set the qualifications of director candidate in terms of knowledge, experience, and expertise in alignment with the Company's requirements. Any individual to be nominated as director shall be able to dedicate his/her time and effort to the fulfillment of directorship duties.
- 2.2 To select and nominate the candidate(s) to:
 - The Board of Directors for consideration in case of vacancy due to expiration of term and/or addition of director; after the Board's consideration, the nominated candidate will be presented to the meeting of shareholders for official appointment; or
 - The meeting of Board of Directors for official appointment in case of vacancy due to resignation or inability to serve as director.

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

4. Corporate Governance Committee

As of 31 December 2017, the Corporate Governance Committee consists of 2 independent directors and 1 executive director total 3 members as follows:

1. Mr. Arun Chirachavala as the Chairman of Corporate Governance Committee
2. Assoc. Prof. Pises Sethsathira
3. Mrs. Podchanee Phaosavasdi

Ms. Nuntanit Rachakit, Company Secretary Assistant, as the Secretary to the Corporate Governance Committee

Corporate Governance Committee has 3-year term. The term of the current committee will be expired on 19 March 2021.

The Charter of the Corporate Governance Committee consists of duties and responsibilities, composition, term, meeting, report of their performance result and assess performance that are disseminated on the Company's website.

Scope of 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 of Directors and the Board of Directors has its authority to change scope of duties and responsibilities of the committee as deemed necessary or appropriate.

5. Risk Management Committee

As of 31 December 2017, the Risk Management Committee consists of 2 independent directors and 2 executive directors total 4 members as follows:

1. Mr. Arun Chirachavala as the Chairman of Risk Management Committee
2. Assoc. Prof Aekkachai Nittayagasetwat, PH.D., FRM.
3. Mr. Pasit Leesakul
4. Mrs. Podchanee Phaosavasdi

Ms. Pavita Leesakul, Vice President, Corporate Affairs Division, as the Secretary to the Risk Management Committee

Corporate Governance Committee has 2-year term. The term of the current committee will be expired on 13 November 2021

The Charter of the Risk Management Committee consists of duties and responsibilities, composition, qualification, term, meeting, report of their performance result and assess performance that are disseminated on the Company's website.

Scope of duties and Responsibilities of the Risk Management Committee

1. To formulate a risk management policy as well as a framework for managing the Company's overall exposure to a range of significant risks e.g. bid risk, risk related to supply of materials/equipment, construction risk, financial risk, personnel risk, etc. and to provide to the Board of Directors and the management the consultation, advice and recommendations in relation to risk management.
2. To develop a risk management plan and to ensure the proper implementation of the plan.
3. To oversee the undertaking of tasks related to risk management and to develop a strategy in alignment with the corporate vision, mission, and goals.
4. To oversee, support, and encourage the cooperation of all units across the organization in managing risks and to review, on a regular and continual basis, the adequacy of the risk management system to ensure optimal efficiency.
5. To report and update the following matters to the meeting of Board of Directors:- a list of significant risks, risk assessment, risk management, impacts on business operation, preventive and remedial measures, and other events that materially affect the Company (this last matter must be brought to the Board of Directors' attention without delay).
6. The Risk Management Committee has the authority to establish a working group responsible for executing risk management and reporting to the Risk Management Committee.
7. To perform other tasks as assigned by the Board of Directors.

6. Executive Committee

As of 31 December 2017, the Executive Committee consists of 4 executive directors as follows:

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

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

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

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

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

7. Management Committee

As of 31 December 2017, the Management Committee consists of 10 members as follows:

Lists of the Management Committee	Position in Management
1. Mr. Pasit Leesakul	Chief Executive Officer As the Chairman of the Management Committee
2. Mrs. Podchanee Phaosavasdi	Chief Commercial Officer
3. Mr. Loh Eng Kee	Deputy Chief Operating Officer
4. Mr. Sakda Tantivathanakul	Deputy Chief Operating Officer
5. Mr. Chaveng Resikitti	Deputy Chief Operating Officer
6. Ms. Pavita Leesakul	Vice President, Corporate Affairs Division
7. Mr. Wison Akethummakul	Assistant Vice President, Engineering Division
8. Mr. Amnuay Laimai	Quality Management Division Advisor
9. Mr. Nitithat Tip-anuntasakul	Material Management and Logistics Department Advisor
10. Mr. Supachoke Liamkaeo	Corporate Strategic Departure Advisor

Financial Approval Authorization of Management Committee and Chief Executive Officer

According to the 2018 Authorization and Operation Manual, the Management Committee and the Chief Executive Officer Financial Approval Authorization are as follows:

Items	Management Committee	Chief Executive Officer
- Budget for project expenses	-	Unlimited
- NPL write-off	5-10 Million Baht	≤ 5 Million Baht
- Advance cash	-	> 100,000 Baht/Time
- Reception expense, public relations, and donation	-	> 50,000 Baht/Time
- Short-term loans between subsidiaries	50-100 Million Baht	≤ 50 Million Baht

Scope of duties and responsibilities of the Management Committee

1. To set the business plan, budget and management authorities of the Company and propose to the Board of Directors for approval;
2. To approve oversee the Company's operations to ensure that they are in compliance with the business policies, business plan and strategies which have been approved by the Board of Directors;
3. To consider the engagement in business contracts and/or any other asset purchasing contracts in relation to the business of the Company as well as to set the procedures and negotiation methods for such contracts;
4. To approve the capital expenditure as stated in the annual business plan which has been approved by the Board of Directors;
5. To be responsible for any financial transactions with banks including account opening, lending, borrowing, providing lending facilities, managing the collateral, pledging, mortgage and guarantee as well as selling, purchasing and registering land deeds for the benefits of the Company as per the approval of the Board of Directors;
6. To consider and compare the Company's quarter operating performance with the budget and propose to the Board of Directors;
7. To employ, to appoint, to transfer, to discharge, to dismiss, to determine remuneration of, to give reward to and to raise salaries, wages and bonus of employees in management level from Assistant Vice President upwards;
8. To do any other duties in order to support the aforementioned duties or as delegated to do so by the Board of Directors or the Executive Committee; and
9. To consider and report to the Executive Committee / the Board of Directors the transactions which are in questions of fraud or illegitimate or irregular activities.

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

3. Nomination Process of Director and Top Management

(1) Independent Director

Criteria of Independent Director Selection

● Process of Independent Director Nomination

The Remuneration and Nomination Committee shall preliminary consider suitable persons whose qualifications are in accordance with the regulations of the Securities Exchange Commission and the Stock Exchange of Thailand. Also, the candidates shall have useful knowledge and capability that are useful for the Company. The suitable candidates will

be proposed to the Board of Directors and the Shareholders' Meeting for approval, respectively. (Only the increase of the number of directors and the appointment of directors in replacement of directors retiring by rotation shall be approved by the Shareholders' Meeting.)

- **Qualifications of the Independent Director**

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

1. Not hold shares exceeding 0.75 percent of the total number of voting shares of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person including shares held by related persons of the independent director.
2. Neither be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person.
3. Not be a related person by blood or registration under law, such as a father, mother, spouse, sibling, or legitimate child, including spouses of children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries.
4. Neither have nor used to have a business relationship with the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person, in a manner which may interfere with his or her independent discretion, and neither being nor having been a substantial shareholder or controlling person of any entity having business relationship with the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person who may have a conflict of interest unless the foregoing status ended not less than two (2) years prior to the date of appointment.
5. Neither be nor have been an auditor of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person nor be a substantial shareholder, controlling person or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person, unless the foregoing relationship ended not less than two (2) years prior to the date of appointment.
6. Neither be nor have been any kind of professional advisor including a legal advisor or financial advisor who receives an annual service fee exceeding two (2) million baht from the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person, and not have been a substantial shareholder, controlling person or partner of the professional advisor unless the foregoing relationship ended not less than two (2) years prior to the date of appointment.

(2) Director and Top Executive Selection

- **Director Selection**

Nomination and appointment of director are responsible by the Remuneration and Nomination Committee to nominate and consider a person having suitable qualification, experience of working to be further proposed, for approval of appointment, to the Board of Directors and shareholder meeting, respectively (Only the increase of the number of directors and the appointment of directors in replacement of directors retiring by rotation shall be approved by the Shareholders' Meeting.) under the following criteria and procedure :

1. A shareholder is equal to one share one vote.
2. Shareholders will vote for director appointment on individually basis.

3. Candidate gaining the highest votes in sequence will be appointed as director and the number of appointed director subject to required number of director vacancy. In case of a tie of votes and qualified candidates are exceeding the required number, the Chairman of the meeting shall have an additional casting vote.

At the annual general meeting of shareholders, one-third of directors shall retire by rotation. In case the number to be divided cannot be made, the retiring number should be the number nearest to one-third.

For the retiring director in the first and second years after the company's registration, drawing-lots method shall be applied to decide who will retire by rotation whereas for the next year, directors holding the longest service term shall retire and those retiring are eligible to be re-elected for another term.

● **Top Executive Selection**

The top executive selection shall be undertaken by the Remuneration and Nomination Committee to select candidates having suitable qualification, experience of working to be further proposed to the Board of Directors for approval. The policy and criteria for selection of the top executives including succession plan for emergency case or retirement are set forth to avoid any impact to the Company's business as follows:

- The Board of Directors approved to set up the succession plan for Chief Executive Officer position as well as experience transfer to their potential subordinates to work in their replacement for emergency case or retirement.
- The basic qualifications of Chief Executive Officer are as follows:
 - The education should be not lower than a master degree in engineering field or business administration or other related fields. In case of being educated in lower degree, it is subject to the discretion of the Remuneration and Nomination Committee on his other qualifications.
 - Having experience not less than 10 years in the top executive position management
 - Having leadership character with wide vision
 - Be capable in strategic planning and organizational management
 - Having cautious decision making and problem solving with recognition of highest benefit of the Company

● **Policy for Chief Executive Officer and directors to hold director position in other companies**

The Board of Directors had set up a policy that the Chief Executive Officer and directors holding director position in other companies should be in compliance with the Company's Article of Association, Section 13, paragraph 2 stating that

"A director is prohibited from being a partner or unlimited partner in a business entity or hold a director position in a private company or any other company that conducts a similar type of business or in competition against the Company's business activities, except where the General Meeting of Shareholders is notified prior to the appointment resolution."

In case Chief Executive Officer and directors holds a director position in other companies which is not in the above condition, it is required to report for acknowledgement of the Board of Directors Meeting.

4. Subsidiaries and Joint Venture Performance Monitoring

The Board of Directors has set up the policy and authorized the Company's management to monitor the performance of subsidiaries and joint venture as follows:

- To consider and assign qualified candidates to act as the Company's representatives to be directors and/or executives of subsidiaries and joint venture in proportion of shareholding so as to monitor and control those business.
- To report for acknowledgement of the Board of Directors about assignment together with their qualifications
- To monitor subsidiaries and joint venture to perform their operation in compliance with the authority table including disclosure and any action complying with the SET's law, regulation and notifications as well as the guideline practice of connected transaction and acquisition or disposition of assets.
- To report the summary of subsidiaries and joint venture's operating performance to the Board of Directors on quarterly basis. In addition, in case of significant transaction such as an increase or decrease of capital, company dissolution, etc. it is required to being proposed for prior approval of the Board of Directors.

5. The Uses of Internal Information Control

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

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

The directors, management and employees of departments that are accessible to the internal information shall avoid trading the Company's securities within 1 month prior to the public disclosure of financial statements. This policy shall govern the transactions to be made by spouse and minor child of those directors, management and employees. The violation of this policy shall be treated as a serious misconduct.

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

To be in line with the good governance practice, the Company also set the policy that each director and management are required to report TRC share trading transactions of his/herself, spouse and minor child including relevant persons according to Section 258 of the Securities and Exchange Act B.E. 2535 to the Company by sending shareholding changing form (Form 59-2) to the Company Secretary for recording and reporting to the Board of Directors.

6. Audit Fee

- Audit Fee

	Audit Firm	2017 Audit Fee
TRC Construction Public Company Limited	EY Office Limited	Baht 1,050,000

	Audit Firm	2017 Audit Fee
Subsidiaries:		
Sahakarn Wisavakorn Co., Ltd	EY Office Limited	Baht 820,000
TRC International Limited	Simon W.F. Ng & Co., Hong Kong	USD 3,200
TRC Investment Limited	S.C.Ng Fuk Chong, FCCA Mauritius Republic	USD 1,350
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
TRC Utility Company Limited	EY Office Limited	Baht 100,000
SH Crossings Company Limited	Independent Auditor	Baht 5,000
Joint Venture:		
Sinopec-TRC Joint Venture	EY Office Limited	Baht 300,000
Hydrotek Sahakarn Joint Venture	EY Office Limited	Baht 400,000

- Non-Audit Fee

Travelling expenses of the auditors for 2017 audit tasks

- TRC Construction Public Company Limited	Baht	27,329
- Sahakarn Wisavakorn Company Limited	Baht	13,504

7. Compliance with the Corporate Governance Principles

In 2017 the Office of the Securities and Exchange Commission (SEC) has launched the Corporate Governance Code 2017 (CG Code 2017) in replacement of the preceding CG Code 2012. In addition to the introduction of new subjects needed to be addressed in wake of changing environment and concept, this newly-launched code consists of the revised content and the re-arrangement of presentation in line with duties of directors in each business process.

Both the Corporate Governance Committee meeting no. 1/2017 dated December 13, 2017 and the Board of Directors meeting no. 1/2018 dated January 8, 2018 already passed resolutions to acknowledge the SEC's Corporate Governance Code 2017 (CG Code 2017) and, as testament to the Board's and top management' intention to adhere to CG Code 2017, assign management to revise the Company's Corporate Governance Manual if any amendment is needed. 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.

There was only one meeting held for 2018 Annual General Meeting of Shareholders on 28 April 2018 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:

- **Invitation to shareholders' meeting**

On 27 September 2017, the Company disseminated, via channels on the Stock Exchange of Thailand's SET Community Portal and the Company's website (section "INVESTOR CORNER"), the information about the upcoming shareholders' meeting, welcoming shareholders' proposal for the 2017 Annual General Meeting of Shareholders' agenda, including the proposal of qualified candidates for the directorship positions. The invitation was open between October 1 and December 31, 2016 during which both the Corporate Governance Committee meeting scheduled to consider the nomination of new directors to replace the ones retiring by rotation and the Board meeting in which the agenda for the upcoming annual general meeting of shareholders had to be concluded were not yet held. Shareholders' proposals could be addressed to either Chairman of the Audit Committee or the Company Secretary via any of these 3 channels:- e-mail message, fax, or postal mail. However, there was no any proposed candidate from the shareholders.

To provide shareholders an opportunity to know in advance of what would be discussed and considered in the meeting, the Invitation to the 2017 Annual General Meeting of Shareholders together with supplementary documents provided in both Thai and English languages were publicly disclosed on the Company's website 30 days prior to the meeting (March 28, 2017). The same information was also made available to any investors and shareholders on the Stock Exchange of Thailand's SET Community Portal.

Letters of Invitation to the 2017 Annual General Meeting of Shareholders accompanied with other information related to meeting agendas were dispatched to shareholders not less than 14 days in advance and also published on newspaper 3 days in advance for 3 consecutive days. In the 2017 Annual General Meeting of Shareholders, all 9 directors were present, including Chairman of the Board, Chairman of Executive Committee, chair of each and every sub-committee, executives, a legal consultant and an auditor. For shareholders' convenience, a barcode technology was used in the attendance registration and counting of votes. For each agenda, the Board's opinion as well as other relevant information would be given to assist shareholders in making decisions.

- **The General Meeting of Shareholders Day**

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

- **After the General Meeting of Shareholders Day**

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

- (1) Counting of votes and minimum number of votes required for each agenda

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

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

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

The Company later submitted the copy minutes of the 2017 Annual General Meeting of Shareholders to the Stock Exchange of Thailand and the registrar of the public companies limited, Department of Business Development, Ministry of Commerce within the specific 14 days from the meeting date and noticed the minutes information in both Thai and English including meeting’s video and recorded sound through the Company’s website within 30 days after the meeting.

The Company allocated the shares of the retail shareholders in accordance with the requirements of the Stock Exchange of Thailand. As at 23 March 2017, on which the shareholders register book was closed to determine entitlements to attend the 2017 shareholders meeting, the Company’s shares held by retail shareholders accounted for 63.81%.

2. Equitable Treatment of Shareholders

The Company has a policy to value and treat all shareholders fairly:

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

- Shareholders shall have the right to vote at the meeting according to the number of shares held. One share shall have one vote. The Company undertook no actions to limit, inflict or derogate the rights of the shareholders, whether they were major, minority, or foreign shareholders, as well as institutional investors. All shareholders are allowed to propose recommendations, express opinions or submit complaints to the Chairman of the Audit Committee, in case of complaints, actions would be taken to investigate into facts and determine appropriate solutions. In case of recommendations on important matters which may have an impact on the overall stakeholders or on the business operations of the Company, such recommendations would be proposed to the Board of Directors Meeting for consideration and further submission to the shareholders meeting as deemed appropriate.

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

- Disclosing the notice of the meeting and related documents through the Company’s website earlier not less than 30 days prior to the meeting date and sending such a notice to shareholders 7 and/or 14 days prior to the meeting date (in case of agenda concerning registered capital or relevant matters as enforced by laws).

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

- Voting ballots in paper shall be provided for shareholders who cast disapproval votes and/or abstention votes for each agenda item at the annual general meeting of shareholders.
- Prior to starting the meeting, shall be informed the voting procedures and the vote counting and also allow shareholders to comment and raise the questions within the appropriate and sufficient period.
- To avoid any conflicts of interest, the Company has adopted a stricter policy to govern connected transactions than the Stock Exchange of Thailand's regulations, as provided in section "13. Connected Transactions". Every quarter, a summary report on connected transactions consisting of the following information:- connected persons, nature of relationship, description and size of transaction, necessity and reasonableness of transaction, is to be presented to the Audit Committee meeting and the Board meeting for consideration and opinions. It is the corporate policy to conduct a review of connected transaction policy every year.
- The Board of Directors has defined the rules on use of insider information, which form an integral part of the work rules, in order to prevent against the misuse of internal information for personal gain or for others' benefits. The rules on use of insider information have been published in the Company's website under the topic of "Corporate Governance".
- The Company has never failed to perform in compliance with the Stock Exchange of Thailand's and the Securities and Exchange Commission's regulation of acquisition and/or disposition of assets.
- The Company provided information on the directors and management's shareholding in the Company as well as punishments as per the Securities and Exchange Act B.E. 2535 and the requirements of the Stock Exchange of Thailand. In the case where the directors or executives traded the shares of the Company, they shall report the shareholding in the Company of themselves, spouse, and child(ren) being minors under Section 59 of the Securities and Exchange Act B.E. 2535 within 3 business days to the Office of the Securities and Exchange Commission and subsequently to the general public. The Investor Relations Department is to inform directors and executives via electronic emails of the blackout period in which the trading of shares of the Company is prohibited one month before the disclosure of the quarterly and the annual financial statements. At each Board of Directors meeting, the changes to the shareholding of the directors and executives will be proposed to the Board of Directors for acknowledgement.

3. Roles of Stakeholders

The Company realizes the importance of those internal and external stakeholders as all their supports can strengthen the Company's competitiveness and enhance the profit. Therefore; the Company will perform its business in compliance with the related laws and regulations in order that the stakeholders can obtain a good attention. "Code of Conduct and Business Ethics Practice" disclosed through the Company's website on the item of "Sustainability" to be as guideline of practice towards the stakeholders especially for strict adherence of the Company's management and employees.

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

- **Employees**

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

- **Shareholders**

The Company is constantly responsible for shareholders, and gives rights to all shareholders on equitable treatment basis. The Company aims to operate the business with successful growth to increase long-term potentiality of sustainability and competitiveness, as well as to create appropriate and sustainable interest for shareholders, by setting a dividend payout policy of not less than 40 percent of the net profit annually.

- **Competitors**

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

- **Customers**

The Company commits 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 every step of works to be delivered as the absolute first priority since nature of business is the service construction of energy and petrochemical industries. The Company also emphasizes on training of the Quality Assurance Department continuously in order to obtain standard of works under the highest safety.

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.

In addition, every project is to conduct a survey of customer satisfaction every 6 months and/or according to the progress of work. For any short-range project, the survey might be conducted only once at the end of project.

- **Trade Partners**

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

- **Creditors**

The Company strictly complies with all agreements made with financial institution creditors and all trading agreements made with trade accounts payable, especially goods and service payment. In each year, construction site visits are arranged for creditors to acknowledge the progress of the project they have supported the project financing and also there will be meetings held between the Company's management and the creditors to review and consider the appropriate credit line, mortgages, condition and financial fee for good relationship between both parties.

- **Information Technology System, Intellectual Properties or Copyright**

The Company has its policy not to violate intellectual properties or copyright no matter in term of designing, computer program usage or others related to business operation. The Company set up the written "Guideline of Practices

for Security of Information Technology” in order to maintain security of information technology of the Company and Sahakarn Wisavakorn Company Limited to be properly handles with efficiency, stability with continuous effectiveness and protectable for future problems maybe arisen due to improper usage and any menace. In addition, IT Contingency Plan was prepared to be used as guideline of risk protection and problem solving for emergency cases.

- **An-ti Corruption**

The Company has an anti-corruption policy with no bribery or no receipt of bribes (both in a form of cash, good or any other benefits) to be adhered to by the Company’s employees, their close relatives or other persons concerned.

- **Society, Community and Environment**

With recognition of responsibility for participation in social, community and environmental development, the Company and its subsidiaries have reserved the annual budget to support the projects and activities related to the aforementioned terms and encourage directors, management and employees to participate in social and community activities. Those activities in 2015 are as shown in the item of “11. Social Responsibility”.

- **Quality, Health, Safety and Environmental Management (QHSE)**

The Company announced on 20 September 2016 its policy on quality, health, safety, and environment in order to enhance the organizational potential to the maximum efficiency. The Company ensures full integration of management tools via such quality management system and the internationally standardized administration-related rules, and makes it known to all employees that they need to strictly and continually observe the above policy so as to turn the practices of quality, health, safety, and environmental management (QHSE) into a corporate culture in combination with the delivery of quality, productivity and services to customers. The management at all levels is to lead by example by giving subordinates full support, pushing forward, following up, reviewing and improving the operation on a continual basis in order to ensure earnest implementation, understanding, and collaboration of all members across the organization, as well as the sustainable and material accomplishment of policy goals.

In 2017 the Company and Sahakarn Wisavakorn Co., Ltd are committed to objectively adhering to the corporate policy on quality, health, safety, and environmental management as follows:

1. Promoting practices in workplace that are oriented around OHSE-related law e.g. periodic health checks as per individual’s risk of employees at both head office and site offices, providing statutory safety trainings to employees, including:

- Courses for safety personnel in management level/supervisory level/OHSE Committee level
- An OHSE course for entry level personnel
- Appointment of safety personnel at varied levels for each project
- A course on basic fire extinguishing

Specific safety trainings necessary for and relevant to each project e.g. courses/trainings on chemical safety, electrical safety, safe working in confined spaces, safety for crane operator, supervisor, signaler and rigger, how to safely drive forklifts including proper maintenance, refresher course on crane operation, etc. and performing emergency drill practice on a yearly basis.



A course on workplace safety for supervisors



A course on basic fire extinguisher use



Refresher course on crane operation



Annual emergency drill practice



First aid training



Basic fire extinguishing (practice session)



A course for supervisory-level security officers

● Preparation of safety manual

- Refer to the Ministerial Regulation Reference Prescribing the Workplace Health, Safety and Environmental Management Standards B.E. 2549 (2006).
- Publish safety manuals and reference handouts. These materials were given out to employees in March 2017.



2. Promoting safe and accident-related defensive environment in workplace, both at central office and site locations, on the Safety First basis by setting a standard requirement that there must be pre-operation risk assessment for every job and ensuring the implementation of measures to control, promote attentiveness and prudence, and prevent potential hazards in working spaces e.g. the personal protection measures through stringent dress code – especially for those working in hazardous areas – and Tool Book Talk activity every morning before work, a regular reminder to wear personal safety gear.



To prevent hazards arising from equipment and tools, each site is required to have a specific space for keeping equipment and tools, which must be regularly checked and maintained to ensure their workable condition and reduced chances of users' accident. Moreover, each site's workspace must be clean, organized and arranged to best suit the nature of work performed.

The Company ensures that its workplace is safe and hygienic, and allows employees to efficiently perform their jobs. Recognizing that use of alcohol, drugs or any type of narcotics could undermine the employee's productivity, performance and safety, not to mention the potential harm to customer's property, the Company has put in place a strict practice of drug screening and alcohol breath test before work.



3. Preventing and controlling the impact on safety, health and environment. The Company has been monitoring the measurement related to safety, occupational health and environment in accordance with the environmental management system (ISO 14001:2015) and the occupational health and safety management system (OHSAS 18001:2007)



Health check-up as per risk factors



Measurement of chemical vapor in storage and working spaces



Measurement of illumination in working spaces



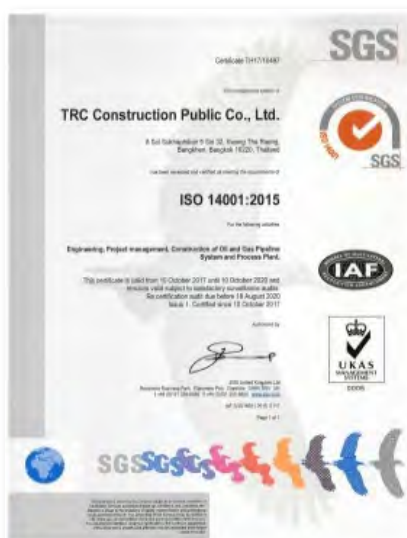
Measurement of personal noise exposure level



Quality measurement of wastewater at head office building

4. Efficient management of work procedures for the entire supply chains that meets the needs and expectation and conforms to the agreed terms and contractual framework.

- The Company has upgraded its quality management system ISO9001: 2008 to ISO9001:2015, and applied the environmental management system (ISO 14001:2015) and the occupational health and safety management system (OHSAS 18001:2007) in maintaining the standards of work related to environment, occupational health and safety. The integration of these 3 systems would be within the responsibility of the Quality Management department – the implementation of these 3 systems has received certification on October 10, 2017.



- On November 2, 2017 the Company has been assessed by PTT Public Company Limited in association with the Management System Certification Institute (Thailand), or MASCI, of its performance in terms of trade partner sustainability and ranked in “Very Good” tier.

- The Company has been officially registered by the Department of Labour Protection and Welfare, Ministry of Labour, as ‘Safety Training Center’ pursuant to the course on safety personnel in supervisory level. The purpose of this center is to provide corporate-wide supervisory-level personnel with efficient trainings and knowledge.



- The Company has been selected by the Department of Labour Protection and Welfare, Ministry of Labour, to organize training sessions for the course on the OHSE Committee.

5. Role model management

- Safety Tour by Top Management

- The Company's top management along with officers from head office's safety department have taken tour to the sites of 1st Transmission Pipeline Life Extension Project (PLLEP): 28" Recoating Section (RC-400) and the Srinakarin-Romklao Road, Phase 1 in Bangkapi, Bangkok on 3 April and 22 May 2017 respectively, getting the information from the projects' safety reports, discussing with safety officers about the implementation of safety measures and the results, including obstacles and problems, and sharing opinions before going ahead with corrective actions and improvement. Top management has also emphasized the Company's needs to prioritize its workplace safety practices in order to take the corporate safety standards to the next level.



- Engagement of both top management and all level employees at both head office and site locations in working toward the certifications of ISO 9001:2015, ISO 14001:2015, and OHSAS 18001:2007.



Top management joining the opening of SGS audit meeting



Observation of OHSE practices at head office and site locations



Top management with SGS staff team

- In celebrating the success of the Company's campaign for safety in workplace which had been launched across all projects, the Company hosted activities and events to express top management's appreciation for all employees' active cooperation in the campaign and to raise the awareness about safety, occupational health and environment under the main activity themed *Safety Awards* as follows.

- On 8 April 2017 top management and all employees took part in *1,000,000-hour Safety Awards* event held by 1st Transmission Pipeline Life Extension Project (PLLEP): 28" Recoating Section (RC-400) in Ban Bueng District, Chon Buri.



- On 13 November 2017 the *Safety Awards: 300,000-working hour free from accident potentially leading to leave from work* event was hosted by the project of supply, installation, and commissioning of cigarette making machinery and equipment used in the dry-ice expanded tobacco (DIET) process in Uthai District, Ayutthaya.



● Anti-corruption

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

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

● Anti-corruption framework

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

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

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

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

- Be careful in terms of offering and/or receiving gifts, entertainment and other expenses. However, providing and receiving gifts and hospitality must have business or custom objective. The value of such gifts and hospitality must be appropriate and approval.
- Donation to charity organizations, either in the forms of money, items or assets, to any activity or project, the name of TRC must be specified. Such offering must be conducted with the purpose to promote the businesses as well as maintain the good image of the Company or its subsidiaries. Furthermore, this must be carried out in a transparent and lawful manner through the specified procedures of the Company. In addition, it must also be traced and monitored to ensure that such donations will not be used as excuses for bribery.
- Any operations in regard to business relations or procurement with both public and private sectors must be carried out in a transparent and honest manner in accordance with applicable laws. Do not give or accept briber to conduct business with suppliers. They include any contacts with officials in both public and private sectors including those involved in business operations of TRC, both domestically and internationally.

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

- Support and encourage its personnel at all levels to realize the importance of countering corruption and raise their awareness in this respect.
- All complaints related to corruption will be presented urgent to the Executive Committee. In case of significant or urgent issue which may cause corruption that report the Audit Committee and the Board of Directors respectively.
- TRC will ensure fairness and provide protective measures to complainants or whistleblowers for collaboration in reporting malpractice and corruption. The complaints will be hold confidential.
- A person who commits the corruption is equivalent to misconduct in the Code of Conduct. This means such person is needed to consider discipline followed by TRC' standard. Conviction on laws may be applied in case such act violates the laws.
- Training regards Anti-Corruption Policy will be conducted regularly to directors and all employees.

● Channel for stakeholders' contact and complaint

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

1. by emailing to the Chairman of the Audit Committee at

E-mail Address : chairman.auditcom@trc-con.com or via the Company's website (www.trc-con.com) by clicking the icon of "Whistleblower";

Fax : +66 2022 7788

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

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

Email Address : ounruen@trc-con.com;

Tel : +66 2022 7777

Fax : +66 2022 7788

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

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

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

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

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

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

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

The Company disclosed the process and channels for handling complaints in its website and annual report in order to instill confidence among complainants or whistle blowers. The Company gives importance to treating the complaints received as confidential and hence set up the steps for receiving complaints and conducting investigation, requiring that the complaints received must be known by the relevant parties only.

4. Information Disclosure and Transparency

It is the corporate policy for the Company to disclose material information, including any news relevant to the Company whereby the disclosure of information must be made in a complete, timely, transparent, fair and trustworthy manner via easily accessible channels e.g. the Stock Exchange of Thailand's SET Community Portal and/or the Company's website pursuant to the SET's regulations. The Company's disclosed information is made available in both Thai and English languages e.g. the Company's profile, financial information, annual reports, PR news. The information on the Company's website is regularly updated to keep shareholders and stakeholders informed of the latest news and development.

- **Shareholder Structure**

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

- **Remuneration for Directors and Management**

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

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

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

It's also the Company's policy to ensure that its directors and management properly report their stakes/ interests in the Company on a yearly basis or upon a change (if any) using an official form for reporting conflict of interests of directors and employees, in addition to an annual confirmation of independence letter. The Company Secretary is responsible for bringing these reports to the attention of the Audit Committee Chairman and the Board Chairman within 7 days after receiving the reports, as required by the Securities and Exchange Act B.E. 2535 (1992). The information provided in the reports may be used in examining and preventing conflict of interests. For the information concerning the holding of securities, the reporting shall be in accordance with the Company's procedures regulating the insider information.

In 2017, Directors' and Managements' have any changes in relation to shares transaction as following;

Name	Position	Shares as at 31 Dec 2016	Acquire during the year ⁽¹⁾	Disposal during the year	Shares as at 31 Dec 2017 (Paid up capital Baht 733,711,662)	
					Share	%
1. Mrs. Paichit Rattananon	Chairman	7,499,750 (In the name of Mrs. Paichit)	11,971,392	-	19,471,142	0.332
		1,453,284,277 (In the name of KPK 1999 Co., Ltd.) ⁽²⁾	207,612,040	-	1,660,896,316	28.296
				Total	1,680,367,458	28.628

Name	Position	Shares as at 31 Dec 2016	Acquire during the year ⁽¹⁾	Disposal during the year	Shares as at 31 Dec 2017 (Paid up capital Baht 733,711,662)	
					Share	%
2. Assoc. Prof. Aekkachai Nittayagasetwat, PH.D., FRM.	Independent Director and Chairman of Audit committee	4,743,748	677,678	-	5,421,426	0.092
3. Mr. Arun Chirachavala	Independent Director and Audit committee	3,375,000	482,143	-	3,857,142	0.066
4. Mrs. Puangthip Silpasart	Independent Director and Audit committee	-	-	-	-	-
5. Assoc. Prof. Pises Sethsathira	Independent Director	3,375,000	482,143	-	3,857,142	0.066
6. Mr. Smai Leesakul	Director and Chairman of Executive Committee	11,071,635	51,695,948	-	62,767,582	1.069
7. Mr. Pasit Leesakul	Director and Chief Executive Officer	1,350,000	5,335,714	-	6,685,714	0.114
8. Mrs. Podchane Phaosavasdi	Director and Chief Commercial Officer	-	-	-	-	-
9. Mr. Loh Eng Kee	Director and Deputy Chief Operating Officer	1,096,312	156,616	-	1,096,312	0.021
10. Mr. Sakda Tantiwattanakul	Deputy Chief Operating Officer	421,875	60,268	-	482,142	0.008
11. Mr. Chaveng Reesrikitti	Deputy Chief Operating Officer	443,700	63,386	-	507,085	0.009
12. Ms. Pavita Leesakul	Vice President, Corporate Affairs Division	9,452,900	1,350,414	-	10,803,314	0.184
13. Ms. Ounruen Sujarittham	Senior Finance and Investor Relations Manager	-	-	-	-	-
14. Ms. Rewadee Ardham	Senior Accounting Manager	969,375	138,482	-	1,107,857	0.019
Total as at 31 December 2017		Including shares held by LTD. KPK 1999			1,777,109,790	30.276
		Excluding shares held by LTD. KPK 1999			116,213,474	1.980

Noted: (1) The acquisition of the above shares by means of trading in the securities market and the stock dividend.

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

● Communication Channels to the Public

The Board of Directors recognizes the significance of correct, complete, timely, transparent, and thorough information disclosure, and assigns Mr. Pasit Leesakul, Chief Executive Officer, Ms. Pavita Leesakul, Vice President, Corporate Affairs Division and Ms. Ounruen Sujarittham, Senior Finance & Investor Relations Manager and Company Secretary, as focal points of investor relation to communicate with investors, shareholders, analysts, media, and other organizations concerned. Investors can access all information relating to the Company by contacting the Company Secretary at Tel. +66 2022 7777 ext. 3201, Email Address: ounruen@trc-con.com or ir_trc@trc-con.com or via website: www.trc-con.com, item “Contact us” or via Investor Relations Division consists of;

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

In 2017, 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 and Opportunity Day for foreigner hosted by the Stock Exchange of Thailand for the operating result of 2016 and the 1st – 3rd quarter of 2017.

2. Participation in the 4th mai Forum 2017 as ex-mai hosted by the Market for Alternative Investment (mai) at Centara Grand Hotel at Central World in July.

3. Mr. Smai Leesakul, Chairman of Executive Officer and Mr. Pasit Leesakul, Chief Executive Officer, gave an interview to the television channels to update progress of business operating result and policy and also to the analysts in road show activities as follows:

Television and online : - Efinance Thai TV
 - Money Chanel

Print Media : Green Life Plus Magazine

Road show : - The SET Thai Corporate Day 2017 co-hosted by the Stock Exchange of Thailand and CIMB Securities (Thailand) Public Company Limited at JW Marriott Hotel, Bangkok, in January.
 - The Thailand Focus 2017: Establishing the New Engine hosted by Phatra Securities Public Company Limited at Anantara Siam Bangkok Hotel in August.

4. Publicizing the investor relation’s information via the Company’s website under the item of “Investor Corner” such as TRC stock analysis article which was issued in 2017, Company’s news, management interviews via printing media, video of management interview via television channels, acting as a guest speaker for events and presentation in the Opportunity Day.

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

Name of securities companies

- Merchant Partners Asset Management Limited	- Bualuang Securities Public Company Limited
- Kasikorn Securities Public Company Limited	- DBS Vickers (Thailand) Company Limited
- Country Group Securities Public Company Limited	- Apple Wealth Securities Public Company Limited
- Trinity Securities Company Limited	- Globlex Securities Company Limited
- KTB Securities (Thailand) Public Company Limited	- Krungsri Securities Company Limited
- Phillip Securities (Thailand) Public Company Limited	- Asia Wealth Securities Company Limited
- Maybank Asset Management (Thailand) Company Limited	- ASL Securities Company Limited

● Financial Statements and Auditors

The Company and Sahakarn Wisavakorn Co., Ltd. have appointed EY Office Limited as auditors since 1999 and 2007, respectively. The appointed auditors were the independent ones whose qualifications were accepted and approved by the Securities and Exchange Commission.

The financial statements have been always certified by the auditors without any condition.

In 2017, the Company had no past record of being ordered to amend the financial statements by the Securities and Exchange Commission and the Stock Exchange of Thailand and also no record of delay of both quarterly and yearly submission of the financial statements.

5. The Directors' Responsibilities

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

● Vision, Mission and Corporate Governance Policy

In 2017, the Board of Directors reviewed the corporate vision, mission and goals approved earlier by the Board meeting in 2014 – an annual review of vision, mission and goals is the Company's policy – and passed the resolution not to make any change to the 2014 version which has subsequently been communicated corporate-wide for all employees' acknowledgement. The Board has also conducted a review of the corporate governance policy.

● Structure and qualifications of the Board of Directors

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

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

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

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

The top executive position is Chief Executive Officer.

- **Directorship in other company**

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

- **Orientation for new directors**

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

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

The Board of Directors set up the policy requiring all directors to conduct assessment of the performance of the entire Board of Directors using the self-assessment form for the Board of Directors provided by the Corporate Governance Development for Capital Market Department, Stock Exchange of Thailand. For 2017, the Company used the form issued in February 2015 with the additional information for certain topics to support the assessment of the directors. There are 6 major topics for assessment:

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

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

The performance assessment results of the subcommittees and the individual directors were presented to the Board of Directors meeting for acknowledgement and for use as a guideline for further improvement. In 2017, the entire Board of Directors achieved the performance rating of above 90% or “Excellence”.

- **Performance Appraisal for Chairman of Executive Committee and Chief Executive Officer**

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

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

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

● **Sub Committees**

The Company's Board of Directors has appointed six committees of which their members are the Company's directors and executives to carry out specific tasks as assigned. Those six committees are the Audit Committee, Remuneration and Nomination Committee, Corporate Governance Committee, Risk Management Committee, Executive Committee and Management Committee. Duties and responsibilities of each committee were clearly defined in writing and disclosed in the Company's Annual Report. These committees are authorized to request the management to clarify any issues or to submit a specific report as well as to appoint any external advisor for recommendations as deemed appropriate.

- **The Audit Committee**

The Audit Committee consists of 3 independent directors whose qualifications are in line with the criteria of the Stock Exchange of Thailand and the Securities and Exchange Commission in which the proportion of share holding of the independent directors was set not less than 0.75% more strictly than 1% as set by the Securities and Exchange Commission's regulations

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

- **The Remuneration and Nomination Committee**

The Remuneration and Nomination Committee consists of 6 directors; 4 independent directors, Chief Executive Officer and Executive Director to perform their duties according to the charter approved by the Board of Directors. In 2017, the Committee convened two meetings to consider the overall framework regarding salary and bonus increase of the Company and its subsidiaries. Also, the 2018 salary and the 2017 bonus of the Chairman of Executive Committee and the Chief Executive Officer were considered. Selection of new directors to replace those retiring by rotation was made taking into account individuals meeting required qualifications such as having insights, capabilities, experience, and expertise in line with the business operations of the Company including reviewed the Remuneration and Nomination Committee Charter.

- **Corporate Governance Committee**

The Corporate Governance Committee consists of two independent directors and one executive director to perform their duties according to Good Corporate Governance of the Company. In 2017, the committee held one meeting to do the following:- to consider the 2017 CSR performance and planning; to acknowledge the results of the 2017 Thai listed companies' corporate governance survey and the CGR 2016 criteria which is in progress/not yet commenced; to review the Corporate Governance Committee Charter; and to consider how to properly put into practice the 2017 Corporate Governance for Listed Companies launched by the Office of the Securities and Exchange Commission.

- **Risk Management Committee**

Risk Management Committee consists of 2 independent directors and 2 executive directors to perform their duties in relation to risk management. In 2017, the committee held 2 meetings to do the following:- to acknowledge the overview of risk management; to approve the risk management plan and the preparation of annual report only the part relevant to risk management; and to review the Risk Management Committee Charter. In addition, there has been the

appointment of the Risk Handling Sub-Committee and the Risk Task Force assigned with duties to perform and manage risk-related tasks in accordance with corporate policies, vision and strategic plan and to conduct the assessment of risks in varied dimensions.

- Executive Committee

Executive Committee consisting of 4 executive directors is responsible for developing plans, policies, direction, business strategies, and management structure for the Company's core business operation; considering the Company's performance in terms of profit/loss, and the interim or annual dividend payment before proposing it to the Board of Directors; and performing other tasks as assigned by the Board of Directors.

- Management Committee

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

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

● Directors' Report

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

● Succession Plan

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

● Balance of Power for Non-executive Directors

As of 31 December 2017, the Company's Board of Directors consists of nine directors including:

- | | |
|---|----------|
| - Chairman, representative from major shareholder | 1 person |
| - Independent directors | 4 person |
| - Executive directors | 4 person |

● Remunerations for Directors and Management

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

● Directors and Management Development

It is the corporate policy to encourage and support directors and management to take courses and seminars on a regular and ongoing basis in order to improve their knowledge that could be applied to their jobs and lend to greater work efficiency e.g. a variety of courses organized by the Thai Institute of Directors, the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand, the Thai Listed Companies Association, the Thai Investors Association and other independent organizations.

In view of communicating the Company's policies, goals, business direction and strategies, the Company has been holding a meeting or workshop seminar, at least once a year as required by policy, specifically for the Company's directors, in which guests with direct, extensive experience were usually invited to be the co-speakers/instructors.

The Company Secretary is responsible for presenting to the Board all announcements, rules and regulations of the Office of the Securities and Exchange Commission, the Stock Exchange of Thailand and other agencies that the Board needs to know, including news about seminars and/or activities that could contribute to a success in the fulfillment of directorship duties.

In 2017, director and executive participation in the training courses and seminars are as follows:

- Mrs. Paichit Rattananon, Chairman of the Board of Director, participated in the seminar of Intermediate Certificate Course Good Governance for Medical Executives #6 organized by King Prajadhipok's Institute.
- Mr. Smai Leesakul, Director and Chairman of Executive Committee, participated in the seminar of BRAIN: Business Revolution and Innovation Network 1 organized by The Federation of Thai Industries.
- Mr. Pasit Leesakul, Director and Chief Executive Officer, participated in the seminar of The Management of the Expiring Petroleum Concessions organized by Training of military personnel of Petroleum and Energy.
- Mrs. Podchanee Phaosavasdi, Director and Chief Commercial Officer, participated in the seminar of;
 - o 4.0 Thailand Industrial Development Strategy organized by the Federation of Thai Industries
 - o 2017 ASEAN Infrastructure and PPP Outlook : KPMG Executive Briefing organized by KPMG Thailand
- Ms. Rewadee Ardhan, Senior Accounting Manager, participated in the seminar of Strategic Financial Leadership Program (SFLP) organized by Thai Listed Companies Association

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

- **Board of Directors Meeting**

The Company determines meeting schedules for the Board of Directors and other subcommittees in advance annually. Meetings of the Board of Directors and the Audit Committee must be held at least once per 3 months. Special meetings may be convened as deemed necessary. The Chairman of the Board of Directors shall manage the performance of duties of directors, and shall provide a summary of the meeting agenda to directors for consideration. Each director shall be allowed and encouraged to express opinions freely and meeting time shall be allocated appropriately and efficiently. In the case of any director having a conflict of interest in the matter being considered, the Chairman of the Meeting shall inform the Meeting and the director having a conflict of interest shall leave the meeting. In 2016 the Corporate Governance Policy set forth that in accordance with the corporate governance principles, in any Board of Directors meeting, the presence of not less than two-thirds of the total number of the Board members is required to constitute a quorum for voting each agenda. The Corporate Secretary shall be responsible for providing supporting in preparing meeting agenda, notification to the meeting, and supporting documents and submitting them to the directors at least 5 days in advance prior to the meeting date. The Corporate Secretary shall also oversee and arrange the meeting, keep the meeting documents, and provide advice in relation to the compliance of the Board of Directors with applicable laws, rules and regulations.

The Board of Directors encourages each director to attend at least 80% of all Board of Directors meetings held throughout the year. In 2017 all Board members participated in every meeting. The meeting attendance details of directors and subcommittee members were disclosed in the topic of “Management Structure”.

Moreover, the Board of Directors set out the policy to arrange a meeting among all independent directors without any participation of the executive directors at least once per year starting from 2012 onwards. In 2016, one meeting among all independent directors was held in December 2016. In February the Audit Committee held a joint meeting with the independent auditor without the presence of the Company’s management.

- **Company Secretary**

Since 2007, the Board of Directors has appointed Ms. Ounruen Sujarittam, Senior Finance and Investor Relations Manager, as Company Secretary with duties to facilitate the preparation of meeting agendas and invitations to meeting, organize meetings, keep records relevant to meetings and conflict of interest reports made by directors and management, give advice in relation to the Board’s duties to comply with law, relevant rules and regulations, and oversee the disclosure of information and all compulsory reports to the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission.

11. Social Responsibility and Environment

The Company's corporate social responsibility (CSR) undertakings are divided into 2 categories:- CSR-In-Process and CSR-After-Process.

1. CSR-In-Process

The Company is strongly determined to create organizational value based on the concept of sustainable development and has consistently improved or developed management processes and procedures with a view to promoting integrity and transparency in the entire business process from bidding, procurement of raw materials, staff recruitment, to construction and delivery of deliverables after construction completion.

The Company takes into account possible impacts upon the community or society as a whole as well as the environment. When the Company starts the construction project after winning the bidding, it will educate locals or area residents as early as the commencement phase until the completion about project work and benefits that the majority of the locals will get from the project. The Company would provide clarification and take immediate rectification actions for any problems occurring during the operations. All complaints can also be directed to the Company via such channels as the Company's website, telephone or in-person to the Company's officer working in that site location. After completion of the construction, the Company will also refurbish the site landscape to its original condition before handover of deliverables.

● Overall policy and operation

The Company's philosophy - "To deliver quality, high standard and safe construction services that meet ultimate customer satisfaction" - and its vision - "To become an excellent contractor in design and construction of a total solution in energy and public utilities infrastructure industry on a basis of sustainable growth" - have reflected business ideology of the Company's management that the sustainable wealth of the Company must be based on ethics and social responsibility ethos. The Company is thus dedicated to making contribution to social development and caring for the environment as testament to our responsibility to society and all segments of stakeholders in a fair manner to achieve sustainable success in business.

The Company has adhered to the following 8 CSR principles of the Stock Exchange of Thailand.

- 1) Fair business practice
- 2) Anti-corruption
- 3) Respect for human rights
- 4) Fair labour practice
- 5) Responsibility to consumers
- 6) Environmental protection
- 7) Inclusive social or community development
- 8) Innovation and distribution of CSR innovation

1) Fair business practice

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

2) Anti-corruption

The desirable practices in connection with anti-corruption and channels for filing complaints or whistleblowing channels are specified in Chapter 10 of the Ethics and Code of Conduct for Management and Employees, and the Anti-Corruption Policy which has been approved by the Board of Directors on 11 August 2016. This policy is intended to promote transparency, fairness and integrity in conducting business by directors, management and employees at all levels, in conformity to the Corporate Governance Policy and the Ethics and Code of Conduct for Management and Employees.

In 2017, there was no reporting of complaints or whistleblowing relating to fraud or corruption to the Audit Committee.

3) Respect for human rights

The Company places importance on the respect for human rights and non-involvement in all forms of violation of human rights as well as gender discrimination. The Company has employed the disabled as permanent employees and also adopted recruitment practices that embrace non-gender discriminatory ideology.

4) Fair labour practice

The practical guidelines on employment, labour, occupational health and safety, and equal opportunities are described in the 2015 Ethics and Code of Conduct for Management and Employees, Chapter 1: *Desirable Practices towards the Company* and Chapter 2: *Desirable Practices toward Supervisors, Subordinates, and Colleagues*. The guidelines on quality, occupational health and safety management and objective approach of environmental management are described in *Section 10 – Corporate Governance* of this Annual Report.

5) Responsibility to consumers

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

The Company has undertaken Customer Satisfaction Survey every six months or at the end of project, as the case may be. The survey questions can be divided into 10 topics as follows: (1) disclosure of information before job acceptance, (2) communications, (3) availability of supporting documents, (4) coordination and speediness in solving problems, (5) timely delivery, (6) fulfillment of work requirements, (7) safety-in-process practices, (8) environmentally friendly practices, (9) after-delivery services, and (10) pricing. The survey results and opinions of the customers will be sent to the management for further use as a guideline to develop and improve services that better suit the customers.

6) Environmental protection, and 7) Inclusive social or community development

The Company recognizes the importance of environmental protection and inclusive social or community development activities, as shown in the Ethics and Code of Conduct for Management and Employees, Chapter 8: *Desirable Practices towards Society, Environment, and Community*.

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

The Company has regularly communicated with each project site's neighboring communities to keep the locals informed of the natures of the project and potential impacts while the project is in progress. The communication usually starts as early as before the commencement of project and continues periodically along the way until project is delivered to client.

8) Innovation and distribution of CSR innovation

- No information available -

● Business activities detrimental to corporate social responsibility principles

In 2017, the company had neither ongoing nor closed cases concerning the operations of the Company and its subsidiaries being investigated by the competent authorities and no violation of law has been found in connection with the above 8 CSR principles.

2. CSR-After-Process

In 2017 the Company and its subsidiaries conducted the following CSR-After-Process activities.

1. Blood donation

The Company and its subsidiaries have continually organized an activity to donate blood twice a year in February and September since 2008. In addition to the staff of the Company and its subsidiaries, other people living nearby were also welcomed to join this activity at the Company's head office. In 2017, a total of donated blood is 112 bags.



2. Donation of used electronic equipment and other items for charitable purpose

In 2017 a spate of used electronic equipment and other items was donated to different organizations as follows: electronic equipment to *Association of Persons with Physical Disability International*, miscellaneous items to *Phradabos Foundation*, 10 wheelchairs to *Thai with Disability Foundation*, computers with other electrical appliances to *Mirror Foundation*, and 9 kg. of aluminum scrap to *Prostheses Foundation of H.R.H. the Princess Mother*.



- In May 2017 dolls, food and drinks were donated to orphans and impoverished children at Baan Nokkamin Foundation under "TRC Jai Dee Pi Hai Nong (kindness from big brother to little brothers and sisters)" program.



- In June 2017 scrap metal weighing over 9 kg was donated to Prostheses Foundation of H.R.H. the Princess Mother for making of prosthetic legs.



- In July 2017 second-handed computers and electrical appliances were donated to Mirror Foundation under *Computers for the Young* program.



- In July 2017 ten wheelchairs were donated to *Thai with Disability Foundation* to bolster morale and life quality of the disabled.



- In August 2017 a donation of used clothes, shoes, toys, dolls, electrical appliances, etc. was made to *Phradabos Foundation*.



- In September 2017 used items of electronic equipment were donated to *Association of Persons with Physical Disability International*. These electronic could be recycled to make extra money to be spent on activities for the disabled.

3. Sponsorship of drinking water as part of the community development activities and important events

During the whole year 2017 the Company has sponsored, as part of its engagement in social and community development, free drinking water for activities hosted by Sai Mai District Office and Bangkhen District Office.



- In June 2017 drinking water was given to Bangkhen District Office to support “Big Cleaning Day – Bangkok is Clean by People’s United Effort” activity.



- In August 2017 six hundred bottles of drinking water were given to Bangkhen District Office for officers and attendees working in the field to improve canal and ditches condition, as part of the canal and ditch development activity, within Bangkhen district.



- In October 2017 nine thousand bottles of drinking water were given to Bangkhen District Office and Sai Mai District Office for people who came to attend the Royal Cremation Ceremony of His Majesty King Bhumibol Adulyadej Borommanathbobotra.



4. “Back to Hometown” Program

“Back to Hometown” is intended for the Company to take part in the improvement of local community and life quality of residents living in the staff’s hometown. In addition to contribution to social development, this program, which has been undertaken continually since 2003, has also brought pride to the Company’s staff that they are part of the effort in the betterment of their hometown community. In 2017 the Company funded 3 initiatives under this program as follows.

- 1) Donation, for charitable purposes, of a refrigerated coffin to Ban Khum Mek Non Thong Temple in Muang District, Kalasin.
- 2) Refurbishment of broadcasting tower of Srisopon Temple in Wan Chan District, Rayong.

3) Restroom and toilet expansion/renovation for children and building new toilets for students at Thungnoypattana School in Klong Somboon Sub-District, Khlong Khlung District, Kamphaeng Phet.



5. Social service (disaster relief) activities

The Company, well aware of the losses and suffering from natural disaster events, will not hesitate to help alleviate the affliction of disaster victims not only to express the Company's goodwill but also to lift up their emotional state of mind and rebuild their spirit. In 2017 the Company donated money, drinking water and other staple items to victim in the flood-hit area in southern provinces and donated drinking water to the Relief and Community Health Bureau and the Thai Red Cross Society for flood victims in the northeast provinces.



6. Children and youth development and educational promotion

In 2017 the Company, in its effort to open up greater opportunity in education for the youth, organized 2 programs:- *IT for the Young*, and *Tutorial for Good Score in English O-Net*.



- In January 2017 gifts were given out on the occasion of National Children's Day to 300 students at Wat Phon Phraruang School in Sai Mai District to bolster their spirit and promote learning development through playing.



- In February 2017 a 'Tutorial for Good Score in English O-Net' program was held for students in the last year of senior high school at Klongkeawyingwittaya School in Ban Bung District, Chon Buri. This school is in the neighboring community of the 1st Transmission Pipeline Life Extension Project: 28" Recoating Section (RC-400).



- In March 2017 IT for the Young program was held at Mablumbit School in Chon Buri.

12. Internal Audit Control and Risk Management

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

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

EI Business Advisory Company Limited is the internal auditor of the Company and Sahakarn Wisavakorn Company Limited for 2016, having duties and responsibilities to independently audit the internal control systems and to review and ensure that the Company and Sahakarn Wisavakorn Company Limited comply with rules and regulations concerned. Based on the audit and assessment of the internal control systems of the Company and Sahakarn Wisavakorn Company Limited, the internal auditor provided recommendations to the Company and Sahakarn Wisavakorn Company Limited for ongoing internal control system improvement in various aspects.

The Audit Committee attended the meeting together with the internal auditor to consider the adequacy of the internal control systems of the Company and Sahakarn Wisavakorn Company Limited for 2016 in accordance with the internal control system adequacy assessment form of the Office of the Securities and Exchange Commission. The assessment report was submitted to the Board of Directors Meeting No. 2/2017 held on 22 February 2017. The Board of Directors considered and assessed the adequacy of the internal control systems of the Company in accordance with the five components of COSO (The Committee of Sponsoring Organizations of the Treadway Commission) framework as follows:

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

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

2. Internal control system of the Company

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

the Board of Directors meeting every quarter, and to prepare a report of the Audit Committee to the Board of Directors for consideration and for disclosure in the Company's annual report.

Audit findings for 2016

EY Office Limited, who is the certified public accountant of the Company and Sahakarn Wisavakorn Company, identified audit findings and provided recommendations according to audit report called "Management Letter". Based on the audit of the financial statements for the year ended 31 December 2016, the audit findings can be summarized as follows:

Issues	Recommendations
1. Construction Cost System	The record of project costs should be regularly examined to ensure accuracy and completeness.
2. Payroll System	Employee information used in calculating debts/obligations under the employee benefit scheme after their employment ends was incorrect.

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

3. Head of the Company's Internal Audit

EI Business Advisory Company Limited was appointed as internal auditor and the appointment shall be in effect on and since 2015 to date. Having considered the qualifications of EI Business Advisory Company Limited, the Audit Committee was of the opinion that EI Business Advisory was well qualified to be the Company's internal auditor on the basis of their independence and audit experience.

In 2016, the Audit Committee assigned Ms. Rewadee Ardarn, Accounting Manager of the Company to be Secretary to the Audit Committee.

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

13. Connected Transactions

In 2017, the Company undertook related party transactions with ASEAN Potash Chaiyaphum Public Company Limited ("APOT"). The Company entered into the aforesaid related party transactions on an arm's length basis and in accordance with the requirements of the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission. The related party transactions were duly reviewed by the Audit Committee and were proposed to the Board of Directors for consideration and approval.

The nature and scope of interest in relation to the connected transaction can be concluded as follows:

1. There are 2 directors having the conflict of interest consisting of:
 - Mr. Smai Leesakul, Director and Chairman of Executive Committee of the Company, has the position in APOT as Director, Chief Executive Officer and Managing Director; and
 - Mrs. Podchanee Phaosavasdi, Director and Chief Commercial Officer of the Company, has the position in APOT as Director.
2. There has been normal business transactions between TRC and APOT as follows:

Details	2017 Income Statement (Baht)	Statement of Financial Position as at 31 Dec 2017 (Baht)	Necessity and reasonableness of the transaction
1. TRC's 5th Floor office building area rental by APOT Profit and Loss Statement: <ul style="list-style-type: none"> - Office rental income (580 sqm.) Baht 100/ sqm. (Baht 58,000/ month) 670,000 - Office Service income (580 sqm.) Baht 200/ sqm. (Baht 116,000/ month) 1,340,000 - Electricity income (Baht 5.40/ Unit) 174,107 - Chiller Charge at fixed rate of 312,000 BTU/month, Baht 0.10/ BTU 487,200 - Other income 80,517 			The Company has provided its building area to be rented by APOT; <ul style="list-style-type: none"> - 5th floor office building area rental = 450 sqm. for 3 years (1 December 2014 - 30 November 2017) and renewal 3 years (1 December 2017 – 30 November 2020) - 6th floor office building area rental = 130 sqm. for 6 months (1 March 2017 – 31 August 2017) and renewal 3 year (1 September 2017 - 31 August 2020) Reasonableness: The rental rate and service charge rate are equal to the rate which the Company charged to Sinopec-TRC JV (contract ended May 2017)
Statement of Financial Position: <ul style="list-style-type: none"> - Accounts receivable-associated company 		12,556	

Details	2017 Income Statement (Baht)	Statement of Financial Position as at 31 Dec 2017 (Baht)	Necessity and reasonableness of the transaction
2. TRC awarded Preparation and Refurbishment of the Decline Project from APOT			<p>In January 2016, the Company awarded Refurbishment of Existing Decline Project from APOT, work value of Baht 143.69 million, 11-month construction period. In July 2017, there was additional work of Baht 18.71 million bringing about total work value of Baht 162.40 million.</p> <p>Reasonableness: The Company proposed the bidding price for this project with normal gross margin.</p>
Income Statement: - Construction services income	22,645,983		<p>Construction services income recognized on the basis of percentage of completion (Accumulated services income for this project was Baht 80.09 million)</p>
Statement of Financial Position: - Accounts receivable - associated company - Unbilled receivables - Accounts receivable - retention under construction contracts - Advances received from customers under construction contracts		23,737,849 1,092,168 7,513,843 2,843,622	<p>In February 2016, the Company obtained advance payment of Baht 10,743,690 which will be gradually cut off to be services income (10% of each APOT's payment).</p>
3. TRC got a Letter of Award of Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities			<p>In February 2016, the Company obtained the Letter of Award for Turnkey Delivery of APOT Project Package 2. Surface Processing and Facilities, work value of USD 245.46 million and Baht 25,789.33 million. The EPCC contract is expected to be signed within 2018.</p> <p>Reasonableness: Please see note.</p>
3.1) 1 st Limited Notice to Proceed for Early Works: Engineering and Site Preparation (As a part of item 3.)			<p>1st LNTF dated 3 May 2016, work value of EUR 10.20 million and Baht 294.938 million or equivalent to Baht 711.36 million (Fx. rate was fixed at 40.8255 Baht/EUR)</p>

Details	2017 Income Statement (Baht)	Statement of Financial Position as at 31 Dec 2017 (Baht)	Necessity and reasonableness of the transaction
Profit and Loss Statement:			
- Construction services income	275,524,966		Recognized services income on the basis of percentage of completion (Accumulated construction services income was Baht 472.00 million)
Statement of Financial Position:			
- Accounts receivables- associated company		356,353,114	
- Unbilled receivables		10,900,178	
- Advances received from customers under construction contracts		25,025,620	In May 2016, the Company obtained Advance payment of Baht 71,135,810 which will be gradually cut off to be services income (10% of each APOT's payment)
3.2) 2nd Limited Notice to Proceed for Early Works for long lead equipment for processing plant (As a part of item 3.)			2 nd LNTP dated 23 March 2017, work value of Baht 2,310.72 million. During the year 2017, there was none construction services income recognition.

Note: The selection of contractor for Turnkey Delivery of APOT Project Package 2. Surface Processing Plant and Facilities has been done through the bidding process and approved by the Board of Directors' Meeting. The Company has implemented the measures of connected transaction that in November 2015, the Board of Directors' Meeting approved the entering into normal business transaction with APOT in the future. (TRC's policy is that any connected transaction which is normal business with value more than Baht 30 million is required to obtain an approval from the Board of Directors.)

The 2017 summary of connected transaction between the Company and APOT (unit: Baht)

Profit and Loss Statement:

- Construction services income	298,170,949
- Rental income	670,000
- Other income	2,081,824

Statement of financial position as at 31 December 2017

- Accounts receivable- associate company	380,103,519
- Unbilled receivables	11,992,346
- Accounts receivable - retention under construction contracts	7,513,843
- Advances received from customers under construction contracts	27,869,242

Policy and Procedure of Connected Transaction Approval

The 2/2005 Board of Directors Meeting on 19 May 2005 had resolved to define the policy for future connected transaction that any connected one should be reviewed with comments of the Audit Committee and/or the Board of Directors on its requirement and reasonability. Review and price & condition comparison for each transaction should be also proceeded to assure whether it is common business transaction as done for the connected transaction with outsiders. For effective business operation, the captioned Board of Directors Meeting had resolved to allow the Company to proceed the common business connected transactions or supportive common transaction such as obtaining new awarded project, subcontracting of the project with work value of not over than 30 MB under the condition that such a transaction should be undertaken under price and condition as normal practice and for highest benefit of the Company. The connected transaction should be prior proposed to the Audit Committee Meeting and/or Board of Directors Meeting for acknowledgment and comment. The following connected transactions are required to be proposed for consideration of the Audit Committee Meeting and/or Board of Directors Meeting for further comment in term of requirement and reasonability and also for approval prior to proceeding.

- Uncommon business transaction or unsupportive common transaction
- Connected transaction to be proceeded under price and condition different from normal practice done with outsiders
- Common business transaction or supportive common transaction to be proceeded under price and condition as normal practice with transaction value of not more than 30 MB

Anyone who is opposed, a stakeholder or may have a conflict of interest in any cases (as per the Company's Article of Association or the Securities and Exchange Commission and Stock Exchange's notification and regulation) has no authority to proceed any act in relation to the connected transaction with the Company or subsidiaries.

In addition, the Board of Directors shall monitor the Company to perform in accordance with the Securities and Exchange laws, regulation, notifications and rules as well as compliance with the Stock Exchange of Thailand's disclosure manual concerning connected transaction and the acquisition and disposition of assets of the company and subsidiaries (if any) as well as the accounting standard of the Accountant Association.

In case the Audit Committee and/or Board of Directors have no expertise to consider the connected transaction may be arisen, the Company shall seek for an independent expert or auditor's comment to obtain recommendations as supporting information for the Audit Committee's or Board of Directors' and/or shareholders' decision as deemed appropriate.

The 4/2017 Audit Committee Meeting and the 6/2017 Board of Directors Meeting dated 8 November 2017 have considered and reviewed the policy on connected transactions and, thereafter, passed a resolution to make no changes to the said policy.

Approval of Common Connected Transaction

As per the Securities and Exchange Act (Vol. 4) B.E. 2008 announced on 31 August 2008, any common connected transaction is required to be proposed and approved by the Board of Directors or the Board of Directors is required to approve in principle such connected transaction prior to proceeding. Formerly, the company's management could proceed such transaction without prior approval of the Board of Directors.

In 2005, the Board of Directors Meeting had passed its resolution in principle that any common connected transaction with value of more than 30 MB was required to obtain a prior approval of the Board of Directors (as described hereinabove in item of "Policy and procedure of connected transaction approval"). This approval is in line with the principle of common connected transaction and also guideline of practice of the new act. However, the Company later raised this issue for acknowledgement of the 7/2008 Board of Directors Meeting held on 7 August 2008.

Policy and Trend of Future Connected Transaction

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

In 2017, the Company had transactions with related parties as per the following details of the notes to 2017 financial statements as at 31 December 2017

- Item 6 Related Party Transactions
- Item 35.6 Guarantees: As at 31 December 2017, the Company has commitment from guarantee of credit facilities of the subsidiaries totaling Baht 23 million.

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

14. Management Discussion and Analysis

1. The 2017 Operating Results of the Company and its Subsidiaries

The global economy has generally experienced accelerated growth in 2017, led by a nascent revival of economic growth in the United States of America, Canada, the eurozone, and Japan. This significant economic headway experienced by these powerhouse countries would definitely have a chain affect on the overall volume of global trade, representing a fundamental factor underlying the economic reinvigoration in the new industrial countries (NICs), ASEAN countries, and emerging economies far and wide. With respect to the overall Thai economy, the export and tourism sectors are showing signs of continuing recovery, the private sector's investment is starting to pick up, and the construction services industry is getting robust with many key projects lining up for bidding e.g. projects for basic infrastructure, transport, etc.

The 2017 operating results of the Company and its subsidiaries combined are as follows: the construction service revenues decreases 35.90% from the previous year to Baht 2,370.13 million, the profit attributable to equity holders goes down 68.19% from the previous year to Baht 92.79 million, the gross profit margin (GPM) and the net profit margin (NPM) are reported at 21.54% and 3.81% respectively. The competition in 2017 remained high and the price war was still evident, resulting in a drop in GPM of projects that TRC Group had obtained through bidding. Nonetheless, during the year the Company and its subsidiaries have been successful to sign a total of 14 new projects – most involve civil engineering – worth altogether Baht 5,357.74 million. At the end of 2017, the Company and Sahakarn Wisavakorn Company Limited have a total backlog of 18 projects accounting for Baht 6,712.00 million in unrealized revenues. With respect to project development and investment to enhance business opportunity, TRC Group has established 2 new subsidiaries named TRC Utility Company Limited and SH Crossings Company Limited. The former is to engage in the production and sales of water in Tasit Sub-District, Pluak Daeng District, Rayong while the latter is to provide construction services in connection with underground electrical conduits, boring and pipe jacking work. Both will expectedly have their first recognized income officially reported in 2018.

2. Operating Results and Profitability Analysis

● Revenues

- Construction Service Revenues

(Unit: Million Baht)

Construction Service Revenues	2017		2016		Increase (Decrease)	
	Baht	%	Baht	%	Baht	%
- Pipeline system	1,074.68	45.34	1,796.41	48.59	-721.73	-40.18
- Engineering system	345.45	14.58	1,158.54	31.33	-813.09	-70.18
- Civil work	950.00	40.08	742.35	20.08	207.65	27.97
Total	2,370.13	100.00	3,697.30	100.00	-1,327.17	-35.90

Construction service revenues of the Company and its subsidiaries are Baht 2,370.13 million, down from the prior year's Baht 1,327.17 million or 35.90%. In 2017 the bidding for large-scale construction projects has attracted more Thai and offshore contractors than years earlier, definitely bringing about price competition. For some projects, since the prices proposed by the successful bidders were significantly lower than the reference prices, the Company has not won the bidding for as many projects as earlier anticipated. Moreover, the delay in the development of potash mining project – the Company received Letter of Award for this project since February 2016 – has led to the Company not being able to finalize and sign the construction contract with ASEAN Potash Chaiyaphum Public Company Limited (“APOT”) and the construction service revenues related to this contract not being able to be recognized in 2017 as planned. As a result, TRC Group's total revenues in 2017 have missed the target.

During 2017 the Company and its subsidiaries have signed 8 more projects worth Baht 3,355.22 million with private entities and 6 projects worth Baht 2,002.52 million with state/public organizations, or 14 projects worth Baht 5,357.74 million in total. Most of the 2017 construction service revenues are from long-term projects carried over from the prior year. Since part of the backlog's revenues was already recognized and posted in previous years' financial statements, the 2017 construction service revenues have seen a decline.

The Company's construction service revenues can be grouped by operating segment as follows.

- Revenues from pipeline system construction: Most of the revenues under this category are from the 1st Transmission Pipeline Life Extension 28” Recoating Section project awarded by PTT Public Company Limited, and the Construction, Improvement and Expansion of Waterworks, Koh Samui Branch, Koh Samui District, Surat Thani Province awarded by the Provincial Waterworks Authority.
- Revenues from engineering system service and the construction of plants in the energy and petrochemical industry: Most of the revenues under this category are from the project on supply, installation, and commissioning of cigarette making machinery and equipment used in the dry-ice expanded tobacco (DIET) process awarded by Thailand Tobacco Monopoly, the Ministry of Finance.
- Revenues from civil work: Most of the revenues under this category are from Srinakarin to Romklao Road Phase I Project awarded by the Bangkok Metropolitan Administration and other assignments awarded by relevant state agencies.

Keenly aware of the risk arising from declining construction service revenues as a result of intense competition, the Company is thus working more on development of projects and investment to enhance business opportunity. The Company and Sahakarn Wisavakorn Company Limited (a subsidiary) have established 2 new entities as follows.

- TRC Utility Company Limited to engage in the production and sales of water in Tasit Sub-District, Pluak Daeng District, Rayong.
- SH Crossings Company Limited to provide construction services in connection with underground electrical conduits, boring and pipe jacking work.

Both will expectedly have their first realized revenues officially reported in 2018.

- **Interest Income and Other Income.** This consists of interest income and other income in the amount of Baht 1.35 million and Baht 64.35 million respectively, or Baht 65.70 million in total which presents a year-on-year increase of Baht 26.10 million, or 65.91%, from the previous year. The notable item of other income is Baht 39.40 million in income from bank guarantee of one of the Company's co-contractors.

● **Gross profit** is reported at Baht 510.41 million, decreasing from the prior year's Baht 240.24 million while a gross profit margin increases from the previous year's rate of 20.30% to stand at 21.54%. The gross profit margin for the

4th quarter alone is as high as 30.99% as a result of the adjustment of cost estimates that brings it close to the actually incurred costs – these adjusted costs belong to the backlog projects carried over from the years before and most were in the final phase of construction – and the effectiveness on the part of the Company and Sahakarn Wisavakorn Company Limited in controlling costs of construction.

- **Administrative expenses and finance cost** are Baht 341.91 million and Baht 16.40 million respectively. The administrative expenses decrease Baht 7.89 million, accounting for 2.26%, and the finance cost falls Baht 3.70 million. The factor contributing to a drop in finance cost involves the interest expenses arising from debentures and short-term loans used as working capital. At the end of 2017, the remaining debentures are posted at Baht 300 million, consisting of 2-year maturity debentures issued in March 2016 worth Baht 100 million and 1-year maturity debentures issued in July 2015 worth Baht 200 million.

- **Loss from changes in equity interest in an associate** in the amount of Baht 34.99 million is the result of the following circumstances:- during 2017 APOT received from one of its shareholders the proceeds from selling 1,174,866 new shares at the price of Baht 68.43 a share and registered the change in paid-up capital from Baht 2,688 million to Baht 2,806 million, making TRC Group's stake in APOT drop from the end of 2016's 26.22% to 25.13% as of the end of 2017. The net result of the loss from changes in equity interest in the associate is shown in the 2017 Statement of Comprehensive Income.

- **Share of loss from investments in an associate** in the amount of Baht 34.99 million is the result of the Company's recognition of APOT's loss from operation on the basis of equity method.

- **Profit attribute to equity holders of the Company** is Baht 92.79 million, falling Baht 197.97 million from the prior year's THB 290.76 million, or 68.09%. Net profit margin is 3.81%, decreasing from the prior year's 7.78%. Such drop in net profit could be explained by the declining construction service revenues, the loss from changes in equity interest in the Company's associate, and the share of loss from investments in the Company's associate. If not factoring in the impact from Baht 34.99 million in loss from changes in equity interest in the associate as a result of changing stake in APOT, the Company's net profit would be Baht 127.78 million, or 56.05% less than the prior year, and the net profit margin would be 5.25%.

- **Income tax expenses** are Baht 57.81 million, dropping Baht 40.53 million or 41.21% in line with a decline in the income and accounting profit before corporate tax. Details of tax expenses were shown in Note 29 to the Financial Statements.

- **Operating Results and Profitability**

	Gross Profit (Million Baht)		Net Profit (Million Baht)	
	2017	2016	2017	2016
TRC	306.95	668.63	101.91	357.93
	25.26%	29.12%	7.60%	15.03%
Sahakarn Wisavakorn	170.17	44.04	112.34	13.82
	18.00%	4.50%	11.66%	1.37%
Hydrotek Sahakarn Joint Venture	19.28	25.89	15.95	20.38
	9.11%	6.12%	7.50%	4.81%
The Company and its subsidiaries	510.42	750.65	92.79	290.76
	21.54%	20.30%	3.81%	7.78%

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

- Gross profit margin

In 2017 the gross profit margin is 21.54%, higher than the prior year's margin of 20.30%. The gross profit margin of each company is as follows:

- TRC Construction Public Company Limited reported its gross profit margin at 25.26%, down from the previous year's margin of 29.12% due to lower gross profits of most projects particularly secured during the year.
- Sahakarn Wisavakorn Company Limited's gross profit margin is 18%, up from 4.5% posted in the year before, due to the adjustment of cost estimates related to the backlog carried over from previous years whereas most of these backlog projects were in the final phase of construction. The adjustment is effective in narrowing the disparity between the estimates and the actual costs incurred.
- Hydrotek Sahakarn Joint Venture's gross profit margin is 9.11%, up from last year's margin of 6.12%. This improvement could be similarly explained with the same reasoning as for Sahakarn Wisavakorn's increase in gross profit margin.

- Net Profit and Operating Profit by Business Segment

In 2017 the Company and its subsidiaries posts a net profit of Baht 92.79 million, down by Baht 197.96 million from last year's net profit of Baht 290.76 million. Revenues from construction service and profits by business segment were shown in Note 34 to the Financial Statements: Segment Information. Sizes of revenues by business segment in descending order are as follows: pipeline system (45.34%), civil work (40.08%), and engineering system plus the construction of plants in the energy and petrochemical industry (14.58%). The pipeline system construction service represents the largest portion of the Company's net profit.

● Return on Shareholders' Equity

For operating results from 2013 to 2017, the Company paid dividends to its shareholders as follows:

Operating results	TRC's Net Profit (Million Baht)	Par Value for Dividend Payment Reference (Baht/share)	Dividend Payment (Baht/Share)		Amount (Million Baht)		Cash/Stock Dividend Payment to Net Profit after Legal Reserve
			Cash Dividend	Stock Dividend	Cash Dividend	Stock Dividend	
Year 2013	81.32	0.50	0.05	-	40.82	-	52.85%
Year 2014	255.67	0.125	0.003472	0.03125 (4 existing shares per 1 new share)	11.54	103.82	45.63%
Year 2015	399.13	0.125	0.01	0.0156250 (8 existing shares per 1 new share)	45.64	71.30	30.48%
Year 2016	357.93	0.125	0.004	0.0178571 (7 existing shares per 1 new share)	20.54	91.71	30.01%
Year 2017	101.91	0.125	0.002	0.00625 (20 existing shares per 1 new share)	11.74	293.48	47.86

Note: The cash/stock dividend payment for the 2017 operating results will be proposed to the 2018 Annual General Meeting of Shareholders for approval on 27 April 2018.

3. Analysis of Financial Position of the Company and its Subsidiaries

● Total Assets

As of 31 December 2017, the total assets of the Company and its subsidiaries are Baht 4,598.37 million, falling Baht 404.79 million or 8.09% from the preceding figure as of 31 December 2016. Details are as follows:

(Unit: Million Baht)			
	31 December 2017	31 December 2016	Increase/ (Decrease)
Current assets	2,599.12	2,873.62	(274.50)
Investments in the associate and joint ventures	1,266.36	1,330.71	(64.35)
Property, plant and equipment	684.74	726.61	(41.87)
Non-current assets	48.15	72.22	(24.07)
Total assets	4,598.37	5,003.16	(404.79)

Significant items of assets are as follows.

1. Trade and other receivables: The sum increases from Baht 410.82 million to Baht 825.59 million, or 100.96%, most of which are the not-yet-due receivables.
2. Unbilled receivables: The sum decreases from Baht 1,769.27 million to Baht 854.29 million, or 51.54%, as a result of a drop in backlog and the lower sum of invoices amount than the one posted at the end of prior year (unbilled receivable refers to the revenue already recognized but not yet due as per contract, and, thus, the invoice is not yet issued).
3. Investments in the associate: The amount decreases from Baht 1,328.33 million to Baht 1,259.00 million, or 5.22%, due to the loss from changes in equity interest in the associate as well as the share of loss from investments in the associate.

● Liabilities and Shareholders' Equity

(Unit: Million Baht)			
	31 December 2017	31 December 2016	Increase/ (Decrease)
Current liabilities	1,366.79	1,838.49	(471.70)
Loans and debentures	400.36	404.25	(3.89)
Non-current liabilities	75.40	76.56	(1.16)
Total liabilities	1,842.55	2,319.30	(476.75)
Shareholders' equity	2,755.82	2,683.86	71.96
Total liabilities and shareholders' equity	4,598.37	5,003.16	(404.79)

- Total liabilities decrease from Baht 2,319.30 million to Baht 1,842.55 million. The significant item is the unbilled payables that have dropped from Baht 923.47 million to Baht 414.27 million due to the circumstances where most of the backlog projects carried over from the prior year have been in the final phase of construction while the projects recently acquired during the year are still in the early stage. Such combination has led to a reduction of the recognized cost of construction not yet due, compared with amount posted in the prior year.
- Shareholders' equity increases from Baht 2,683.86 million to Baht 2,755.82 million as a result of Baht 92.51 million operating results of the Company and its subsidiaries coupled with the Baht 20.54 million dividends paid for the 2017 operating results.

4. Liquidity and Fund Adequacy

The sources of funds of the Company and its subsidiaries encompass proceeds from business operations, shareholders' equity, issuance of debentures, and loans from commercial banks. Loans taken out by the Company for purpose of project management are usually short- or medium-term and through the project financing arrangement which normally requires the borrower to provide to the lending bank a fixed deposit as collateral for credit facilities. However, with strong financial position, the Company and Sahakarn Wisavakorn Company Limited have been able to negotiate with various financial institutions for exemption from the collateral requirement. The Company has efficiently managed its liquidity and been able to pay dividends to the shareholders periodically. The Company's current ratio at the end of 2017 is 1.47 times, going up slightly from the prior year's 1.41 times.

The balance of cash and cash equivalents of the Company and its subsidiaries as of December 31, 2017 is Baht 336.37 million, up Baht 227.07 million from the previous year with details as shown in the table below.

(Unit: Million Baht)

Consolidated Statement of Cash Flows	2017	2016	2015
Cash flows received from (spent on) operating activities	339.21	(388.94)	511.16
Cash flows spent on investing activities	(59.99)	(1,038.12)	(628.54)
Cash flows spent on financing activities	(56.32)	246.64	798.10
Increase in differences on financial statements translation	4.44	0.02	2.05
Net increase (decrease) of cash and cash equivalents	227.34	(1,180.40)	682.77
Cash and cash equivalents at the beginning of year	109.03	1,289.43	606.66
Cash and cash equivalents at the end of year	336.37	109.30	1,289.43

Changes in cash and cash equivalents, based on activity, for the year ended December 31, 2017 are as follows.

- Cash flows received from operating activities in the amount of Baht 339.21 million are attributable to the current year's operating performance.
- Cash flows spent on investing activities in the amount of Baht 59.99 million are largely the result of Baht 54.92 million cash investment in property, plant and equipment or, to be more specific, in the construction of a plant to assemble metal parts.
- Cash flows spent on financing activities in the amount of Baht 56.32 million are largely attributable to Baht 20.54 million dividends paid during the year and the disbursement of Baht 19.07 million in interest arising from both short-term loans and debentures.

Capital Adequacy Ratio

Financial Ratio	2017	2016
Debt to equity ratio (times)	0.67	0.86
Interest-bearing debt to equity ratio (times)	0.15	0.16
Interest service coverage ratio	15.36	26.88

The debt to equity ratio, the interest-bearing debt to equity ratio, and the interest service coverage ratio of the Company and its subsidiaries as of December 31, 2017 are 0.67 times, 0.15 times, and 15.36 times respectively. The Company is able to maintain its financial ratios well within the threshold set for the issuance of debenture; that is, the interest-bearing debt to equity ratio not exceeding 2 times and the interest service coverage ratio not lower than 4 times.

5. Liability Commitments and Off-Balance Sheet Arrangements

The details were disclosed in Note 35 to the financial statements: *Commitments and Contingent Liabilities*.

6. Factors Affecting Future Operating Results

During the years 2015 and 2016, TRC Investment Limited invested in 6.30 million ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited ("APOT") in addition to 750,000 shares which had been previously purchased by TRC International Limited during the period of 2012 up to 2015. As a result, TRC Group's stake in APOT as of 31 December 2017 reaches 25.13% (22.46% was held by TRC Investment Limited and 2.67% by TRC International Limited). Since the Company's investment in APOT is categorized as investment in an associate which requires the Company to recognize APOT's profit and/or loss on the basis of equity method, coupled with the fact that APOT has a net operating loss due to absence of reported income, the Company's consolidated financial statements are essentially undermined, particularly in terms of accounting performance when Thai Accounting Standards No. 28 (TAS 28): Investment in Associates and Joint Ventures is applied.

With reference to the development plan for potash mining project, APOT has been, and still is, engrossing in negotiations to secure capital and loans to finance the mining project since 2016. This has essentially caused lengthy delay to the project and is a major hurdle preventing the Company from moving forward to the next step of signing the construction contract after receiving Letter of Award since early 2016. This Letter of Award is for the Turnkey Delivery of APOT Project Package 2. Surface Processing Plant and Facilities worth over Baht 30,000 million.

Furthermore, when APOT has made a call on shares to finance the mining project development, it is necessary for the Company, as one of APOT's shareholders, to pitch in with the amount called which the Company has planned to raise through loan facility. On the other hand, immediately after APOT's success in getting project finance loan as needed, the construction contract would be signed and the Company is to start construction work right away which will be followed by the recognition of revenue and receipt of a series of payments pursuant to the contract terms. This of course will see the Company's revenue grow significantly, and the Company's and its subsidiaries' goal for hitting Baht 10,000 million in construction service revenues within 2019 will eventually be achieved.

15. Financial Statements

TRC Construction Public Company Limited
and its subsidiaries
Report and consolidated financial statements
31 December 2017

Independent Auditor's Report

To the Shareholders of TRC Construction Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2017, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TRC Construction Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRC Construction Public Company Limited and its subsidiaries and of TRC Construction Public Company Limited as at 31 December 2017, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

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

I have fulfilled the responsibilities described in the Auditor's *Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my

audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

Revenue recognition relating to construction contracts

The Company and its subsidiaries have disclosed its policies on revenue recognition for services provided under construction contracts, cost estimates for projects under construction contracts and allowance for loss on projects under construction contracts in Notes 4.1 and 5 to the financial statements. I identified revenue recognition and estimation of possible losses from construction contracts to be areas of significant risk in the audit. This is because the amount of revenue that the Company and its subsidiaries recognise from such construction contracts in each period forms a significant portion of the Group's total revenue. In addition, the process of measurement, the determination of appropriate timing of recognition, and the estimation of possible losses are areas requiring management to exercise significant judgement to assess the percentage of completion, the probability of loss, and the measurement of possible loss. There are therefore risks with respect to amount of the recognition of revenue and provisions for construction contracts.

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

Investment in subsidiaries

As discussed in Note 13 to the financial statements, the Company has a significant balance of investment in subsidiary companies which Thai Financial Reporting Standards required to consider for provision for impairment set up. In determining the impairment loss, the management had to exercise judgement with respect to its projections of future operating performance of subsidiary companies in the group, and determination of an appropriate discount rate and key assumptions. There is thus a risk with respect to the amount of the impairment loss recorded on investment in subsidiaries.

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

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

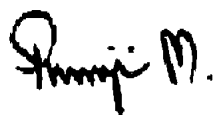
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude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

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

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

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

I am responsible for the audit resulting in this independent auditor's report.



Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 26 February 2018

TRC Construction Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2017

(Unit: Baht)

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Assets					
Current assets					
Cash and cash equivalents	7	336,369,445	109,025,647	10,825,521	28,839,738
Current investments		-	360,770	-	360,770
Trade and other receivables	6, 8	825,587,318	410,822,454	852,950,312	371,285,819
Unbilled receivables	6, 9	854,291,357	1,762,972,802	359,022,629	1,122,213,280
Accounts receivable - retention under construction contracts	6, 9	100,306,896	87,470,674	53,205,255	46,090,122
Advances paid to subcontractors under construction contracts		329,586,856	437,016,510	169,942,944	57,273,278
Construction in progress		56,243,218	-	46,651,260	-
Construction supplies	10	5,513,620	7,121,759	5,513,620	7,121,759
Short-term loans to related parties	6	-	-	2,913,947	2,616,119
Withholding tax deducted at source	11	55,306,079	28,632,853	20,999,107	-
Other current assets		35,913,661	30,191,694	22,370,628	18,940,748
Total current assets		2,599,118,450	2,873,615,163	1,544,395,223	1,654,741,633
Non-current assets					
Restricted deposits at financial institutions	12	16,329,548	16,299,928	-	-
Long-term loans to related parties	6	-	-	1,306,517,215	1,306,517,215
Investments in subsidiaries	13	-	-	476,073,232	475,823,307
Investment in associate	14	1,259,003,235	1,328,332,542	-	-
Investments in joint ventures	15	7,359,476	2,375,587	2,375,587	2,375,587
Property, plant and equipment	16	684,744,143	726,614,258	644,061,723	695,544,688
Intangible assets	17	12,847,372	14,511,380	12,321,056	13,970,383
Deferred tax assets	29	12,395,496	33,649,861	9,816,192	9,053,360
Other non-current assets		6,580,863	7,761,053	6,264,463	7,640,752
Total non-current assets		1,999,260,133	2,129,544,609	2,457,429,468	2,510,925,292
Total assets		4,598,378,583	5,003,159,772	4,001,824,691	4,165,666,925

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 2017

(Unit: Baht)

(Unit: Euro)					
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	18	70,357,683	104,254,642	70,357,683	104,254,642
Trade and other payables	6, 19	451,030,060	441,452,302	220,147,875	331,712,398
Unbilled payables		414,273,722	923,470,468	221,109,824	397,920,399
Accounts payable - retention under construction contracts		48,783,159	51,232,237	12,370,056	24,570,552
Advances received from customers under construction contracts	6, 9	371,280,297	345,741,682	81,990,108	91,226,242
Short-term loans	20	30,000,000	-	30,000,000	-
Short-term loans from related parties	6	-	-	98,000,000	30,000,000
Provision for liabilities under construction projects	21	19,650,308	23,007,490	14,962,276	18,214,808
Current portion of debentures	22	300,000,000	100,000,000	300,000,000	100,000,000
Current portion of liabilities under finance lease agreements	23	11,237,541	12,805,870	7,232,788	8,997,137
Income tax payable		1,852,410	19,712,770	-	18,479,492
Other current liabilities	24	48,687,452	21,068,592	43,181,528	19,000,168
Total current liabilities		1,767,152,632	2,042,746,053	1,099,352,138	1,144,375,838
Non-current liabilities					
Debentures - net of current portion	22	-	200,000,000	-	200,000,000
Liabilities under finance lease agreements - net of current portion	23	5,977,590	17,213,832	-	7,232,841
Provision for long-term employee benefits	25	49,424,694	39,345,061	42,760,366	35,100,524
Provision for litigation	36.1	20,000,000	20,000,000	20,000,000	20,000,000
Total non-current liabilities		75,402,284	276,558,893	62,760,366	262,333,365
Total liabilities		1,842,554,916	2,319,304,946	1,162,112,504	1,406,709,203

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 2017

(Unit: Baht)

(Unit: Baht)					
		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Shareholders' equity					
Share capital	26				
Registered					
5,869,698,010 ordinary shares of Baht 0.125 each					
(2016: 5,810,987,543 ordinary shares of Baht 0.125 each)		733,712,251	726,373,443	733,712,251	726,373,443
Issued and paid-up					
5,869,693,296 ordinary shares of Baht 0.125 each					
(2016: 5,135,985,760 ordinary shares of Baht 0.125 each)		733,711,662	641,998,220	733,711,662	641,998,220
Share premium	26	1,041,739,823	1,041,739,823	1,041,739,823	1,041,739,823
Other surpluses (deficits)		(2,955,890)	(2,955,890)	-	-
Retained earnings					
Appropriated - statutory reserve	27				
The Company		73,371,225	72,637,344	73,371,225	72,637,344
Subsidiaries		4,108,018	4,108,018	-	-
Unappropriated		919,903,940	941,490,510	990,889,477	1,002,582,335
Other components of shareholders' equity		13,615,943	13,542,953	-	-
Equity attributable to owners of the Company		2,783,494,721	2,712,560,978	2,839,712,187	2,758,957,722
Non-controlling interests of the subsidiaries		(27,671,054)	(28,706,152)	-	-
Total shareholders' equity		2,755,823,667	2,683,854,826	2,839,712,187	2,758,957,722
Total liabilities and shareholders' equity		4,598,378,583	5,003,159,772	4,001,824,691	4,165,666,925

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Revenues					
Construction services income	6	2,370,133,222	3,697,299,870	1,215,338,685	2,295,844,987
Interest income	6	1,339,972	3,200,283	65,661,076	63,530,044
Other income	6	64,354,172	36,394,961	60,396,350	22,118,152
Total revenues		2,435,827,366	3,736,895,114	1,341,396,111	2,381,493,183
Expenses					
Cost of construction services	6	1,859,716,316	2,946,647,433	908,386,508	1,627,211,616
Administrative expenses		341,911,264	349,798,970	290,387,774	291,016,992
Doubtful debt (reversal)		(127,330)	7,030,481	-	(286,759)
Loss on change in shareholders' equity of associate	14	34,991,836	-	-	-
Total expenses		2,236,492,086	3,303,476,884	1,198,774,282	1,917,941,849
Profit before share of loss from investment in associate, and joint venture finance cost and income tax expenses					
		199,335,280	433,418,230	142,621,829	463,551,334
Share of loss from investment in associate	14	(34,337,471)	(32,941,177)	-	-
Share of loss from investment in joint venture	15	(116,061)	-	-	-
Profit before finance cost and income tax expenses					
		164,881,748	400,477,053	142,621,829	463,551,334
Finance cost	6	(16,396,236)	(17,033,628)	(16,634,777)	(16,489,375)
Profit before income tax expenses					
		148,485,512	383,443,425	125,987,052	447,061,959
Income tax expenses	29	(57,806,327)	(98,337,639)	(24,080,688)	(89,132,575)
Profit for the year					
		90,679,185	285,105,786	101,906,364	357,929,384
Profit attributable to:					
Equity holders of the Company		92,792,060	290,756,099	101,906,364	357,929,384
Non-controlling interests of the subsidiaries		(2,112,875)	(5,650,313)		
		90,679,185	285,105,786		
Earnings per share					
	30				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.016	0.050	0.017	0.061
Diluted earnings per share					
Profit attributable to equity holders of the Company			0.050		0.061

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Profit for the year		90,679,185	285,105,786	101,906,364	357,929,384
Other comprehensive income:					
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>					
Exchange differences on translation of financial statements in foreign currency		3,220,888	(122,791)	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		3,220,888	(122,791)	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>					
Actuarial gain (loss) on employee benefit	25	(1,733,458)	6,888,927	(759,199)	6,588,121
Income tax effect	29	346,691	(1,377,785)	151,840	(1,317,624)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		(1,386,767)	5,511,142	(607,359)	5,270,497
Other comprehensive income for the year		1,834,121	5,388,351	(607,359)	5,270,497
Total comprehensive income for the year		92,513,306	290,494,137	101,299,005	363,199,881
Total comprehensive income attributable to:					
Equity holders of the Company		91,478,283	296,011,469	101,299,005	363,199,881
Non-controlling interests of the subsidiaries		1,035,023	(5,517,332)		
		92,513,306	290,494,137		

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

Statement of changes in shareholders' equity

For the year ended 31 December 2017

(Unit: Baht)

Consolidated financial statements

Equity attributable to the parent's shareholders														
	Note	Other surpluses (deficits)							Other components of equity					
		Issued and paid-up share capital	Share premium	Deficit on revaluation of investment in subsidiaries	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Total other surpluses (deficits)	Retained earnings		Other comprehensive income	Total other components of shareholders' equity	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
								Appropriated - Statutory reserve						
								The Company	Subsidiary					Unappropriated
Balance as at 1 January 2016		565,345,762	1,010,975,808	(2,955,890)	10,461,029	7,310,526	14,815,665	56,534,575	4,108,018	778,265,668	13,798,725	2,443,844,221	(23,188,820)	2,420,655,401
Profit for the year		-	-	-	-	-	-	-	-	290,756,099	-	290,756,099	(5,650,313)	285,105,786
Other comprehensive income for the year		-	-	-	-	-	-	-	-	5,511,142	(255,772)	5,255,370	132,981	5,388,351
Total comprehensive income for the year		-	-	-	-	-	-	-	-	296,267,241	(255,772)	296,011,469	(5,517,332)	290,494,137
Increase in capital from share dividend	31	71,304,510	-	-	-	-	-	-	-	(71,304,510)	-	-	-	-
Increase in capital from exercise of warrants		5,347,948	30,764,015	-	(10,322,859)	(25,789,104)	(36,111,963)	-	-	-	-	-	-	-
Subscription received in advance from exercise of warrants		-	-	-	-	18,478,578	18,478,578	-	-	-	-	18,478,578	-	18,478,578
Share-based payment transactions		-	-	-	506,447	-	506,447	-	-	-	-	506,447	-	506,447
Adjusted from cancelled warrants that breach the condition		-	-	-	(644,617)	-	(644,617)	-	-	-	-	(644,617)	-	(644,617)
Appropriated to statutory reserve	27	-	-	-	-	-	-	16,102,769	(16,102,769)	-	-	-	-	-
Dividend paid	31	-	-	-	-	-	-	-	(45,635,120)	(45,635,120)	-	(45,635,120)	-	(45,635,120)
Balance as at 31 December 2016		641,998,220	1,041,739,823	(2,955,890)	-	-	(2,955,890)	72,637,344	4,108,018	941,490,510	13,542,953	2,712,560,978	(28,706,152)	2,683,854,826
Balance as at 1 January 2017		641,998,220	1,041,739,823	(2,955,890)	-	-	(2,955,890)	72,637,344	4,108,018	941,490,510	13,542,953	2,712,560,978	(28,706,152)	2,683,854,826
Profit for the year		-	-	-	-	-	-	-	-	92,792,060	-	92,792,060	(2,112,875)	90,679,185
Other comprehensive income for the year		-	-	-	-	-	-	-	-	(1,386,767)	72,990	(1,313,777)	3,147,898	1,834,121
Total comprehensive income for the year		-	-	-	-	-	-	-	-	91,405,293	72,990	91,478,283	1,035,023	92,513,306
Increase in capital from share dividend	31	91,713,442	-	-	-	-	-	-	-	(91,713,442)	-	-	-	-
Appropriated to statutory reserve	27	-	-	-	-	-	-	733,881	(733,881)	-	-	-	-	-
Dividend paid	31	-	-	-	-	-	-	-	(20,544,540)	(20,544,540)	-	(20,544,540)	-	(20,544,540)
Increase in non-controlling interests from establishment of subsidiary		-	-	-	-	-	-	-	-	-	-	-	75	75
Balance as at 31 December 2017		733,711,662	1,041,739,823	(2,955,890)	-	-	(2,955,890)	73,371,225	4,108,018	919,303,940	13,615,943	2,783,494,721	(27,671,054)	2,755,823,667

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

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Note	Separate financial statements						Total shareholders' equity
		Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Retained earnings		
Balance as at 1 January 2016		565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	772,424,853	2,423,052,553
Profit for the year		-	-	-	-	-	357,929,384	357,929,384
Other comprehensive income for the year		-	-	-	-	-	5,270,497	5,270,497
Total comprehensive income for the year		-	-	-	-	-	363,199,881	363,199,881
Increase in capital from share dividend	31	71,304,510	-	-	-	-	(71,304,510)	-
Increase in capital from exercise of warrants		5,347,948	30,764,015	(10,322,859)	(25,789,104)	-	-	-
Subscription received in advance from exercise of warrants		-	-	-	18,478,578	-	-	18,478,578
Share-based payment transactions		-	-	506,447	-	-	-	506,447
Adjusted from cancelled warrants that breach the condition		-	-	(644,617)	-	-	-	(644,617)
Appropriated to statutory reserve	27	-	-	-	-	16,102,769	(16,102,769)	-
Dividend paid	31	-	-	-	-	-	(45,635,120)	(45,635,120)
Balance as at 31 December 2016		641,998,220	1,041,739,823	-	-	72,637,344	1,002,582,335	2,758,957,722
Balance as at 1 January 2017		641,998,220	1,041,739,823	-	-	72,637,344	1,002,582,335	2,758,957,722
Profit for the year		-	-	-	-	-	101,906,364	101,906,364
Other comprehensive income for the year		-	-	-	-	-	(607,359)	(607,359)
Total comprehensive income for the year		-	-	-	-	-	101,299,005	101,299,005
Increase in capital from share dividend	31	91,713,442	-	-	-	-	(91,713,442)	-
Appropriated to statutory reserve	27	-	-	-	-	733,881	(733,881)	-
Dividend paid	31	-	-	-	-	-	(20,544,540)	(20,544,540)
Balance as at 31 December 2017		733,711,662	1,041,739,823	-	-	73,371,225	990,889,477	2,839,712,187

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2017
Cash flows from operating activities				
Profit before tax	148,485,512	383,443,425	125,987,052	447,061,959
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	106,451,651	114,097,891	96,889,957	98,919,787
Bad debt and allowance for doubtful debt (reversal)	(127,330)	7,030,481	-	(286,759)
Unrealised loss on exchange rate	6,042,494	17,256,786	9,335,058	5,377,428
(Gain) loss on disposal of property, plant and equipment	105,150	(430,531)	176,825	(402,495)
Loss on write-off of property, plant and equipment	4,784,870	920,276	4,749,298	909,372
Loss on change in shareholders' equity of associate	34,991,836	-	-	-
Share of loss from investment in associate	34,337,471	32,941,177	-	-
Share of loss from investment in joint venture	116,061	-	-	-
Expense for share - based payment transactions	-	506,447	-	459,532
Adjusted from cancelled warrants that breach the condition	-	(644,617)	-	(545,373)
Provision for liabilities under construction projects	1,180,240	4,984,576	303,884	4,984,576
Provision for long-term employee benefits	8,655,697	13,487,194	7,127,686	11,467,676
Interest income	(1,339,972)	(3,200,283)	(65,661,076)	(63,530,044)
Interest expenses	18,992,412	17,420,993	19,397,651	17,086,153
Profit from operating activities before changes in operating assets and liabilities	362,676,092	587,813,815	198,306,335	521,501,812
(Increase) decrease in operating assets				
Trade and other receivables	(416,594,875)	215,011,538	(416,967,650)	218,733,603
Unbilled receivables	915,187,293	(756,017,572)	754,449,077	(189,271,308)
Accounts receivable - retention	(12,836,222)	76,556,376	(7,115,133)	100,973,985
Advance paid to subcontractors under construction contracts	107,429,654	(368,548,031)	(112,669,666)	(24,593,145)
Construction in progress	(56,243,218)	27,151,379	(46,651,260)	-
Construction supplies	-	999,168	-	999,168
Other current assets	(5,721,967)	25,086,993	(3,429,880)	14,647,001
Other non-current assets	1,180,190	967,480	1,376,289	1,012,981
Increase (decrease) in operating liabilities				
Trade and other payables	(12,300,854)	(88,365,560)	(108,108,485)	(56,882,047)
Unbilled payables	(509,196,746)	(37,382,499)	(176,810,575)	(547,397,146)
Accounts payable - retention	(2,449,078)	13,827,163	(12,200,496)	(1,365,126)
Advances received from customers under construction contracts	25,538,615	24,754,283	(9,236,134)	(1,127,242)
Provision for liabilities under construction projects	(4,537,422)	(9,780,877)	(3,556,416)	(6,122,488)
Other current liabilities	28,127,229	(31,037,515)	23,965,539	(19,915,428)
Provision for long-term employee benefits	(309,522)	(1,206,097)	(227,043)	(1,065,247)
Cash flows from (used in) operating activities	419,949,169	(320,169,956)	81,124,502	10,129,373
Cash paid for income tax	(80,738,857)	(83,188,338)	(64,170,279)	(71,822,164)
Received from withholding tax refund	-	14,416,694	-	14,416,694
Net cash flows from (used in) operating activities	339,210,312	(388,941,600)	16,954,223	(47,276,097)

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash flows from investing activities				
Increase (decrease) in current investments	360,770	(360,770)	360,770	(360,770)
Increase (decrease) in restricted deposits at financial institutions	(29,620)	20,042,060	-	3,356,698
Increase in short-term loans to related parties	-	-	(337,048)	(810,921,189)
Cash paid for investing in subsidiary	-	-	(249,925)	-
Cash paid for purchase of investment in associate	-	(906,048,095)	-	-
Cash paid for investing in joint venture	(5,099,950)	-	-	-
Interest income	1,375,162	4,669,882	247,456	6,733,708
Cash received from disposal of property, plant and equipment	370,461	791,245	198,479	763,207
Cash paid for purchase of property, plant and equipment	(54,920,840)	(150,282,645)	(48,467,287)	(150,203,815)
Cash paid for purchase of intangible assets	(2,043,530)	(6,937,874)	(1,980,000)	(6,937,874)
Net cash flows used in investing activities	(59,987,547)	(1,038,126,197)	(50,227,555)	(957,570,035)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	(33,896,959)	104,254,642	(33,896,959)	104,254,642
Increase in short-term loans	30,000,000	-	30,000,000	-
Increase in short-term loans from related parties	-	-	68,000,000	30,000,000
Cash received from issuance of debentures	100,000,000	200,000,000	100,000,000	200,000,000
Repayment of debenture	(100,000,000)	-	(100,000,000)	-
Cash received from increase in capital due to exercise of warrants	-	18,478,578	-	18,478,578
Dividend paid	(20,544,540)	(45,635,120)	(20,544,540)	(45,635,120)
Interest expenses	(19,072,856)	(16,869,075)	(19,302,196)	(16,512,737)
Decrease in liabilities under finance lease agreements	(12,804,571)	(13,584,242)	(8,997,190)	(8,600,523)
Increase in non-controlling interest from establishment of subsidiary	75	-	-	-
Net cash flows from (used in) financing activities	(56,318,851)	246,644,783	15,259,115	281,984,840
Increase in translation adjustments	4,439,884	21,058	-	-
Net increase (decrease) in cash and cash equivalents	227,343,798	(1,180,401,956)	(18,014,217)	(722,861,292)
Cash and cash equivalents at beginning of the year	109,025,647	1,289,427,603	28,839,738	751,701,030
Cash and cash equivalents at end of the year (Note 7)	336,369,445	109,025,647	10,825,521	28,839,738

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 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Supplemental cash flows information				
Non-cash items consist of				
Increase (decrease) in purchase of properly, plant and equipment and intangible assets that have yet to be paid	9,605,500	(21,642,592)	(3,173,159)	(21,626,892)
Transfer construction supplies to assets under construction	1,608,139	6,202,823	1,608,139	6,202,823
Interest expenses recorded as cost of project	3,755,148	1,531,538	3,755,148	1,444,946
Issuance of stock dividend	91,713,442	71,304,510	91,713,442	71,304,510
Actuarial gain (loss) on employee benefit	(1,733,458)	6,888,927	(759,199)	6,588,121

TRC Construction Public Company Limited and its subsidiaries

Notes to consolidated financial statements

For the year ended 31 December 2017

1. General information

TRC Construction Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in construction service and its registered address is No. 8, Soi Sukhapiban 5 soi 32, Kwang Tha Raeng, Khet Bang Khen, Bangkok.

2. Basis of preparation

2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, 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	
			2017 (%)	2016 (%)
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
TRC Utility Company Limited	To produce and distribute tap water	Thailand	99.97	-
Held by the Company's subsidiaries				
Hydrotek Sahakarn Joint Venture (held by Sahakarn Wisavakorn Company imited)	Construction services	Thailand	49.00	49.00
TRC International Limited (held by TRC Investment Limited)	Holding company	Hong Kong	100.00	100.00
TRC Middle East LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00
TRC Engineering LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
 - c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
 - d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
 - e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using yearly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
 - f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
 - g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, associate and joint ventures under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

4. Significant accounting policies

4.1 Revenue recognition

Rendering of construction services

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

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

Interest income

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

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 and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.4 Trade and other receivables

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

4.5 Investments

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

4.6 Property, plant and equipment/Depreciation

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

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

Building and leasehold improvement	3 - 30 years
Tools and equipment	5 years
Furniture, fixtures and office equipment	5 years
Motor vehicles	5 years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

4.7 Intangible assets

The intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

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

4.8 Related party transactions

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

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

4.9 Long-term leases

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

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

4.10 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items of each entity included in the consolidated financial statements are measured using that functional currency of that entity.

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

Gains and losses on exchange are included in determining income.

4.11 Impairment of assets

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

An impairment loss is recognised in profit or loss.

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

4.12 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiaries have obligations in respect of the severance payments they must make to employees upon retirement under labor law. The Company and its subsidiaries treat the severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiaries provides other long-term employee benefits plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from defined benefit plans are recognised immediately in other comprehensive income.

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

Past service costs are recognised in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company and its subsidiaries recognise restructuring-related costs.

4.13 Provisions

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

4.14 Income tax

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

Current tax

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

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.15 Fair value measurement

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

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

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

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

5. Significant accounting judgements and estimates

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

Estimated construction project costs

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

Provision for liabilities under construction projects

Provision for liabilities under project warranties

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

Provision for losses on construction projects

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

Provision for penalties due to project delays

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

Impairment of investments

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

Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plan and other long-term employee benefit plans 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.

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2017	2016	2017	2016	
Transactions with subsidiary companies					
(eliminated from the consolidated financial statements)					
Construction service income	-	-	2	-	Cost plus margin
Cost of construction services	-	-	13	12	Cost plus margin
Interest income	-	-	65	62	At rate of 3.5 - 5.0% p.a.
Interest expense	-	-	1	1	At rate of 2.5% p.a. (2016: 2.0 - 2.5% p.a.)
Transactions with associated company					
Construction services income	298	273	298	273	Cost plus margin
Rental income	1	2	1	2	Contract price
Transactions with related parties					
Construction services income	1	133	1	133	Cost plus margin

As at 31 December 2017 and 2016, 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	
	2017	2016	2017	2016
Trade and other receivables - related parties (Note 8)				
Subsidiary companies	-	-	146,099	70,338
Associated company	380,104	16,086	380,104	16,086
Joint ventures	223	61,380	-	61,380
Total	380,327	77,466	526,203	147,804
Unbilled receivable - related parties (Note 9)				
Subsidiary companies	-	-	617	-
Associated company	11,992	135,947	11,992	135,947
Joint venture	-	235,657	-	235,657
Total	11,992	371,604	12,609	371,604
Account receivable - retention under construction contracts - related parties				
Associated company	7,514	2,894	7,514	2,894
Joint venture	45,691	43,196	45,691	43,196
Total	53,205	46,090	53,205	46,090
Short-term loans to related parties				
Subsidiary companies	-	-	2,914	2,616
Total	-	-	2,914	2,616
Long-term loans to related parties				
Subsidiary companies	-	-	1,306,517	1,306,517
Total	-	-	1,306,517	1,306,517
Trade and other payables - related parties (Note 19)				
Subsidiary companies	-	-	22,705	39,359
Total	-	-	22,705	39,359
Advances received from customers under construction contracts - related party (Note 9)				
Associated company	27,869	68,211	27,869	68,211
Total	27,869	68,211	27,869	68,211
Short-term loans from related parties				
Subsidiary companies	-	-	98,000	30,000
Total	-	-	98,000	30,000

As at 31 December 2017 and 2016, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Loans to	Related by	Separate financial statements				Balance as at 31 December 2017
		Balance as at 31 December 2016	Increase	Decrease	Exchange rate adjustment	
TRC Investment Limited	Subsidiary company	1,263,124	337	-	(39)	1,263,422
TRC International Limited	Subsidiary company	46,009	-	-	-	46,009
TRC Engineering LLC	Subsidiary company	56,623	-	-	-	56,623
Total		1,365,756	337	-	(39)	1,366,054
Less: Allowance for doubtful debts		(56,623)	-	-	-	(56,623)
Loans to related parties - net		1,309,133	337	-	(39)	1,309,431
Less: short-term loans		(2,616)	(337)	-	39	(2,914)
Long-term loans		1,306,517	-	-	-	1,306,517

Loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2016: 3.5% - 7.0% per annum) and due for repayment on demand.

(Unit: Thousand Baht)

Loans	Related by	Separate financial statements				Balance as at 31 December 2017
		Balance as at 31 December 2016	Increase	Decrease		
Sahakarn Wisavakorn Company Limited	Subsidiary company	30,000	214,000	(213,000)		31,000
Hydrotek Sahakarn Joint Venture	Subsidiary company	-	482,000	(415,000)		67,000
Total		30,000	696,000	(628,000)		98,000

Short-term loans from related parties carried interests at rates of 2.5% per annum (2016: 2.5% per annum) and due for repayment on demand.

Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term employee benefits	36	35	35	34
Post-employment benefits	2	3	2	3
Total	38	38	37	37

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.6

7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash	1,375	1,522	481	714
Deposits at financial institutions	199,069	67,941	10,345	28,126
Investment in mutual fund	135,925	39,563	-	-
Total	336,369	109,026	10,826	28,840

As at 31 December 2017, deposits in saving accounts and fixed deposits carried interests between 0.13% and 0.63% per annum (2016: between 0.10% and 0.63% per annum).

8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts receivable - related parties				
Aged on the basis of due dates				
Not yet due	14,102	71,001	14,102	71,001
Past due				
Up to 3 months	131,071	3,132	132,636	3,132
6 - 12 months	234,918	-	234,918	-
Total trade accounts receivable - related parties - net	380,091	74,133	381,656	74,133
Trade accounts receivable - unrelated parties				
Aged on the basis of due dates				
Not yet due	408,714	293,351	290,666	183,934
Past due				
Up to 3 months	33,742	36,871	33,742	36,871
Over 12 months	12,685	13,904	-	-
Total trade accounts receivable - unrelated parties	455,141	344,126	324,408	220,805
Less: Allowance for doubtful debts	(11,928)	(11,928)	-	-
Translation adjustment	(757)	(1,976)	-	-
Total trade accounts receivable - unrelated parties - net	442,456	330,222	324,408	220,805
Total trade accounts receivable - net	822,547	404,355	706,064	294,938
Other receivables				
Advance to related parties	236	3,333	16,514	11,087
Interest receivable from related parties	-	-	141,160	72,011
Others	2,804	3,261	2,339	2,677
Total other receivables	3,040	6,594	160,013	85,775
Less: Allowance for doubtful debt	-	(127)	(13,127)	(9,427)
Total other receivables - net	3,040	6,467	146,886	76,348
Total trade and other receivables - net	825,587	410,822	852,950	371,286

The Company and the subsidiaries transferred rights to receive payment under construction contracts to secure the credit facilities with financial institutions. Pledged accounts receivable amounting to Baht 800 million included in the accounts receivable balance as at 31 December 2017 (the Company only: Baht 692 million) (2016: Baht 404 million, the Company only: Baht 295 million).

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Unbilled receivables and advances received from customers under construction contracts				
Project value as per contracts	16,245,331	12,318,555	11,993,514	9,505,832
Accumulated amount recognised as revenue on percentage of completion basis	10,122,651	8,635,376	7,358,383	7,025,902
Less: Value of total billed	(9,639,640)	(7,218,145)	(7,081,350)	(5,994,915)
Unbilled receivables	854,291	1,762,973	359,023	1,122,213
Advances received from customers	(371,280)	(345,742)	(81,990)	(91,226)
Total	483,011	1,417,231	277,033	1,030,987
Retention receivables as per contracts	100,307	87,471	53,205	46,090

10. Construction supplies

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
	Cost		Reduce cost to net realisable value		Construction supplies - net	
	2017	2016	2017	2016	2017	2016
Construction supplies	7,892	10,194	(2,378)	(3,072)	5,514	7,122
Total	7,892	10,194	(2,378)	(3,072)	5,514	7,122

11. Withholding tax deducted at source

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Year 2014	14,250	14,250	-	-
Year 2015	7,861	7,861	-	-
Year 2016	6,522	6,522	-	-
Year 2017	26,673	-	20,999	-
	55,306	28,633	20,999	-

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

12. Restricted deposits at financial institutions

These represent saving deposit and fixed deposits pledged with financial institutions to secure credit facilities and bank guarantee facilities issued by the bank on behalf of the subsidiary, as described in Note 35.5

13. Investments in subsidiaries

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2017	2016	2017	2016	2017	2016
					(%)	(%)	(Baht)	(Baht)
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	500,000,000 Baht	500,000,000 Baht	99.99	99.99	620,894,691	620,894,691
TRC Investment Limited	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32
TRC Utility Company Limited	To produce and distribute tap water	Thailand	250,000 Baht	-	99.97	-	249,925	-
Total							621,144,648	620,894,723
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							<u>476,073,232</u>	<u>475,823,307</u>

On 11 May 2017, the Meeting No. 4/2017 of the Company's Board of Directors passed a resolution to approve the establishment of TRC Utility Company Limited with a registered share capital of Baht 1 million. The Company holds 99.97% of the new subsidiary's capital. On 20 June 2017, this company registered its establishment with 25.00% of its share capital paid up, amounting to Baht 0.25 million.

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	
			2017	2016	2017	2016	2017	2016
					(%)	(%)	(Baht)	(Baht)
Held by Sahakarn Wisavakorn Company Limited			1,000,000 Baht	1,000,000 Baht	49.00	49.00	490,000	490,000
Hydrotek Sahakarn Joint Venture	Construction services	Thailand						
Held by TRC Investment Limited								
TRC International Limited	Holding company	Hong Kong						
Held by TRC International Limited								
TRC Middle East LLC	Construction services	Sultanate of Oman	150,000 Omani Rial	150,000 Omani Rial	70.00	70.00	12,322,330	12,322,330
TRC Engineering LLC	Construction services	Sultanate of Oman	250,000 Omani Rial	250,000 Omani Rial	70.00	70.00	13,654,506	13,654,506
Total							26,466,869	26,466,869
Less: Allowance for loss on impairment of investment							(25,976,836)	(25,976,836)
Total investments in subsidiaries which are held by the Company's subsidiaries - net							490,033	490,033

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

On 10 March 2016, the Meeting No. 3/2016 of the Company's Board of Directors passed a resolution to approve the closure of TRC Middle East LLC and TRC Engineering LLC. On 31 December 2017, these subsidiaries have been in the liquidation process.

14. Investments in associate

14.1 Details of associate

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2017	2016	2017	2016	2017	2016
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
Held by TRC Investment Limited								
ASEAN Potash Chaiphum Public Company Limited	Mining Industries	Thailand	22.46	23.43	1,261,274	1,261,274	1,168,092	1,231,926
Held by TRC International Limited								
ASEAN Potash Chaiphum Public Company Limited	Mining Industries	Thailand	2.67	2.79	100,000	100,000	90,911	96,407
Total					1,361,274	1,361,274	1,259,003	1,328,333

On 18 January 2012, the meeting No. 1/2012 of the Company's Board of Directors approved an investment of Baht 50 million by TRC International Limited, which is the company's subsidiary in Hong Kong, in ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (APOT). On 6 January 2015, TRC International Limited (TRCI), increased its investment in APOT by purchasing additional 250,000 ordinary shares from its shareholders at Baht 200 per share, a total of Baht 50 million. As a result, TRCI's investment increase to Baht 100 million.

On 16 September 2015, the Meeting No. 9/2015 of the Company's Board of Directors approved TRC Investment Limited, a subsidiary in Mauritius, to acquire additional ordinary shares of ASEAN Potash Chaiyaphum Public Company Limited (APOT) at the aggregate of not exceeding 6.3 million shares, at price of Baht 200 per share, total value of Baht 1,260 million from Thermal Trade and Investment Limited. Subsequently, on 15 October 2015, TRC Investment Limited make the first payment for APOT's shares totaling of Baht 355 million in accordance with terms of payment stipulated in Share Sale and Purchase Agreement ("SPA"). On 30 October 2015, APOT's share certificates of 1.8 million shares were transferred to TRC Investment Limited.

During January and May 2016, TRC Investment Limited made the second through fourth payments for the 4.5 million share subscription totaling Baht 906 million. As a result, TRC Group's shareholding in APOT increased to 26.22%, consisting of 23.43% shareholding of TRC Investment Limited and 2.79% shareholding of TRC International Limited, with APOT's current paid-up capital as of 31 December 2017 of Baht 2,688 million and classifies this investment as investment in an associate.

During the year, APOT received the proceeds of Baht 80 million from a shareholder in payment for additional ordinary shares 1,174,886 newly issued shares at the price of Baht 68.43 per share), and registered the change in its paid-up capital from Baht 2,688 million to Baht 2,806 million. As a result, TRC Group's shareholding in APOT decreased from 26.22% at the end of 2016 to 25.13% at the end of 2017 (consisting of 22.46% interest held by TRC Investment Limited and a 2.67% interest held by TRC International Limited). The Company recorded the net result from the change in the shareholders' equity of Baht 35 million, presenting in the consolidated comprehensive income for the year ended 31 December 2017.

14.2 Share of loss

During the years, the Company and its subsidiaries have recognised their share of loss from investments in associate company in the consolidated financial statements as follows:

Company's name	(Unit: Thousand Baht)	
	Share of loss from investments in associate during the year	
	2017	2016
ASEAN Potash Chaiyaphum Public Company Limited	34,337	32,941
Total	34,337	32,941

14.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)

	2017	2016
Current assets	110	330
Non-current assets	6,127	5,595
Current liabilities	531	184
Non-current liabilities	4,018	4,020
Net assets	1,688	1,721
Shareholding percentage (%)	25.13	26.22
Share of net assets	424	451
Elimination entries	(12)	(7)
Goodwill	847	884
Carrying amounts of associates based on equity method	1,259	1,328

Summarised information about comprehensive income

(Unit: Million Baht)

	For the year ended 31 December	
	2017	2016
Revenue	2	4
Profit (loss)	(112)	(101)
Other comprehensive income	-	-
Total comprehensive income	(112)	(101)

15. Investments in joint ventures

Details of investments in joint ventures are as follows:

(Unit: Thousand Baht)

Company's name	Nature of business	Consolidated financial statements							
		Shareholding percentage		Cost		Carrying amounts based on equity method		Share of loss from investments in joint venture during the year	
		2017	2016	2017	2016	2017	2016	2017	2016
		(%)	(%)						
Held by the Company									
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376	2,376	2,376	-	-
Held by Sahakarn Wisavakorn Company Limited									
SH Crossing Company Limited	Construction service	51	-	5,099	-	4,983	-	(116)	-
Total				7,475	2,376	7,359	2,376	(116)	-

(Unit: Thousand Baht)

Company's name	Nature of business	Separate financial statements			
		Shareholding percentage		Cost	
		2017	2016	2017	2016
		(%)	(%)		
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376
Total				2,376	2,376

The consolidated financial statements for the years ended 31 December 2017 and 2016 do not include share of profit (loss) on investment in Sinopec-TRC Joint Venture because the effect of these transactions on the financial statements is immaterial.

On 7 August 2017, the Meeting No. 5/2017 of the Company's Board of Directors passed a resolution to approve the establishment of SH Crossings Company Limited with a registered share capital of Baht 40 million. Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary holds 51.00% of the new subsidiary's capital. On 17 November 2017, this company registered its establishment with 25.00% of its share capital paid up, amounting to Baht 10 million.

16. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements							
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost:								
1 January 2016	142,062	212,159	3,341	447,430	89,226	89,236	4,029	987,483
Additions	-	36	-	52,751	9,070	13,067	58,469	133,393
Disposals	-	-	-	(121)	(4)	(3,156)	-	(3,281)
Written-off	-	-	(3,341)	(4,599)	(1,962)	(17)	-	(9,919)
Transfers in (out)	-	573	-	4,234	578	-	(5,385)	-
31 December 2016	142,062	212,768	-	499,695	96,908	99,130	57,113	1,107,676
Additions	-	270	-	2,842	2,847	47	61,578	67,584
Disposals	-	-	-	(239)	(490)	(1,270)	-	(1,999)
Written-off	-	(2,676)	-	(9,811)	(3,339)	-	-	(15,826)
Transfers in (out)	-	75,622	-	10,217	1,731	-	(87,570)	-
31 December 2017	142,062	285,984	-	502,704	97,657	97,907	31,121	1,157,435

(Unit: Thousand Baht)

Consolidated financial statements

	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Accumulated depreciation:								
1 January 2016	-	11,888	3,292	167,920	48,002	49,680	-	280,782
Depreciation for the year	-	7,667	37	74,405	13,921	16,169	-	112,199
Depreciation on disposals	-	-	-	(62)	(4)	(2,854)	-	(2,920)
Depreciation on written-off	-	-	(3,329)	(3,768)	(1,897)	(5)	-	(8,999)
31 December 2016	-	19,555	-	238,495	60,022	62,990	-	381,062
Depreciation for the year	-	7,679	-	70,203	13,439	12,872	-	104,193
Depreciation on disposals	-	-	-	(139)	(446)	(938)	-	(1,523)
Depreciation on written-off	-	(2,676)	-	(5,274)	(3,091)	-	-	(11,041)
31 December 2017	-	24,558	-	303,285	69,924	74,924	-	472,691
Net book value:								
31 December 2016	142,062	193,213	-	261,200	36,886	36,140	57,113	726,614
31 December 2017	142,062	261,426	-	199,419	27,733	22,983	31,121	684,744

Depreciation for the year

2016 (Baht 71 million included in cost of sales and construction services, and the balance in administrative expenses)	112,199
2017 (Baht 65 million included in cost of sales and construction services, and the balance in administrative expenses)	104,193

(Unit: Thousand Baht)

Separate financial statements

	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Cost:								
1 January 2016	140,472	212,159	3,341	323,045	77,122	67,208	4,029	827,376
Additions	-	36	-	52,711	9,047	13,067	58,469	133,330
Disposals	-	-	-	(121)	(4)	(2,956)	-	(3,081)
Written-off	-	-	(3,341)	(4,555)	(1,768)	(17)	-	(9,681)
Transfers in (out)	-	573	-	4,234	578	-	(5,385)	-
31 December 2016	140,472	212,768	-	375,314	84,975	77,302	57,113	947,944
Additions	-	237	-	2,397	2,400	44	43,274	48,352
Disposals	-	-	-	-	(358)	(621)	-	(979)
Written-off	-	(2,676)	-	(8,465)	(2,862)	-	-	(14,003)
Transfers in (out)	-	75,622	-	10,217	1,731	-	(87,570)	-
31 December 2017	140,472	285,951	-	379,463	85,886	76,725	12,817	981,314

(Unit: Thousand Baht)

Separate financial statements								
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
Accumulated depreciation:								
1 January 2016	-	11,888	3,292	78,777	38,158	34,678	-	166,793
Depreciation for the year	-	7,667	37	64,102	12,994	12,298	-	97,098
Depreciation on disposals	-	-	-	(62)	(4)	(2,654)	-	(2,720)
Depreciation on written-off	-	-	(3,329)	(3,730)	(1,708)	(5)	-	(8,772)
31 December 2016	-	19,555	-	139,087	49,440	44,317	-	252,399
Depreciation for the year	-	7,679	-	62,657	12,817	11,558	-	94,711
Depreciation on disposals	-	-	-	-	(315)	(289)	-	(604)
Depreciation on written-off	-	(2,676)	-	(3,952)	(2,626)	-	-	(9,254)
31 December 2017	-	24,558	-	197,792	59,316	55,586	-	337,252
Net book value:								
31 December 2016	140,472	193,213	-	236,227	35,535	32,985	57,113	695,545
31 December 2017	140,472	261,393	-	181,671	26,570	21,139	12,817	644,062
Depreciation for the year								
2016 (Baht 70 million included in cost of sales and construction services, and the balance in administrative expenses)								97,098
2017 (Baht 64 million included in cost of sales and construction services, and the balance in administrative expenses)								94,711

As at 31 December 2017, 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 188 million (The Company only: Baht 96 million) (2016: Baht 153 million, the Company only: Baht 84 million).

As at 31 December 2017, the Company and its subsidiary has tools and motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 27 million (The company only: Baht 16 million) (2016: Baht 34 million, the Company only: Baht 21 million).

As at 31 December 2017 and 2016, the Company has mortgaged land which has book value amounting to Baht 100 million with banks to be collateral against credit facilities received from the bank.

17. Intangible assets

The net book value of intangible assets, which is computer software, as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements	Separate financial statements
As at 31 December 2017		
Cost	24,075	23,237
Less: Accumulated amortisation	(11,228)	(10,916)
Net book value	12,847	12,321
As at 31 December 2016		
Cost	23,481	22,706
Less: Accumulated amortisation	(8,970)	(8,736)
Net book value	14,511	13,970

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	14,511	8,023	13,970	7,405
Acquisition of computer software	594	8,387	530	8,387
Amortisation	(2,258)	(1,899)	(2,179)	(1,822)
Net book value at end of year	12,847	14,511	12,321	13,970

18. Short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (% per annum)	Consolidated / Separate financial statements	
		2017	2016
Promissory note	2016: 3.30% - 3.40%	-	30,000
Trust receipt	2017: 4.35% (2016: 3.36%)	70,358	74,255
Total		70,358	104,255

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

19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade accounts payable - unrelated parties	367,312	319,886	141,540	181,645
Advances from related parties	-	-	22,526	39,356
Fixed assets and intangible assets payable	11,322	3,541	129	3,518
Accrued interest expense - related parties	-	-	179	3
Accrued expenses	72,396	118,025	55,774	107,190
Total trade and other payables	451,030	441,452	220,148	331,712

20. Short-term loans

These represent non-transferable bill of exchanges amounting to Baht 30 million issued through the private placement with an interest rate of 3.85% per annum. The bill of exchanges have a term of 183 days. The Company repaid the bill of exchanges on 20 February 2018.

21. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Warranties	Loss on construction	Total	Warranties	Loss on construction	Total
As at 1 January 2016	17,397	3,407	20,804	12,353	-	12,353
Increase during the year	17,000	-	17,000	17,000	-	17,000
Decrease from occurrence of actual expense	(6,573)	(3,208)	(9,781)	(6,122)	-	(6,122)
Reversal of provisions	(5,016)	-	(5,016)	(5,016)	-	(5,016)
As at 31 December 2016	22,808	199	23,007	18,215	-	18,215
Increase during the year	2,000	876	2,876	2,000	-	2,000
Decrease from occurrence of actual expense	(4,338)	(199)	(4,537)	(3,557)	-	(3,557)
Reversal of provisions	(1,696)	-	(1,696)	(1,696)	-	(1,696)
As at 31 December 2017	18,774	876	19,650	14,962	-	14,962

22. Debentures

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

(Unit: Thousand Baht)

Debentures	Interest rate	Interest payment schedule	Terms	Due date	Consolidated / Separate financial statements	
					2017	2016
Debentures 1/2015	4.68%	Quarterly, starting from 8 October 2015	2 years	8 July 2017	-	100,000
Debentures 1/2016	4.40%	Quarterly, starting from 10 June 2016	2 years	10 March 2018	200,000	200,000
Debentures 1/2017	4.50%	Quarterly, starting from 12 October 2017	1 year	12 July 2018	100,000	-
Total					300,000	300,000
Less: Current portion					(300,000)	(100,000)
Debentures - net of current portion					-	200,000

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

23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease agreements	17,992	31,953	7,374	16,919
Less: Deferred interest	(776)	(1,933)	(141)	(689)
Total	17,216	30,020	7,233	16,230
Less: Current portion	(11,238)	(12,806)	(7,233)	(8,997)
Liabilities under finance lease agreements - net of current portion	5,978	17,214	-	7,233

The Company and its subsidiary have entered into the finance lease agreements with leasing companies for rental of tools and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

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

(Unit: Thousand Baht)

	As at 31 December 2017					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	11,789	6,203	17,992	7,374	-	7,374
Deferred interest expenses	(551)	(225)	(776)	(141)	-	(141)
Present value of future minimum lease payments	11,238	5,978	17,216	7,233	-	7,233

(Unit: Thousand Baht)

	As at 31 December 2016					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1-5 years	Total	Less than 1 year	1-5 years	Total
Future minimum lease payments	13,961	17,992	31,953	9,545	7,374	16,919
Deferred interest expenses	(1,155)	(778)	(1,933)	(548)	(141)	(689)
Present value of future minimum lease payments	12,806	17,214	30,020	8,997	7,233	16,230

24. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Suspense output VAT	43,990	11,375	41,799	11,132
VAT payable	1,769	7,944	-	6,604
Others	2,928	1,750	1,383	1,264
Total	48,687	21,069	43,182	19,000

25. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2017			2016		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Defined benefit obligation at beginning of year	35,053	4,292	39,345	33,953	-	33,953
Included in profit or loss:						
Current service cost	7,099	1,361	8,460	7,263	1,102	8,365
Interest cost	921	113	1,034	726	85	811
Past service costs	-	-	-	-	4,311	4,311
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	578	(82)	496	(136)	-	(136)
Financial assumptions changes	1,375	42	1,417	(101)	-	(101)
Experience adjustments	(220)	(798)	(1,018)	(6,652)	-	(6,652)
Benefits paid during the year	-	(309)	(309)	-	(1,206)	(1,206)
Defined benefit obligation at end of year	<u>44,806</u>	<u>4,619</u>	<u>49,425</u>	<u>35,053</u>	<u>4,292</u>	<u>39,345</u>

(Unit: Thousand Baht)

	Separate financial statements					
	2017			2016		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Defined benefit obligation at beginning of year	31,423	3,677	35,100	31,286	-	31,286
Included in profit or loss:						
Current service cost	5,795	1,131	6,926	6,086	923	7,009
Interest cost	817	96	913	640	73	713
Past service costs	-	-	-	-	3,746	3,746

(Unit: Thousand Baht)

	Separate financial statements					
	2017			2016		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(109)	(119)	(228)	(291)	-	(291)
Financial assumptions changes	1,118	29	1,147	(126)	-	(126)
Experience adjustments	(250)	(621)	(871)	(6,171)	-	(6,171)
Benefits paid during the year	-	(227)	(227)	-	(1,065)	(1,065)
Defined benefit obligation at end of year	38,794	3,966	42,760	31,424	3,677	35,101

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cost of sales	3,086	6,224	2,504	5,541
Administrative expenses	5,570	7,263	4,624	5,927
Total expenses recognised in profit or loss	8,656	13,487	7,128	11,468

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (the Company only: Baht 3 million) (2016: Baht 3 million, The Company only: Baht 3 million).

As at 31 December 2017, the weighted average duration of the liabilities for long-term employee benefit is 9 years (the Company only: 9 years) (2016: 9 years, the Company only: 9 years).

Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate (% per annum)	2.28 - 2.43	2.60 - 2.86	2.28	2.60
Future salary increase rate (% per annum)	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age) (% per annum)	0.00 - 20.00	0.00 - 17.00	0.00 - 20.00	0.00 - 17.00
Gold price (Baht)	20,600	20,250	20,600	20,250

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2017 and 2016 are summarised below:

(Unit: Million Baht)

	Consolidated financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1.0%)	(3.4)	3.9	(3.0)	3.4
Salary increase rate (1.0%)	3.7	(3.3)	3.0	-
Turnover rate (1.0%)	(3.7)	1.4	(3.2)	1.2
Gold price (1,000 Baht)	0.1	(0.1)	-	-

(Unit: Million Baht)

	Separate financial statements			
	As at 31 December 2017		As at 31 December 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1.0%)	(2.9)	3.3	(2.5)	2.9
Salary increase rate (1.0%)	3.1	(2.8)	2.6	(2.3)
Turnover rate (1.0%)	(3.1)	1.2	(2.8)	0.1
Gold price (1,000 Baht)	0.1	(0.1)	-	-

26. Share capital

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

Description	Number of shares	Amount	Premium on ordinary shares	Registration date with the Ministry of Commerce
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)	
Registered share capital				
At the beginning of the year	5,810,988	726,373		
Decrease during the year	(675,002)	(84,375)		22 May 2017
Increase during the year	733,712	91,714		23 May 2017
At the end of the year	5,869,698	733,712		
Issued and paid-up share capital				
At the beginning of the year	5,135,986	641,998	1,041,740	
Increase in capital from stock dividend	733,707	91,714	-	26 May 2017
At the end of the year	5,869,693	733,712	1,041,740	

On 28 April 2017, the Annual General Meeting of the Company's shareholders passed the following significant resolutions:

- 26.1 Approved a stock dividend with a total value of up to 733.7 million ordinary shares with a par value of Baht 0.125 per share to be distributed at a rate of 1 dividend share for every 7 existing shares, equivalent to a dividend of Baht 0.0178571 per share.
- 26.2 Approved a decrease in the registered capital of the Company from Baht 726.4 million to Baht 642.0 million consisting of 5,136.0 million shares with a par value of Baht 0.125 each, by cancelling the Company's unissued ordinary shares. The Company registered the decrease of its registered capital at the Ministry of Commerce on 22 May 2017.
- 26.3 Approved an increase in the registered capital from Baht 642.0 million to Baht 733.7 million through the issuance of an additional 733.7 million ordinary shares with a par value of Baht 0.125 each, to be reserved for the distribution of the stock dividend. On 23 May 2017, the Company registered with the Ministry of Commerce the increase in its registered capital to Baht 733.7 million, or 5,869.7 million shares, and in its issued and paid-up capital to Baht 642.0 million, or 5,136.0 million shares.

27. Statutory reserve

The Company

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

Local subsidiaries

According to the Thai Civil and Commercial Code, the subsidiaries are required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the Company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.

Overseas subsidiaries

According to the Civil and Commercial Code, the subsidiaries are required to set aside to a statutory reserve an amount equal to at least 10% of its net profit until such reserve reach one-third of the Company's capital.

28. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Salary and wages and other employee benefits	437,036	548,008	394,294	515,651
Depreciation	104,193	112,199	94,711	97,098
Amortisation expenses	2,258	1,899	2,179	1,822
Construction materials and consumables used and subcontractors costs	1,904,586	2,290,361	644,086	1,530,410
Rental expenses from operating lease Agreements	81,648	98,042	77,010	95,667
Loss on exchange rate	10,746	10,912	10,746	4,399

29. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current income tax:				
Current corporate income tax charge	36,205	94,947	24,692	89,731
Deferred tax:				
Relating to origination and reversal of temporary differences	21,601	3,391	(611)	(598)
Income tax expense reported in the statement of income	57,806	98,338	24,081	89,133

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax relating to actuarial gain or loss on long-term employee benefits	(347)	1,378	(152)	1,318
Income tax (income) expenses reported in other comprehensive income	(347)	1,378	(152)	1,318

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2017 and 2016 are as follows.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accounting profit before tax	148,486	383,443	125,987	447,062
Applicable tax rate	12% - 20%	12% - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	30,224	75,460	25,197	89,412
Tax effect of intercompany transactions	(15,827)	3,177	-	-

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Effects of:				
Non-deductible expenses	3,148	5,137	1,910	2,878
Additional expense deductions allowed	(3,005)	(3,102)	(2,996)	(3,100)
Tax exempted income	(55)	(57)	(30)	(57)
Loss on change in shareholders' equity of associate	6,998	-	-	-
Share of loss from investment in associate	6,868	6,588	-	-
Share of loss from investment in joint venture	23	-	-	-
Unused tax losses which may net utilise	29,432	11,135	-	-
Total	43,409	19,701	(1,116)	(279)
Income tax expenses reported in the statement of income	57,806	98,338	24,081	89,133

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets				
Allowance for diminution in value of inventories	476	614	476	614
Provision for liabilities under construction projects	3,349	3,202	2,411	2,243
Provision for long-term employee benefits	9,849	7,869	8,552	7,020
Unutilised tax loss	228	22,692	-	-
Total	13,902	34,377	11,439	9,877
Deferred tax liabilities				
Asset under finance lease agreements	1,507	727	1,623	824
Total	1,507	727	1,623	824

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

As at 31 December 2017, the Company has deductible temporary differences totaling Baht 235 million (2016: Baht 231 million), on which deferred tax assets have not been recognised as the Company believes that it may not utilise the temporary differences in the future.

As at 31 December 2017, the subsidiaries have unused tax losses totaling USD 4 million and Omani Rial 2 million (2016: USD 2 million and Omani Rial 2 million) will expire by 2022.

30. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend in accordance with the resolutions of the Annual General Meeting of the Company's shareholders held on 28 April 2017, as discussed in Note 26. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares, as if the shares comprising such changes had been issued at the beginning of the earliest period reported.

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

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

	Consolidated financial statements					
	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2017	2016	2017	2016	2017	2016
	(Thousand Baht)	(Thousand Baht)	(Thousand shares)	(Thousand shares) (Restated)	(Baht)	(Baht) (Restated)
Basic earnings per share						
Profit attributable to equity holders of the parent	92,792	290,756	5,869,693	5,859,755	0.016	0.050
Effect of dilute potential ordinary shares						
Warrants (ESOP-W2)		-		6,858		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares		290,756		5,866,613		0.050

	Separate financial statements					
	For the year ended 31 December					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2017 (Thousand Baht)	2016 (Thousand Baht)	2017 (Thousand shares)	2016 (Thousand shares) (Restated)	2017 (Baht)	2016 (Baht) (Restated)
Basic earnings per share						
Profit attributable to equity holders of the parent	101,906	357,929	5,869,693	5,859,755	0.017	0.061
Effect of dilute potential ordinary shares						
Warrants (ESOP-W2)		-		6,858		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares		357,929		5,866,613		0.061

No calculation of diluted earnings per share for the year ended 31 December 2017 was required for warrants (ESOP-W2) since warrants were expired on 30 June 2016.

31. Dividends / stock dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from operations of 2016	Annual General Meeting of the shareholders on 28 April 2017	20,545	0.0040000
Stock dividend from operations of 2016	Annual General Meeting of the shareholders on 28 April 2017	91,713	0.0178571
Total dividend and stock dividend paid in 2017		112,258	0.0218571
Dividend from operations of 2015	Annual General Meeting of the shareholders on 27 April 2016	45,635	0.010000
Stock dividend from operations of 2015	Annual General Meeting of the shareholders on 27 April 2016	71,305	0.015625
Total dividend and stock dividend paid in 2016		116,940	0.025625

32. Contracts in progress

As at 31 December 2017, the aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress of the Company and its subsidiaries was approximately Baht 10,179 million (the Company only: Baht 7,405 million) (2016: Baht 8,635 million, the Company only: Baht 7,026 million), gross amounts due from customers for contracts in progress were approximately Baht 911 million (the Company only: Baht 406 million) (2016: Baht 1,763 million, the Company only: Baht 1,122 million), and gross amounts due to customers for contracts in progress were approximately Baht 371 million (the Company only: Baht 82 million) (2016: Baht 346 million, the Company only: Baht 91 million).

33. Provident fund

The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rate of 3% - 7% of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2017 amounting to approximately Baht 7 million (Separate financial statements: Baht 6 million) (2016: Baht 7 million, Separate financial statements: Baht 6 million) were recognised as expenses.

34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organized into business units based on its products and services and have four reportable segments as follows:

- Pipeline system construction segment
- Engineering system installation and factory construction for energy and petrochemical business segment
- Civil work construction segment
- Sales and other services

No operating segments have been aggregated to form the above reportable operating segments.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2017 and 2016, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2017							
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	1,073,285	345,446	651,831	-	2,070,562	-	2,070,562
Revenues from subsidiary	-	-	-	2,080	2,080	(2,080)	-
Revenues from associate	-	-	298,171	-	298,171	-	298,171
Revenues from joint venture	1,400	-	-	-	1,400	-	1,400
Depreciation	(67,378)	(7,454)	(30,814)	(8)	(105,654)	1,461	(104,193)
Administrative expense	(187,815)	(23,000)	(90,628)	(1,072)	(302,515)	21	(302,494)
Segment profit (loss)	90,281	35,969	27,663	(911)	153,002	15,503	168,505
Other income							64,354
Interest revenue							1,340
Reversal of allowance for doubtful debt							127
Interest expense							(16,396)
Loss on change in shareholders' equity of associate							(34,992)
Share of loss from investment in associate							(34,337)
Share of loss from investment in joint venture							(116)
Profit before income tax expense							148,485
Income tax expense							(57,806)
Profit for the year							90,679

(Unit: Thousand Baht)

For the year ended 31 December 2016							
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	1,663,429	1,158,542	469,715	-	3,291,686	-	3,291,686
Revenues from associate	-	-	272,633	-	272,633	-	272,633
Revenues from joint venture	132,981	-	-	-	132,981	-	132,981
Depreciation	(58,075)	(36,103)	(19,482)	-	(113,660)	1,461	(112,199)
Administrative expense	(161,564)	(96,275)	(50,637)	-	(308,476)	-	(308,476)
Segment profit (loss)	194,504	212,030	(19,230)	-	387,304	13,550	400,854
Other income							36,395
Interest revenue							3,200
Allowance for doubtful debt							(7,030)
Interest expense							(17,034)
Share of loss from investment in associate							(32,941)
Profit before income tax expense							383,444
Income tax expense							(98,338)
Profit for the year							285,106

Geographic information

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

Major customers

For the year 2017, the Company and its subsidiaries have revenue from two major customers in amount of Baht 841 million and Baht 568 million, respectively arising from pipeline system segment and civil work segment (2016: Baht 1,368 million, one major customers from pipeline system segment).

35. Commitments and contingent liabilities

35.1 Capital commitments

As at 31 December 2016, the Company had capital commitments of approximately Baht 7 million (2017: Nil), relating to the construction of Fabrication Shop.

35.2 Purchase construction materials and subcontracted work commitments

As at 31 December 2017, the Company and the subsidiary have outstanding commitments of Baht 1,196 million, Euro 40 million and USD 3 million, respectively in respect of purchase construction materials and subcontracted work (the

Company only: Baht 233 million, Euro 40 million and USD 3 million, respectively) (2016: Baht 731 million and Euro 15 million, the Company only: Baht 168 million and Euro 8 million).

35.3 Operating lease commitments

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

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

(Unit: Million Baht)

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Payable:				
In up to 1 year	19	17	17	17
In over 1 and up to 5 years	24	27	21	27

35.4 Service agreement commitments

The Company and its subsidiary have entered into service agreements in respect of the consultant and security. The terms of the agreements are generally between 1 and 2 years.

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

(Unit: Million Baht)

	Consolidated / Separate financial statements	
	31 December 2017	31 December 2016
Payable:		
In up to 1 year	1	3

35.5 Bank guarantees

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

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Guarantee of construction contract and bidding	Baht 1,518 million - EUR 2 million	Baht 853 million USD 1 million EUR 1 million	Baht 1,101 million - EUR 1 million	Baht 646 million USD 1 million -

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Guarantee of advance payment bond and retention	Baht 1,007 million USD 1 million EUR 3 million SGD 2 million	Baht 915 million USD 2 million EUR 2 million SGD 2 million	Baht 442 million USD 1 million EUR 1 million SGD 2 million	Baht 564 million USD 2 million - SGD 2 million
Guarantee of others	Baht 24 million	Baht 25 million	Baht 24 million	Baht 24 million
Total	Baht 2,549 million USD 1 million EUR 5 million SGD 2 million	Baht 1,793 million USD 3 million EUR 3 million SGD 2 million	Baht 1,567 million USD 1 million EUR 2 million SGD 2 million	Baht 1,234 million USD 3 million - SGD 2 million

35.6 Guarantees

As at 31 December 2017, the Company has commitment from guarantee of liabilities under finance lease agreements of the subsidiary totaling Baht 23 million (2016: Baht 23 million).

36. Litigations

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

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

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

On 19 June 2015, the government agency made an appeal to the Central Administrative Court and later on 16 October 2015, the Company made an appeal clarification to the court and for ease of reference as of 31 December 2017 and 2016, the Company has already recorded the contingent liabilities of Baht 20 million maybe arisen in the financial statement.

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

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

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

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

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

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

On 12 November 2015, the court ordered to return the mortgage and pay the appeal fee of Baht 0.2 million including the related fee of Baht 0.3 million to the subsidiary. On 19 November 2015, the litigant submitted a petition whereas on 28 January 2016, the subsidiary also submitted a petition to the Supreme Court, respectively. On 13 September 2016, the Supreme Court rendered judgement to dismiss the lawsuit since the Commercial Court had no authority to consider and also advised the plaintiff to proceed the dispute through institutional arbitration.

On 16 January 2017, the litigant, had submitted the requirement to the institutional arbitration for claiming that the subsidiary to compensate the breach of contract with recover damage of Baht 24.41 million.

On 7 April 2017, the subsidiary filed an objection against the requirement of the litigant and later on 20 April 2017, the institutional arbitration accepted the subsidiary's objection and proceeds to submit the objection to the litigant.

Since the mentioned suit is not yet finalised. The subsidiary believed that the subsidiary's the fact and the matter of law can defend against the Party. Therefore, the subsidiary has not yet recognised provision for contingent liabilities in the financial statements.

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

the government agency to pay the compensation of Baht 0.8 million to the subsidiary whereas ordered the subsidiary to return the amount of Baht 6.8 million to the government agency, respectively.

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

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

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

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

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

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

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

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

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

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

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

During 7 February 2017 to 31 March 2017 the Company had requested to extend the submission of the additional clarification to the Administration Court and later on 4 April 2017, the Administrative Court had ordered to the Company to submit the additional clarification within 12 May 2017. On 12 June 2017, the Company submitted the additional statement to the Administration Court.

Since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in the financial statements.

36.6 On 6 December 2017, the co-contractor of the Company's construction project had filed a lawsuit to the arbitration requesting for returning the collateral held for the amount of SGD 1.62 million or equivalent to Baht 39.39 million with 7.5% interest per annum starting from the filing date until completion of payment. The schedule for submission the answering preparation and appointment of the arbitrator were within 4 January 2018 and 19 January 2018 respectively. Then, the Company has submitted a letter for extension of answering preparation until 4 March 2018 and extension of arbitrator selection unit 19 March 2018.

Since this case remains under the process of answering preparation and arbitrator selection according to plaintiff's request and other relevant documents, the provision of liabilities then have not yet been recorded in the financial statement.

37. Fair value hierarchy

As at 31 December 2017 and 2016, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

	Consolidated Financial Statements							
	As at 31 December 2017				As at 31 December 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets measured at fair value								
Investment in mutual fund	-	135.9	-	135.9	-	39.6	-	39.6
Liabilities for which fair value are disclosed								
Derivatives								
Foreign currency forward contracts	-	(0.7)	-	(0.7)	-	3.7	-	3.7

(Unit: Million Baht)

	Separate Financial Statements							
	As at 31 December 2017				As at 31 December 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities for which fair value are disclosed								
Derivatives								
Foreign currency forward contracts	-	(0.7)	-	(0.7)	-	3.0	-	3.0

38. Financial instruments

38.1 Financial risk management

The Company's and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No.107 "Financial Instruments: Disclosure and Presentations", principally comprise cash and cash equivalents, current investments, trade and other receivables, accounts receivable/payable - retention, loans to/from, restricted deposits at financial institutions,

trade and other payables, liabilities under finance lease agreements, and debentures. The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

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

As at 31 December 2017 and 2016, Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2017						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	19	317	336	0.13 - 0.63
Trade and other receivables	-	-	-	826	826	-
Accounts receivable - retention under construction contracts	-	-	-	100	100	-
Restricted deposits at financial institutions	1	-	15	-	16	0.40 - 1.30
	1	-	34	1,243	1,278	
Financial liabilities						
Short-term loans from financial institutions	70	-	-	-	70	4.35
Trade and other payables	-	-	-	451	451	-
Accounts payable – retention under construction contracts	-	-	-	49	49	-
Short-term loans	30	-	-	-	30	3.85
Liabilities under finance lease agreements	11	6	-	-	17	4.50 - 5.03
Debentures	300	-	-	-	300	4.40 - 4.50
	411	6	-	500	917	

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	65	44	109	0.10 - 0.63
Trade and other receivables	-	-	-	411	411	-
Accounts receivable - retention under construction contracts	-	-	-	87	87	-
Restricted deposits at financial institutions	1	-	15	-	16	0.37 - 1.30
	1	-	80	542	623	
Financial liabilities						
Short-term loans from financial institutions	104	-	-	-	104	3.30 - 3.40
Trade and other payables	-	-	-	441	441	-
Accounts payable – retention under construction contracts	-	-	-	51	51	-
Liabilities under finance lease agreements	13	17	-	-	30	4.50 - 5.03
Debentures	100	200	-	-	300	4.40 - 4.68
	217	217	-	492	926	

(Unit: Million Baht)

Separate financial statements						
As at 31 December 2017						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	10	1	11	0.25 - 0.63
Trade and other receivables	-	-	-	853	853	-
Accounts receivable - retention under construction contracts	-	-	-	53	53	-
Loans to related parties	3	1,306	-	-	1,309	3.50 - 7.00
	3	1,306	10	907	2,226	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2017

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial liabilities						
Short-term loans from financial institutions	70	-	-	-	70	4.35
Trade and other payables	-	-	-	220	220	-
Accounts payable - retention under construction contracts	-	-	-	12	12	-
Short-term loans	30	-	-	-	30	3.85
Short-term loans from related parties	98	-	-	-	98	2.50
Liabilities under finance lease agreements	7	-	-	-	7	4.50 - 5.03
Debentures	300	-	-	-	300	4.40 - 4.50
	505	-	-	232	737	

(Unit: Million Baht)

Separate financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
Financial Assets						
Cash and cash equivalents	-	-	28	1	29	0.10 - 0.63
Trade and other receivables	-	-	-	371	371	-
Accounts receivable - retention under construction contracts	-	-	-	46	46	-
Loans to related parties	3	1,306	-	-	1,309	3.50 - 7.00
	3	1,306	28	418	1,755	
Financial liabilities						
Short-term loans from financial institutions	104	-	-	-	104	3.30 - 3.40
Trade and other payables	-	-	-	332	332	-
Accounts payable - retention under construction contracts	-	-	-	25	25	-
Short-term loan from related party	30	-	-	-	30	2.50
Liabilities under finance lease agreements	9	7	-	-	16	4.50 - 5.03
Debentures	100	200	-	-	300	4.40 - 4.68
	243	207	-	357	807	

Foreign currency risk

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

As at 31 December 2017 and 2016, the material balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	1,260	4,316	112	109	32.6809	35.8307
Euro	4,824	8,482	123	167	39.0273	37.7577

Separate financial statement						
Foreign currency	Financial assets as at 31 December		Financial liabilities as at 31 December		Average exchange rate as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	1,277	4,333	112	109	32.6809	35.8307
Euro	2	3	90	167	39.0273	37.7577
Omani Rial	26	26	-	-	84.8855	93.0425

As at 31 December 2017 and 2016, foreign exchange contracts outstanding are summarised below.

Consolidated financial statement						
Foreign currency	Bought amount as at 31 December		Contractual exchange rate as at 31 December		Contractual maturity date as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
Euro	4	5	38.63 - 39.43	37.89 - 39.27	January 2018 - June 2018	March 2017 - July 2017

Separate financial statement						
Foreign currency	Bought amount as at 31 December		Contractual exchange rate as at 31 December		Contractual maturity date as at 31 December	
	2017	2016	2017	2016	2017	2016
	(Million)	(Million)	(Baht per 1 foreign currency unit)			
Euro	4	4	38.63 - 39.43	37.89 - 39.27	January 2018 - June 2018	March 2017 - July 2017

38.2 Fair values of financial instruments

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

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, accounts receivable/payable - retention, loans to/from, trade and other payables, liabilities under finance lease agreements, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debenture, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the debenture with similar terms and conditions. The fair values of debentures are estimated to approximately the amounts presented in the statements of financial position.
- For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies.

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

The estimated fair value of the derivatives is as follows:

(Unit: Million Baht)

	Fair value as at 31 December			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
	Gain (loss)	Gain (loss)	Gain (loss)	Gain (loss)
Derivatives				
Foreign currency forward contracts	0.7	(3.7)	0.7	(3.0)

39. Capital management

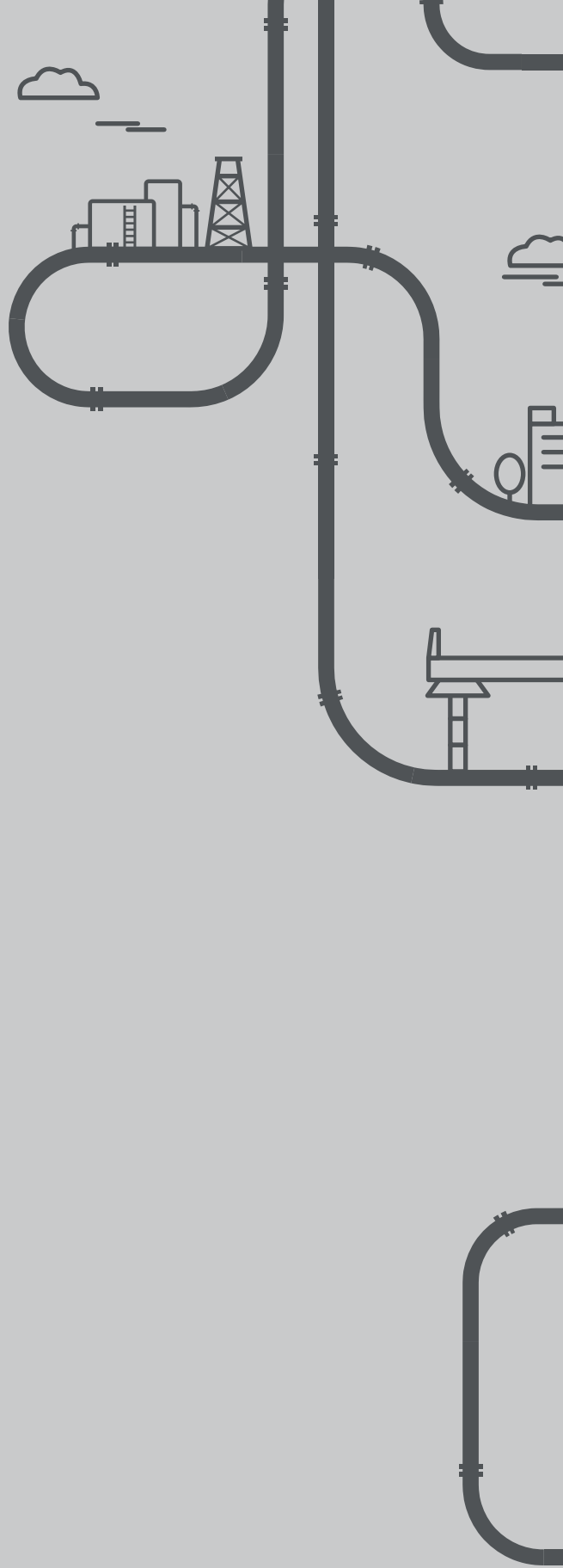
The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure to support its business and maximise shareholder value. As at 31 December 2017, the Group's debt-to-equity ratio was 0.67:1 (2016: 0.86:1) and the Company's was 0.41:1 (2016: 0.51:1).

40. Event after the reporting period

On 26 February 2018, the Meeting No.2/2018 of the Company's Board of Directors approved the financial assistance to an associated company in form of short-term promissory note at the amount of not exceeding Baht 20 million.

41. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 26 February 2018.



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