

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

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**REPORT AND CONSOLIDATED FINANCIAL STATEMENTS  
AND SEPARATE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

## **INDEPENDENT AUDITOR'S REPORT**

To The Shareholders and Board of Directors of  
TRC Construction Public Company Limited

### **Opinion**

I have audited the consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at December 31, 2020, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and I have audited the separate financial statements of TRC Construction Public Company Limited (the Company), which comprise the statement of financial position as at December 31, 2020, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of TRC Construction Public Company Limited and its subsidiaries as at December 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended and the separate financial position of TRC Construction Public Company Limited as at December 31, 2020, and its financial performance and its 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 Company in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Key Audit Matters**

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

#### Revenue recognition and costs from construction agreement

As discussed in Note 4.1 to the financial statements: Accounting policies for revenue and costs of construction services and Note 4.18 : Accounting policies for estimated cost of construction projects and provision of liabilities from construction projects, I consider that revenue recognition, costs and estimates of possible loss from construction agreements are significant risks in the audit due to cost income from construction agreements recognized by the Company and its subsidiaries in each period has a significant amount when compared to total revenue, total cost of the Group. In addition, the valuation process includes an appropriate period for revenue recognition, costs and estimates of potential losses require the significant judgment of the management to assess the success of the construction and the possibility of loss and measure the loss that may arise. It may cause the risks related to the value of income, costs and estimates of possible losses from construction agreements.

#### Risk response by auditor

- To inquire the responsible management and understand the process of obtaining revenue from construction agreements, estimation and project cost adjustments, revenue and cost recognition, estimation the work completion and potential loss that may arise from construction agreements.
- To test the effectiveness of the internal control system established by the Company and its subsidiaries to control the contracting process, estimation and project cost adjustments, revenue recognition, costs and estimates of work completion and possible loss that may arise from construction agreements.

- To check the actual costs with the supporting documents and test the calculation of the stage of work completion from the actual costs incurred, check the project completion stages estimated by the project manager with the assessment reports submitted to the project owner including consideration of conformity with the assessment documentation and request a written certification from the responsible person of the project, review the management's supporting reasons for the differences between the success stages of work that are considered from the proportion of actual construction work assessed by project engineers and the stage of completion based on the actual construction cost incurred as at the end of the period and the estimated construction cost, visit the project and observe the measurement of the success of the work, comparative analysis of gross profit margin of construction with project cost estimate to assess the estimation of possible losses incurred, read the construction agreement and inquire the management about the conditions and risks of such agreements regarding revenue recognition and estimation of potential losses incurred.

### **Other Information**

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report 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 will 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 identified above when it becomes available 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, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance in order for those charged with governance to correct 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements, management is responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Company 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 consolidated financial statements and separate 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 consolidated financial statements and separate financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and separate 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 and the Company'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 and the Company'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 consolidated financial statements and separate 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 and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and separate financial statements, including the disclosures, and whether the consolidated financial statements and separate 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 we 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 consolidated financial statements and separate financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner responsible for the audit resulting in this independent auditor's report is Mr. Peradate Pongsathiansak.

(Mr. Peradate Pongsathiansak)  
Certified Public Accountant  
Registration No. 4752

Dharmniti Auditing Company Limited  
Bangkok, Thailand  
February 24, 2021

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2020

		<u>ASSETS</u>				
		Baht				
		Consolidated financial statements		Separate financial statements		
Notes		2020	2019	2020	2019	
<b>CURRENT ASSETS</b>						
	Cash and cash equivalents	7	89,784,979	182,190,307	2,248,581	94,272,402
	Trade and other current receivables	6, 8	283,297,802	700,182,413	138,009,680	470,894,794
	Unbilled receivables	9, 35	1,117,635,063	1,138,171,522	314,182,069	411,364,652
	Accounts receivable - retention under construction contracts	6, 9	271,169,605	215,365,886	125,196,519	68,764,298
	Advances paid to subcontractors under construction contracts	6	498,302,673	519,905,415	175,760,125	195,643,205
	Construction in progress	35	329,386,409	80,347,572	182,857,628	73,684,933
	Inventories	10	1,675,955	5,569,072	1,608,139	5,513,620
	Short-term loans to related parties	6	-	-	50,000	-
	Withholding tax deducted at source	11	173,259,491	132,129,377	123,409,926	105,133,686
	Other current assets	13	44,558,518	37,720,197	14,326,227	20,071,133
	<b>Total current assets</b>		<b>2,809,070,495</b>	<b>3,011,581,761</b>	<b>1,077,648,894</b>	<b>1,445,342,723</b>
<b>NON-CURRENT ASSETS</b>						
	Restricted deposits at banks	14	32,198,495	10,541,000	29,350,000	-
	Long-term loans to related parties	6	-	-	-	-
	Investments in subsidiaries	15	-	-	476,198,157	476,073,232
	Investments in associate	16	-	-	-	-
	Investments in joint ventures	17	123,583,764	51,612,988	102,375,487	27,750,487
	Property, plant and equipment	18	618,356,676	595,908,490	578,350,583	570,689,998
	Right-of-use assets	19	29,622,098	-	14,484,852	-
	Intangible assets	20	13,272,619	10,747,317	13,067,133	10,566,825
	Deferred tax assets	21	49,703,287	28,972,354	15,144,550	13,367,178
	Other non-current assets		3,430,043	6,270,818	1,681,326	5,467,898
	<b>Total non-current assets</b>		<b>870,166,982</b>	<b>704,052,967</b>	<b>1,230,652,088</b>	<b>1,103,915,618</b>
	<b>TOTAL ASSETS</b>		<b>3,679,237,477</b>	<b>3,715,634,728</b>	<b>2,308,300,982</b>	<b>2,549,258,341</b>

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY

	Notes	Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans					
from financial institutions	22	709,459,894	473,051,025	414,659,894	249,051,025
Trade and other current payables	6, 23	718,490,079	508,636,964	406,436,735	265,726,265
Unbilled payable		454,390,730	561,624,301	12,883,012	87,707,043
Unearned construction - revenue	9, 35	10,054,800	-	10,054,800	-
Accounts payable - retention under					
construction contracts		158,959,188	100,571,546	9,587,507	13,103,899
Advances received from customers					
under construction contracts	9, 35	913,864,608	986,559,280	261,310,018	387,031,413
Short-term loans from related parties	6	-	-	642,000,000	748,000,000
Provision for liabilities under					
construction projects	24	166,974,290	76,892,717	7,851,641	8,100,699
Current portion of debentures	25	-	30,000,000	-	30,000,000
Current portion of lease liabilities	26	16,708,927	2,291,375	9,155,859	526,000
Income tax payable		-	-	-	-
Other current liabilities	27	15,851,375	39,717,338	11,071,473	28,076,826
Total current liabilities		<u>3,164,753,891</u>	<u>2,779,344,546</u>	<u>1,785,010,939</u>	<u>1,817,323,170</u>
<b>NON-CURRENT LIABILITIES</b>					
Lease liabilities	26	15,673,356	1,581,878	8,056,870	1,581,878
Non-current provisions for employee benefits	28	82,107,073	75,121,612	68,338,817	63,327,598
Provision for litigation	39.1	20,000,000	20,000,000	20,000,000	20,000,000
Total non-current liabilities		<u>117,780,429</u>	<u>96,703,490</u>	<u>96,395,687</u>	<u>84,909,476</u>
<b>TOTAL LIABILITIES</b>		<u>3,282,534,320</u>	<u>2,876,048,036</u>	<u>1,881,406,626</u>	<u>1,902,232,646</u>

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF FINANCIAL POSITION (CONT.)

AS AT DECEMBER 31, 2020

LIABILITIES AND SHAREHOLDERS' EQUITY (CONT.)

	Notes	Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
Share capital					
Registered					
9,587,146,838 ordinary shares of Baht 0.125 each	29	1,198,393,355	1,198,393,355	1,198,393,355	1,198,393,355
Issued and paid-up					
9,587,146,838 ordinary shares of Baht 0.125 each	29	1,198,393,355	1,198,393,355	1,198,393,355	1,198,393,355
Share premium	29, 30	-	-	-	-
Other deficit		(2,955,890)	(2,955,890)	-	-
Retained earnings (deficits)					
Appropriated - statutory reserve					
The Company	29, 31	-	-	-	-
Subsidiary		4,108,018	4,108,018	-	-
Unappropriated		(791,218,452)	(347,048,326)	(771,498,999)	(551,367,660)
Other components of shareholders' equity		17,393,068	15,615,647	-	-
Equity attributable to owners of the Company		425,720,099	868,112,804	426,894,356	647,025,695
Non-controlling interests of the subsidiaries		(29,016,942)	(28,526,112)	-	-
Total shareholders' equity		396,703,157	839,586,692	426,894,356	647,025,695
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		3,679,237,477	3,715,634,728	2,308,300,982	2,549,258,341

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2020

	Notes	Baht			
		Consolidated financial statements		Separate financial statements	
		2020	2019	2020	2019
<b>REVENUES</b>					
	6				
Construction services income		3,117,873,320	3,365,403,314	1,229,530,534	1,347,898,068
Other services income		20,548,693	13,055,991	-	-
Sales income		7,511,481	-	-	-
Interest income		885,714	1,663,775	323,021	1,130,447
Other income		49,222,646	46,487,417	45,742,256	37,477,325
Total revenues		<u>3,196,041,854</u>	<u>3,426,610,497</u>	<u>1,275,595,811</u>	<u>1,386,505,840</u>
<b>EXPENSES</b>					
Cost of construction services	6	3,304,508,530	3,312,213,706	1,215,591,522	1,309,189,128
Cost of other services		13,767,694	8,958,142	-	-
Cost of sales		6,372,900	-	-	-
Administrative expenses		312,899,975	376,253,363	244,334,092	320,509,815
Bad debt and doubtful debt		-	433,399	3,874,513	1,093,095
Total expenses		<u>3,637,549,099</u>	<u>3,697,858,610</u>	<u>1,463,800,127</u>	<u>1,630,792,038</u>
Profit (loss) before share of profit (loss) from investments in associate and joint venture, finance cost and income tax expenses		(441,507,245)	(271,248,113)	(188,204,316)	(244,286,198)
Share of profit (loss) from investments in associate	16.2	-	-	-	-
Share of profit (loss) from investments in joint venture	17.1	(2,854,225)	1,615,566	-	-
Profit (loss) before finance cost and income tax expenses		<u>(444,361,470)</u>	<u>(269,632,547)</u>	<u>(188,204,316)</u>	<u>(244,286,198)</u>
Finance cost	6	(23,482,236)	(31,561,509)	(33,704,395)	(40,792,517)
Profit (loss) before income tax expenses		<u>(467,843,706)</u>	<u>(301,194,056)</u>	<u>(221,908,711)</u>	<u>(285,078,715)</u>
Income tax income (expenses)	33	20,730,933	6,106,998	1,777,372	4,822,172
<b>PROFIT (LOSS) FOR THE YEAR</b>		<u><u>(447,112,773)</u></u>	<u><u>(295,087,058)</u></u>	<u><u>(220,131,339)</u></u>	<u><u>(280,256,543)</u></u>

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF COMPREHENSIVE INCOME (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2020

		Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2020	2019	2020	2019
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss					
in subsequent periods:					
Exchange differences on translation of financial statements					
	in foreign currency - net of income tax	4,229,238	3,660,970	-	-
	Share of other comprehensive income from associate	-	-	-	-
Other comprehensive income to be reclassified to profit or loss					
	in subsequent periods - net of income tax	4,229,238	3,660,970	-	-
Other comprehensive income for the year		4,229,238	3,660,970	-	-
Total comprehensive income for the year		(442,883,535)	(291,426,088)	(220,131,339)	(280,256,543)
Profit (loss) attributable to:					
	Equity holders of the Company	(444,170,126)	(293,284,426)	(220,131,339)	(280,256,543)
	Non-controlling interests of the subsidiaries	(2,942,647)	(1,802,632)	-	-
		(447,112,773)	(295,087,058)	(220,131,339)	(280,256,543)
Total comprehensive income attributable to:					
	Equity holders of the Company	(442,392,705)	(292,194,535)	(220,131,339)	(280,256,543)
	Non-controlling interests of the subsidiaries	(490,830)	768,447	-	-
		(442,883,535)	(291,426,088)	(220,131,339)	(280,256,543)
Earnings per share		34			
Basic earnings (loss) per share					
	Profit (loss) attributable to equity holders of the Company	(0.046)	(0.038)	(0.022)	(0.036)

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES  
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
FOR THE YEAR ENDED DECEMBER 31, 2020

Baht

Consolidated financial statements

	Equity attributable to the parent's shareholders											Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity
	Issued and paid-up share capital	Share premium	Other deficit		Retained earnings (deficit)		Other components of equity			Total equity attributable to shareholders of the Company			
			Deficit on revaluation of investment in subsidiaries	Total other deficit	Appropriated - Statutory reserve		Unappropriated	Other comprehensive income			Total other components of equity		
					The Company	Subsidiary		Exchange differences on translation of financial statements in foreign currency	Share of other comprehensive income from associate				
Balance as at January 1, 2019	770,395,728	1,041,739,823	(2,955,890)	(2,955,890)	73,371,225	4,108,018	(1,168,874,948)	13,625,982	899,774	14,525,756	732,309,712	(29,294,559)	703,015,153
Profit (loss) for the year	-	-	-	-	-	-	(293,284,426)	-	-	-	(293,284,426)	(1,802,632)	(295,087,058)
Other comprehensive income for the year	-	-	-	-	-	-	-	1,089,891	-	1,089,891	1,089,891	2,571,079	3,660,970
Total comprehensive income for the year	-	-	-	-	-	-	(293,284,426)	1,089,891	-	1,089,891	(292,194,535)	768,447	(291,426,088)
Increase in capital for the year	29.3 427,997,627	-	-	-	-	-	-	-	-	-	427,997,627	-	427,997,627
Transfer of legal reserve and share surplus to comprehensive accumulated losses	29.2 -	(1,041,739,823)	-	-	(73,371,225)	-	1,115,111,048	-	-	-	-	-	-
Balance as at December 31, 2019	1,198,393,355	-	(2,955,890)	(2,955,890)	-	4,108,018	(347,048,326)	14,715,873	899,774	15,615,647	868,112,804	(28,526,112)	839,586,692
Balance as at January 1, 2020	1,198,393,355	-	(2,955,890)	(2,955,890)	-	4,108,018	(347,048,326)	14,715,873	899,774	15,615,647	868,112,804	(28,526,112)	839,586,692
Profit (loss) for the year	-	-	-	-	-	-	(444,170,126)	-	-	-	(444,170,126)	(2,942,647)	(447,112,773)
Other comprehensive income for the year	-	-	-	-	-	-	-	1,777,421	-	1,777,421	1,777,421	2,451,817	4,229,238
Total comprehensive income for the year	-	-	-	-	-	-	(444,170,126)	1,777,421	-	1,777,421	(442,392,705)	(490,830)	(442,883,535)
Balance as at December 31, 2020	1,198,393,355	-	(2,955,890)	(2,955,890)	-	4,108,018	(791,218,452)	16,493,294	899,774	17,393,068	425,720,099	(29,016,942)	396,703,157

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2020

		Baht				
		Separate financial statements				
Note		Issued and paid-up share capital	Share premium	Retained earnings (deficit)		Total shareholders' equity
				Appropriated - Statutory reserve	Unappropriated	
	Balance as at January 1, 2019	770,395,728	1,041,739,823	73,371,225	(1,386,222,165)	499,284,611
	Profit (loss) for the year	-	-	-	(280,256,543)	(280,256,543)
	Other comprehensive income for the year	-	-	-	-	-
	Total comprehensive income for the year	-	-	-	(280,256,543)	(280,256,543)
	Increase in capital for the year	427,997,627	-	-	-	427,997,627
	Transfer of legal reserve and share surplus to comprehensive accumulated losses	-	(1,041,739,823)	(73,371,225)	1,115,111,048	-
	Balance as at December 31, 2019	1,198,393,355	-	-	(551,367,660)	647,025,695
	Balance as at January 1, 2020	1,198,393,355	-	-	(551,367,660)	647,025,695
	Profit (loss) for the year	-	-	-	(220,131,339)	(220,131,339)
	Other comprehensive income for the year	-	-	-	-	-
	Total comprehensive income for the year	-	-	-	(220,131,339)	(220,131,339)
	Balance as at December 31, 2020	1,198,393,355	-	-	(771,498,999)	426,894,356

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Cash flows from operating activities				
Profit (loss) before tax	(467,843,706)	(301,194,056)	(221,908,711)	(285,078,715)
Adjustments to reconcile profit (loss) before tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	90,360,282	115,446,270	77,559,016	103,319,039
Allowance for doubtful debt	35,921	837,182	3,874,513	1,093,095
Unrealised (gain) loss on exchange rate	3,251	(1,325,000)	4,680	(1,325,000)
Gain on disposal of equipment	(224,547)	(2,291,461)	(373,634)	(1,056,407)
Loss on write-off of equipment	11,096,405	844,933	11,094,406	627,849
Share of (profit) loss from investments in joint venture	2,854,225	(1,615,566)	-	-
Provision for liabilities under construction projects	367,666,658	76,396,320	53,598,061	16,099,651
Non-current provisions for employee benefits	14,737,710	23,422,245	12,003,144	19,919,771
Amortised transaction cost of debenture	-	250,105	-	250,105
Interest income	(885,714)	(1,395,744)	(323,021)	(1,130,447)
Interest expenses	23,482,236	31,561,509	33,704,395	40,792,517
Profit (loss) from operating activities before changes in				
operating assets and liabilities	41,282,721	(59,063,263)	(30,767,151)	(106,488,542)
(Increase) decrease in operating assets				
Trade and other current receivables	416,848,700	14,303,065	332,885,301	11,889,520
Unbilled receivables	20,536,459	(127,678,152)	97,182,583	203,080,070
Accounts receivable - retention under construction contracts	(55,803,720)	(112,093,723)	(56,432,221)	(19,511,986)
Advance paid to subcontractors under construction contracts	21,602,742	(262,387,677)	19,883,080	(137,999,684)
Construction in progress	(249,038,837)	(20,224,782)	(109,172,695)	(45,051,414)
Inventories	(12,364)	(26,929)	-	-
Other current assets	(6,838,321)	650,847	5,744,906	9,071,326
Other non-current assets	2,840,775	(560,424)	3,786,572	(14,675)

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Increase (decrease) in operating liabilities				
Trade and other current payables	197,562,058	(218,494,352)	128,418,328	(210,191,925)
Unbilled payables	(107,233,571)	212,135,374	(74,824,031)	(44,349,439)
Unearned construction revenue	10,054,800	(6,000,000)	10,054,800	-
Accounts payable - retention under construction contracts	58,387,642	55,113,855	(3,516,392)	2,635,311
Advances received from customers under construction contracts	(72,694,672)	692,543,259	(125,721,395)	362,209,822
Other current liabilities	(23,865,963)	5,489,727	(17,005,353)	(59,014)
Cash flows from provide by (used in) operating activities	253,628,449	173,706,825	180,516,332	25,219,370
Cash paid for provision for liabilities under construction projects	(277,585,085)	(24,034,425)	(53,847,118)	(14,349,779)
Cash paid for non-current provision for employee benefits	(7,752,249)	(4,754,193)	(6,991,925)	(4,437,255)
Cash paid for income tax	(62,129,221)	(91,531,543)	(39,275,346)	(55,936,833)
Received from withholding tax refund	20,999,107	7,861,314	20,999,106	-
Net cash flows provided by (used in) operating activities	(72,838,999)	61,247,978	101,401,049	(49,504,497)
Cash flows from investing activities				
Decrease (increase) in restricted deposits at financial institution	(21,657,495)	5,833,767	(29,350,000)	-
Increase in short-term loans to related parties	-	-	(3,924,513)	(255,913)
Cash paid for investing in subsidiaries	-	-	(124,925)	-
Cash paid for investing in joint venture	(74,825,000)	(25,374,900)	(74,625,000)	(25,374,900)
Interest income	885,704	1,380,825	322,834	1,130,447
Cash received from disposal of equipment	426,972	3,495,243	8,091,557	1,327,019
Cash paid for purchase of property, plant and equipment	(93,653,497)	(80,333,693)	(80,236,728)	(77,791,808)
Cash paid for purchase of intangible assets	(4,727,630)	(82,600)	(4,650,700)	(56,600)
Net cash flows provided by (used in) investing activities	(193,550,946)	(95,081,358)	(184,497,475)	(101,021,755)
Cash flows from financing activities				
Increase (decrease) in short-term loans from financial institutions	236,408,869	(108,752,804)	165,608,869	(230,948,975)
Cash received from short-term loans from related parties	-	-	427,000,000	883,000,000
Cash paid for short-term loans from related parties	-	-	(533,000,000)	(645,000,000)
Cash received from increase in share capital	-	427,997,627	-	427,997,627

Notes to financial statements form an integral part of these statements.

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

STATEMENT OF CASH FLOWS (CONT.)

FOR THE YEAR ENDED DECEMBER 31, 2020

	Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Repayment of debentures	(30,000,000)	(150,000,000)	(30,000,000)	(150,000,000)
Interest expenses	(22,178,180)	(34,025,933)	(31,474,517)	(46,529,560)
Decrease in lease liabilities	(14,475,310)	(5,112,671)	(7,061,747)	(901,809)
Net cash flows provided by (used in) financing activities	169,755,379	130,106,219	(8,927,395)	237,617,283
Increase (decrease) in translation adjustment	4,229,238	3,660,970	-	-
Net increase (decrease) in cash and cash equivalents	(92,405,328)	99,933,809	(92,023,821)	87,091,031
Cash and cash equivalents at the beginning of the year	182,190,307	82,256,498	94,272,402	7,181,371
Cash and cash equivalents at the end of the year	89,784,979	182,190,307	2,248,581	94,272,402
Supplemental cash flows information				
Non-cash items consist of				
Increase (decrease) in purchase of fixed assets				
that have yet to be paid	12,624,012	(13,670,539)	10,990,953	(13,670,539)
Interest expenses recorded as cost of project	-	2,458,947	-	2,458,947
Transfer inventories to asset under construction	3,905,481	-	3,905,481	-
Lease liabilities	41,344,078	-	21,233,227	-

Notes to financial statements form an integral part of these statements.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**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 FOR PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS**

2.1 The accompanying consolidated financial statements include the financial statements of TRC Construction Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company.

Name	Business type	Country of registration	Percentage of shareholdings (%)	
			As at December 31, 2020	As at December 31, 2019
<u>Held by the Company</u>				
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	99.97
Olive Technology Company Limited	Data management and processing	Thailand	49.97	-
<u>Held by the Company's subsidiaries</u>				
Hydrotek Sahakarn Joint Venture (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	49.00	49.00
TRC International Limited (held by TRC Investment Limited)	Holding company	Hong Kong	100.00	100.00
TRC Middle East LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00
TRC Engineering LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00
Mahat Company Limited (held by Olive Technology Company Limited)	Data management and processing	Thailand	59.98	-

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

- 2.2 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.
- 2.3 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.
- 2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 2.5 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.
- 2.6 Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- 2.7 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.
- 2.8 The separate financial statements present investments in subsidiaries, associate and joint ventures under the cost method.

**3. BASIS FOR THE PREPARATION OF FINANCIAL STATEMENTS**

3.1 Basis for the preparation of financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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

All financial information presented has been rounded to the nearest thousand unless otherwise stated.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

3.2 Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised and new financial reporting standards, interpretations and the accounting guidance, which are effective for fiscal years beginning on or after January 1, 2020. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. Except, the new standard involves changes to key principles, as summarized below.

**Financial reporting standards related to financial instruments:**

A set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments
TAS 32	Financial Instruments: Presentation
TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

**TFRS 16 Leases**

TFRS 16 Leases supersedes TAS 17 Leases together with related Interpretations. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is low value.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Accounting by lessors under TFRS 16 is substantially unchanged from TAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles to those used under TAS 17.

January 1, 2020, the Company and its subsidiaries have adopted TFRSs related to financial instruments and TFRS 16 in its financial statements by applying modified retrospective approach. The impact from the first-time adoption has been disclosed in Note 5 to the financial statements.

3.3 Financial reporting standards that become effective in the future

During the year, the Federation of Accounting Professions issued a notification of the Federation of Accounting Professions and published in the Government Gazette for the conceptual framework of financial reporting (new) and several revised financial reporting standards from the year 2019 by becomes effective for the accounting period beginning on or after January 1, 2021 onwards. Which such adjustments are improve/revise principles the financial reporting is as follows:

**Adjustment is reference to the conceptual framework in the financial reporting standards**

Several financial reporting standards are reference to “IASC’s Framework for the Preparation and Presentation of Financial Statements.” The adjustment of reference project on the conceptual framework in the financial reporting standards has updated reference or partial reference adjustment and other to describe clearly whether each document is reference to “the conceptual framework” of which year.

**Conceptual Framework for Financial Reporting**

The conceptual framework for financial reporting consisted of revised definitions of assets and liabilities. Criteria for recognition assets and liabilities in the financial statements. It also includes the following new principles and guidance:

1. Measurement, including factors that must be considered in selecting the valuation criteria
2. Presentation and disclosure which includes when the income and expenses are classified into other comprehensive income.
3. Reporting entities
4. When the assets and liabilities derecognition from the financial statements

In addition, this Conceptual Framework for Financial Reporting clearly clarifies management’s stewardship of the entity’s economic resources, prudence, and measurement uncertainty of financial information.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**Definition of Business**

Business definition revised in the financial reporting standard No. 3 “Business Combination” describes more clearly on definition of business. The objective is for the business to establish that such transaction has to be recorded as “business combination” or “purchase of assets” or not. Adjustments are as follows:

1. Describe clearly on the consideration of “business”, activity group and acquired assets must include input data factor, key process that at least combined will significantly generate outputs.
2. Eliminate the assessment that the market partner can substitute input factor or missing process and generate further outputs from the standards.
3. Add practice guide and example to support understanding and help the company assess whether the key process is acquired.
4. Narrow down the definition of business and definition of outputs by placing interest in the product and service provided to the customer and eliminate the reference on ability to reduce cost from the standards.
5. Add the intention test as an alternative which allows to make assessment easily whether the activity group and acquired assets are business or not.

**Definition of significance**

The definition of significance resulted in revising the accounting standard No.1 “Presentation of Financial Statements, Presentation of Financial Statements and Accounting Standards No.8 – Accounting Policy, Change of Accounting Estimates and Error and the revision that resulted in other financial reporting standards.

The adjustment creates better understanding of the definition of significance by

1. For the definition to follow the same direction of the financial reporting standards and conceptual framework to avoid the confusion that may arise from the definition difference.
2. Include the requirements together of the accounting standard No.1 “Presentation of financial statements” in the definition for it to become clearer and describe how the materiality can be clearly applied.
3. Applying existing practice guidance of the definition of the materiality in the same place as the definition.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**Reform of swap interest rate**

The reform of swap interest rate resulted in the adjustment of the financial reporting standards No. 9 financial instruments and financial reporting standards No.7 financial instrument disclosure. Such adjustment has changed the hedge accounting requirements, especially to reduce the impact arising from the uncertainty as a result of the swap interest rate reform such as interbank offer rates-IBORs. In addition, the adjustment requires the business to provide additional information to investors regarding the relation of hedging directly impacted from any uncertainties.

The management of the Company and its subsidiaries are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

**3.4 Thai Financial Reporting Standard No.16 “Leases”**

The Federation of Accounting Professions has revised TFRS 16 lease agreements and published in the Government Gazette on January 27, 2021 with the following revisions.

1. The Rent Concessions related to COVID-19, which is effective from June 1, 2020 with earlier application permitted. The amendment permits lessees, as a practical expedient, not to assess whether rent concessions that occur as a direct consequence of the COVID-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications.

2. Added the requirements for the temporary exception arising from interest rate benchmark reform, which an entity shall apply these amendments for annual reporting periods beginning on or after January 1, 2022 with earlier application permitted.

The management of the Company and its subsidiaries are in the process to assess the impact of these TFRSs to the financial statements in the year when they are adopted.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**4. SIGNIFICANT ACCOUNTING POLICIES**

4.1 Revenue and expense recognition

Services income and service cost from construction

The Company and its subsidiaries recognized services income from construction contracts by the percentage of completion method based on the assessment of the project engineer, and also compared with the percentage of completion which is derived 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.

However, in the event that the received of the construction cost is more than the revenue that has to be recognized in accordance with the percentage of work completed, it will be recorded in the account "Unearned construction - revenue". In the case that the received for the construction is less than the revenue that has to be recognized in accordance with the percentage of work completed, it will be recorded in the account "Unbilled receivables".

In determining cost of construction services, the total anticipated construction costs are attributed to each construction projects taking into account of actual cost and then recognised as cost of services in profit or loss by the percentage of completion method.

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.

Sales of goods are recognized when the subsidiary has transferred significant risks and rewards of ownership of the goods to the buyer. Sales revenue is stated at the price of the invoice, excluding VAT, for products delivered after the discount has been deducted.

The Company and its subsidiaries have recognized the interest income based on period proportion basis by calculating from the accrued principal.

The Company and its subsidiaries have recognized the other income and expenses based on the accrual basis.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable and other current receivable and allowance for doubtful accounts  
Applicable from January 1,2020

Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognized at its present value.

Trade receivables are stated at the amount expected to be collectible, the Company and its subsidiaries apply the TFRS 9 simplified approach to measuring expected credit losses which uses a simplified approach, which requires expected lifetime losses to be recognized from initial recognition of the receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due. The expected loss rates are based on the payment profiles and the corresponding historical credit losses which are adjusted to reflect the current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company and its subsidiaries have identified the GDP, the unemployment rate and the consumer price index of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. The impairment losses are recognized in profit or loss within administrative expenses.

Applicable prior to January 1,2020

Trade accounts receivable are initially recognized by the invoice amount and subsequently measured at the remaining amount less an allowance for doubtful accounts (if any) based on a review of all outstanding amounts at year end. The allowance for doubtful accounts is the difference between the carrying amount of trade accounts receivable and the amount expected to be collectible. Bad debts are immediately recognized in the income statement as part of administrative expenses.

Allowance for doubtful accounts

The Company and its subsidiaries provide allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on a review of the current status of each receivable by considering the ability to repay debt and the amount expected to be paid from the debtor.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

4.4 Inventories

Finished goods are valued at the lower of cost or net realizable value. Cost price is determined by the weighted average method.

Raw material, chemicals, spare parts and factory supplies are valued at the lower of cost or net realizable value. Cost price is determined by the first - in, first - out method and are charged to production costs whenever consumed.

The cost of inventories comprises all costs of purchase and other costs incurred in bringing the inventories to their present location and condition.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete the sale.

4.5 Financial assets and financial liabilities

Classification and measurement of financial assets

Applicable from January 1, 2020

The classification of financial assets depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

The Company and its subsidiaries classify its debt instruments in the following categories:

- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss); and
- those to be measured at amortised cost.

The Company and its subsidiaries reclassify debt instruments when and only when its business model for managing those assets changes.

The equity instruments held must be irrevocably classified to two measurement categories; i) at fair value through profit or loss (FVPL), or ii) at fair value through other comprehensive income (FVOCI) without recycling to profit or loss.

At initial recognition, the Company and its subsidiaries measure a financial asset at its fair value plus or minus, in the case of a financial asset not at FVPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Subsequent measurement of debt instruments depends on the Company and its subsidiaries's business model for managing the asset and the cash flow characteristics of the financial assets. There are three measurement categories into which the Company and its subsidiaries classify its debt instruments:

- Amortized cost: A financial assets will be measured at amortized cost when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is included in financial income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented in profit or loss.
- FVOCI: A financial assets will be measured at FVOCI when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets. In addition, the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest income and related foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognized on other gains/(losses). Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognized in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Dividends from such investments continue to be recognized in profit or loss when the Company and its subsidiaries's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognized in other gains/(losses) in the statement of income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**Classification and measurement of financial liabilities and equity**

Financial instruments issued by the Company and its subsidiaries must be classified as financial liabilities or equity securities by considering contractual obligations.

- Where the Company and its subsidiaries have an unconditional contractual obligation to deliver cash or another financial asset to another entity, it is considered a financial liability unless there is a predetermined or possible settlement for a fixed amount of cash in exchange of a fixed number of the Company and its subsidiaries's own equity instruments.
- Where the Company and its subsidiaries have no contractual obligation or have an unconditional right to avoid delivering cash or another financial asset in settlement of the obligation, it is considered an equity instrument.

At initial recognition, the Company and its subsidiaries measure financial liabilities at fair value. The Company and its subsidiaries reclassify all financial liabilities as subsequently measured at amortised cost, except for derivatives.

**Recognition and derecognition**

The Company and its subsidiaries shall recognize a financial asset or a financial liability in its statement of financial position when, and only when, the Company and its subsidiaries become party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Company and its subsidiaries commit to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company and its subsidiaries have transferred substantially all the risks and rewards of ownership of the financial assets.

**Impairment**

The Company and its subsidiaries assess on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The Company and its subsidiaries apply general approach for credit-impaired consideration.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

4.6 Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements. The Company recognizes gain or loss on sale in the statement of income in the period which sale of investment occurred. In the case of impairment on investment, the Company will recognize loss from impairment of investment as expense in the statement of comprehensive income. The Company recognizes dividends when the subsidiaries announce to pay dividends.

4.7 Investment in associates

Associates are all entities over which the Company and its subsidiaries has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are initially recognized at cost and presented in the consolidated financial statements by the equity method.

Investments in associates are presented in the separate financial statements and stated at cost net from allowance on decline in value (if any).

4.8 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company (if any).

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Building and structures	3 - 30 years
Tools and equipment	5 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicle	5 years

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

The Company and its subsidiaries has reviewed the residual value and useful life of the assets every year.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.

Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

The Company and its subsidiaries have written off the property, plant and equipment at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

4.9 Intangible assets

Intangible assets with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

Intangible assets are amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Computer software	3 - 10 years
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The useful lives are reviewed by the Company and its subsidiaries every year.

The amortization is included in the determination of income.

4.10 Related party transactions

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

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

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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4.11 Leases

Applicable from January 1, 2020

At inception of a contract, the Company and its subsidiaries assess whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company and its subsidiaries assess the lease term for the non-cancellable period as stipulated in lease contract or the remaining period of active leases at the date of initial application (as at January 1, 2020) together with any period covered by an option to extend the lease if it is reasonably certain to be exercised or any periods covered by an option to terminate the lease if it is reasonably certain not to be exercised by considering the effect of changes in technology and/or the other circumstance relating to the extension of the lease term.

**Right-of-use assets-as a lessee**

Right-of-use assets are recognized at the commencement date of the lease. Right-of-use assets are stated at cost, less any accumulated depreciation and impairment losses (if any), and adjusted for any remeasurement of lease liabilities (if any). The cost of right-of-use assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date, less any lease incentives received.

The cost of right-of-use assets also includes an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

Right-of-use assets are calculated by reference to their costs on a straight-line basis over the shorter of the lease term and the estimated useful lives for each of right-of-use assets.

**Lease liabilities**

At the commencement date of the lease, lease liabilities are stated at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable (if any) and amount expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and its subsidiaries and payments of penalties for terminating the lease, if the lease term reflects the Company and its subsidiaries exercising the option to terminate.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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In calculating the present value of lease payments, the Company and its subsidiaries use its incremental borrowing rate, which is determined by referring to the government bond yield adjusted with risk premium depending on the lease term, at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of the interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments or a change in the assessment of an option to purchase the underlying asset.

**Short-term leases and leases of low-value assets**

The Company and its subsidiaries apply the short-term lease recognition exemption to its short-term leases (those leases that have a lease term of 12 months or less from the commencement date and not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value. Lease payments on short-term and leases of low-value assets are recognized as expense in profit and loss on a straight-line basis over the lease term.

Applicable prior to January 1, 2020

**Operating lease**

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense on a systematic basis over the lease term.

**Financial leases**

The Company and its subsidiaries record assets under finance leases as assets and liabilities at the amounts equal to the fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments, whichever is lower. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease agreements. The interest charge is recorded to the different periods over the entire lease term based on the remaining balance of payable under financial lease agreement in each period.

**4.12 Foreign currencies**

Transactions in foreign currencies are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the statement of financial position date are translated into Baht at the rates ruling on the statement of financial position date.

Exchange gains and losses are included in determining earnings.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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4.13 Impairment of assets

As at the statement of financial position date, the Company and its subsidiaries have assessed whether there is an indication of asset impairment. If any such indication exists, the Company and its subsidiaries will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell. In determining fair value 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 transactions between knowledgeable, willing parties, after deducting the costs of disposal.

4.14 Employee benefits

Short-term employment benefits

The Company and its subsidiaries recognizes salary, wage, bonus and contributions to social security fund as expenses when incurred.

Post-employment benefits (Defined contribution plans)

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

Post-employment benefits (Defined benefit plans and other long-term employee benefits)

The Company and its subsidiaries has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company and its subsidiaries treats these severance payment obligations as a defined benefit plan. Moreover, the Company and its subsidiaries have prepared for other long-term employee benefit programs, such as reward project for completion of work plans.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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The Company and its subsidiaries have calculated the liabilities under employee post-employment benefits plan and other long-term employee benefits using the Projected Unit Credit Method, which an independent expert evaluated such obligations in accordance with actuarial principles. Such estimation principle requires various assumptions including assumptions about discount rates, future salary increase rates, staff turnover rate, mortality rate and gold price.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

4.15 Income tax (income) expense

Income tax

Income tax comprises current income tax 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 tax assets and liabilities are provided on the temporary differences between the carrying amount and the tax bases of assets and liabilities at the end of the reporting period. Changes in deferred tax assets and liabilities are recognized as deferred tax income or deferred tax expense which are recognized in the profit or loss except to the extent that it relates to items recognized directly in shareholders' equity or in other comprehensive income.

The deductible temporary differences are recognized as deferred tax assets when it is probable that the Company and its subsidiaries will have future taxable profit to be available against which the deferred tax assets can be utilized. The taxable temporary differences on all taxable items are recognized as deferred tax liabilities.

Deferred tax assets and liabilities are measured at the tax rates that the Company and its subsidiaries expect to apply to the period when the deferred tax assets are realized or the deferred tax liabilities are settled, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

At the end of each reporting period, the carrying amount of deferred tax assets are reviewed and reduced the value when it is probable that the Company and its subsidiaries will have no longer the future taxable profit that is sufficient to be available against which all or some parts of deferred tax assets are utilized.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company and its subsidiaries offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately.

**4.16 Earnings per share**

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

**4.17 Measurement of fair values**

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobserved inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

**4.18 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 amounts reported in the financial statements and disclosures and actual results could differ from these estimates. Significant judgements and estimates are as follows:

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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Allowance for doubtful accounts

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

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

The Company and its subsidiaries recognized a provision 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. The Company and its subsidiaries 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 the reporting period.

Provision for losses on construction projects

The Company and its subsidiaries recognized a provision for the loss expected to be realised on each construction project, based on estimates of anticipated costs by taking into account of the progress of the project and actual costs incurred to the completion date.

Provision for penalties due to project delays

The Company and its subsidiaries are recognized a provision 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 impairment 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.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Property, plant and equipment/Depreciation and right of use assets and amortisation of intangible assets

In determining depreciation of plant and equipment including right of use assets, the management is required to make estimates of the useful lives and residual values of the plant and equipment and to review the estimated useful lives and residual values when there are any changes.

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

Determining the lease term of contracts with renewal and termination options

The Company and its subsidiaries determine the lease term as the non-cancellable term of the lease, together with any period covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised. The management is required to use judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease, considering all relevant factors that create an economic incentive to exercise either the renewal or termination. After the commencement date, the Company and its subsidiaries reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgement is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and level of estimated future taxable profits.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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Post-employment benefits under defined benefit plans and other long-term employee benefits defined benefit plan

The obligation under the defined benefit plan and other long-term employee benefit defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate, staff turnover rate and gold price, etc.

**Litigation**

The Company has contingent liabilities as a result of litigation. The management has used judgement to assess the results of the litigation and believed that it will win the case. However, for prudent reason, the management has displayed judgement to set up certain provision for litigation as at the end of the reporting period.

**5. CUMULATIVE EFFECTS OF CHANGES IN ACCOUNTING POLICIES DUE TO THE ADOPTION OF NEW FINANCIAL REPORTING STANDARDS**

As described in Note 3.2 to the financial statements, during the current year, the Company and its subsidiaries have adopted TFRS 9 and TFRS 16 using the modified retrospective method of adoption. The cumulative effect of the changes in accounting policies such financial reporting standards is recognized. Therefore, the comparative information was not restated.

The changes in accounting policies due to the adoption of above financial reporting standards, are summarized below.

	Thousand Baht		
	Consolidated Financial Statements		
	As at December 31, 2019	The impacts of TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>			
Non-current assets			
Right-of-use assets	-	20,092	20,092
Current liabilities			
Current portion of lease liabilities	2,291	8,192	10,483
Non-current liabilities			
Lease liabilities	1,582	11,900	13,482

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	Thousand Baht		
	Separate Financial Statements		
	As at December 31, 2019	The impacts of TFRS 16	As at January 1, 2020
<b>Statement of financial position</b>			
Non-current assets			
Right-of-use assets	-	12,275	12,275
Current liabilities			
Current portion of lease liabilities	526	5,091	5,617
Non-current liabilities			
Lease liabilities	1,582	7,184	8,766

5.1 Financial instruments

Classification and measurement

On January 1, 2020 (the date of initial application), the Company and its subsidiaries's management has assessed which business models applied to the financial assets and liabilities held by the Company and its subsidiaries and has classified the financial assets and liabilities as below.

	Thousand Baht			
	Consolidated Financial Statements			
	FVPL	FVOCI	Amortized cost	Total
Financial assets as at January 1, 2020				
Cash and cash equivalents	-	-	182,190	182,190
Trade and other current receivables	-	-	700,182	700,182
Unbilled receivables	-	-	1,138,172	1,138,172
Accounts receivable - retention under construction				
contracts	-	-	215,366	215,366
Advances paid to subcontractors under construction				
contracts	-	-	519,906	519,906
Restricted deposits at banks	-	-	10,541	10,541
	-	-	2,766,357	2,766,357

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	Thousand Baht	
	Consolidated Financial Statements	
	Amortized cost	Total
Financial liabilities as at January 1, 2020		
Bank overdrafts and short-term loans from financial institution	473,051	473,051
Trade and other current payables	508,637	508,637
Accounts payable - retention under construction contracts	100,572	100,572
Advances received from customers under construction contracts	986,559	986,559
Current portion of debentures	30,000	30,000
Lease liabilities	23,965	23,965
	2,122,784	2,122,784

	Thousand Baht		
	Separate Financial Statements		
	FVOCI	Amortized cost	Total
Financial assets as at January 1, 2020			
Cash and cash equivalents	-	94,272	94,272
Trade and other current receivables	-	470,895	470,895
Unbilled receivables	-	411,365	411,365
Accounts receivable - retention under construction contracts	-	68,764	68,764
Advances paid to subcontractors under construction contracts	-	195,643	195,643
	-	1,240,939	1,240,939

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	Thousand Baht	
	Separate Financial Statements	
	Amortized cost	Total
Financial liabilities as at January 1, 2020		
Bank overdrafts and short-term loans from financial institutions	249,051	249,051
Trade and other current payables	265,726	265,726
Accounts payable - retention under construction contracts	13,104	13,104
Advances received from customers under construction contracts	387,031	387,031
Short-term loans from related parties	748,000	748,000
Current portion of debentures	30,000	30,000
Lease liabilities	14,383	14,383
	1,707,295	1,707,295

**Impairment of financial assets**

The Company and its subsidiaries have trade receivables that are subject to the expected credit loss model. The Company and its subsidiaries have trade receivables and long-term loans to related parties that are subject to the expected credit loss model.

**Trade receivables**

The Company and its subsidiaries apply the simplified approach to measuring expected credit losses, which use a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the historical payment profiles, the corresponding historical credit losses experienced and the impact of potential factor to the expected loss rates.

On that basis, the loss allowance for trade receivables was as follows:

	Thousand Baht					Total
	Consolidated financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	
As at January 1, 2020						
Gross carrying amount	587,780	25,760	410	4,247	477,333	1,095,530
Loss allowance	-	-	372	4,226	390,750	395,348

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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	Thousand Baht					Total
	Separate financial statements					
	Not yet due	Up to 3 months	3 - 6 months	6 - 12 months	Over 12 months	
As at January 1, 2020						
Gross carrying amount	384,911	1,207	372	4,226	745,162	1,135,878
Loss allowance	-	-	372	4,226	660,385	664,983

The loss allowance for trade receivables as at December 31, 2019 is reconciled to the opening loss allowance for trade receivables as at January 1, 2020 as follow:

	Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
<u>Loss allowance for trade receivables</u>		
As at December 31, 2019	395,348	664,983
Amounts restated through opening unappropriated retained earnings	-	-
Opening loss allowance as at January 1, 2020	395,348	664,983

**Loans to related parties**

The Company and its subsidiaries have loans to related parties measured at amortized cost. The loss allowance was limited to 12 months expected losses.

The loss allowance for short-term and long-term loans to related parties was as follow:

	Thousand Baht	
	Separate Financial Statements	Separate Financial Statements
	Loss allowance for short-term loans to related parties	Loss allowance for long-term loans to related parties
As at December 31, 2019	60,384	1,306,517
Amounts restated through opening unappropriated retained earnings	-	-
Opening loss allowance as at January 1, 2020	60,384	1,306,517

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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5.2 Leases

These liabilities were measured at the present value of the remaining lease payments, discounted using the Company and its subsidiaries's incremental borrowing rates. The Company and its subsidiaries incremental borrowing rates applied to the lease liabilities as at January 1, 2020 was 6.26%

For leases previously classified as finance leases applying TAS 17, the Company and its subsidiaries reclassified the carrying amount of the lease assets and lease liabilities immediately before adoption of TFRS 16 as the carrying amount of the right-of-use assets and the lease liabilities at the date of initial application.

	Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
Operating lease commitments disclosed as at December 31, 2019	21,796	19,028
<u>Less</u> : Short-term leases recognized on a straight-line basis as expenses	(6,687)	(6,425)
<u>Less</u> : Low value leases recognized on a straight-line basis as expenses	(4,060)	(4,045)
<u>Add</u> : Purchase or extension options reasonably certain to be exercised	10,859	4,717
	21,908	13,275
<u>Less</u> : Deferred interest expenses	(1,816)	(1,000)
Additional lease liabilities from TFRS 16 adoption	20,092	12,275
Finance lease liabilities as at December 31, 2019	3,873	2,108
Lease liabilities recognized as at January 1, 2020	23,965	14,383
Of which are:		
Current lease liabilities	10,483	5,617
Non-current lease liabilities	13,482	8,766
	23,965	14,383

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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The recognized right-of-use assets relate to the following types of assets:

	Thousand Baht	
	Consolidated Financial Statements	Separate Financial Statements
As at January 1, 2020		
Land and land improvements	4,840	-
Building and building improvements	462	-
Furniture, fixtures and office equipment	11,383	10,193
Vehicles	3,407	2,082
Total right-of-use assets	20,092	12,275

**6. RELATED PARTY TRANSACTIONS**

During the year, 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.

Details of relation between the Company and its related parties and companies are summarized as follows:

Company's name	Country of incorporation	Type of relation
Sahakarn Wisavakorn Company Limited	Thailand	Subsidiary company
TRC Investment Limited	The Republic of Mauritius	Subsidiary company
TRC Utility Company Limited	Thailand	Subsidiary company
Hydrotek Sahakarn Joint Venture	Thailand	Subsidiary company
TRC International Limited	Hong Kong	Subsidiary company
TRC Middle East LLC	Sultanate of Oman	Subsidiary company
TRC Engineering LLC	Sultanate of Oman	Subsidiary company
Olive Technology Company Limited	Thailand	Subsidiary company
Mahat Company Limited	Thailand	Subsidiary company
ASEAN Potash Chaiyaphum Public Company Limited	Thailand	Associated company
SH Crossing Company Limited	Thailand	Joint venture
AT Energy Solution Company Limited	Thailand	Joint venture
Sahakarn Underground Joint Venture	Thailand	Joint venture

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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Significant transactions with related companies for the years ended December 31, 2020 and 2019 are as follows :

	In Million Baht					
	Consolidated		Separate			Transfer Pricing Policy
	financial statements		financial statements			
	2020	2019	2020	2019		
<u>Transactions with subsidiary companies</u>						
(eliminated from the consolidated financial statements)						
Cost of construction services	-	-	4	4	Cost plus margin	
Interest expenses	-	-	23	24	At rate of 2.5% - 6.25% p.a.	
Sale assets	-	-	8	-	Agreed between the parties	
Other income	-	-	20	9	Cost plus margin	
<u>Transactions with associated company</u>						
Rental income	-	1	-	1	Contract price	
<u>Transactions with related parties</u>						
Other income	8	11	5	9	Cost plus margin	

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

The significant outstanding balances with related parties and companies as at December 31, 2020 and 2019 are as follows :

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
<u>Trade and other current receivables - related parties</u>				
Subsidiary companies	-	-	410,417	289,798
Associated company	383,420	383,420	383,420	383,420
Joint venture	18,361	2,156	7,961	1,775
Total	401,781	385,576	801,798	674,993
<u>Less</u> Allowance for doubtful debts	(383,420)	(383,420)	(734,347)	(664,983)
Trade and other current receivables - related parties - net	18,361	2,156	67,451	10,010
<u>Account receivable - retention under construction contracts - related parties</u>				
Associated company	7,854	7,854	7,854	7,854
Joint venture	42,626	42,626	42,626	42,626
Total	50,480	50,480	50,480	50,480
<u>Less</u> : Allowance for doubtful debts	(7,854)	(7,854)	(7,854)	(7,854)
Total account receivable - retention under construction contracts - related parties - net	42,626	42,626	42,626	42,626
<u>Advances paid to subcontractor under construction contract - related party</u>				
Joint venture	47,666	6,461	-	-
Total	47,666	6,461	-	-
<u>Short-term loans to related parties</u>				
Subsidiary companies	-	-	64,309	60,384
Total	-	-	64,309	60,384
<u>Less</u> Allowance for doubtful debts	-	-	(64,259)	(60,384)
Total short-term loans to related parties - net	-	-	50	-
<u>Long-term loans to related parties</u>				
Subsidiary companies	-	-	1,306,517	1,306,517
Total	-	-	1,306,517	1,306,517
<u>Less</u> Allowance for doubtful debts	-	-	(1,306,517)	(1,306,517)
Total long-term loans to related parties - net	-	-	-	-

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

	In Thousand Baht			
	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
<u>Trade and other current payables - related parties</u>				
Subsidiary companies	-	-	9,594	6,221
Joint ventures	7,996	14,414	-	-
Total	7,996	14,414	9,594	6,221
<u>Short-term loans from related parties</u>				
Subsidiary companies	-	-	642,000	748,000
Total	-	-	642,000	748,000

As at December 31, 2020 and 2019, the balance of loans and short-term loans between the Company and related companies and the movements are as follows:

		In Thousand Baht				
		Separate Financial Statements				
		Balance as at December 31, 2019	Increase	Decrease	Exchange rate adjustment	Balance as at December 31, 2020
Loans to	Related by					
<u>Short-term loans</u>						
TRC Investment Limited	Subsidiary company	3,417	199	-	(1)	3,615
TRC Engineering LLC	Subsidiary company	56,704	-	-	-	56,704
TRC Middle East LLC	Subsidiary company	263	3,677	-	-	3,940
Olive Technology Compay Limited	Subsidiary company	-	50	-	-	50
Total		60,384	3,926	-	(1)	64,309
Less : Allowance for doubtful debts		(60,384)	(3,876)	-	1	(64,259)
Short-term loans - net		-	50	-	-	50
<u>Long-term loans</u>						
TRC Investment Limited	Subsidiary company	1,260,508	-	-	-	1,260,508
TRC International Limited	Subsidiary company	46,009	-	-	-	46,009
Total		1,306,517	-	-	-	1,306,517
Less: Allowance for doubtful debts		(1,306,517)	-	-	-	(1,306,517)
Long-term loans - net		-	-	-	-	-

Loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2019 : 3.5% - 7.0% per annum), due for repayment on demand and no security to guarantee.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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The purpose of loans to TRC Investment Limited and TRC International Limited are long-term investments in ordinary share of ASEAN Potash Chaiyaphum Public Company Limited as described in Note 16 The Company classified these loans as long-term loans to related parties in the separate financial statements.

		In Thousand Baht			
		Separate Financial Statements			
Loans from	Related by	Balance as at December 31, 2019	Increase	Decrease	Balance as at December 31, 2020
Sahakam Wisavakorn Company Limited	Subsidiary company	748,000	427,000	(533,000)	642,000
Total		748,000	427,000	(533,000)	642,000

Short-term loans from related parties carried interest at rate of 2.5% - 6.25% per annum (December 31, 2019 : 2.5% - 5.5% per annum) and due for repayment on demand and no security to guarantee.

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 38.4 and 38.5

Management benefit expenses

Management benefit expenses represent the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

Management benefit expenses for the years ended December 31, 2020 and 2019, are as follows :

		In Thousand Baht			
		Consolidated Financial Statements		Separate Financial Statements	
		For the year ended December 31,		For the year ended December 31,	
		2020	2019	2020	2019
Management					
Management benefit expenses					
	Short-term employee benefits	26	29	16	23
	Post-employment benefits	3	3	1	2
	Total	29	32	17	25

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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**7. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Cash	1,611	1,757	437	451
Deposits at banks (saving and current account)	88,174	180,433	1,811	93,821
Total	89,785	182,190	2,248	94,272

Savings accounts carry interest at the floating rates which are set by the bank.

**8. TRADE AND OTHER CURRENT RECEIVABLES**

Trade and other current receivables are as follows:

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	-	-	-
Past due				
Up to 3 months	-	-	-	-
3 - 6 months	-	372	-	372
6 - 12 months	-	4,226	-	4,226
Over 12 months	383,420	378,822	383,420	378,822
Total trade accounts receivable - related parties	383,420	383,420	383,420	383,420
Less : Allowance for doubtful debts	(383,420)	(383,420)	(383,420)	(383,420)
Total trade accounts receivable - related parties - net	-	-	-	-

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	241,509	584,506	53,797	373,968
Past due				
Up to 3 months	16,033	25,473	14,707	-
3 - 6 months	2,159	38	-	-
6 - 12 months	2,925	21	-	-
Over 12 months	11,726	96,513	-	84,776
Total trade accounts receivable - unrelated parties	274,352	706,551	68,504	458,744
Less : Allowance for doubtful debts	(11,966)	(11,928)	-	-
Translation adjustment	269	223	-	-
Total trade accounts receivable - unrelated parties - net	262,655	694,846	68,504	458,744
Total trade accounts receivable - net	262,655	694,846	68,504	458,744
<u>Other current receivables</u>				
Advance to related parties	18,361	2,156	69,468	12,027
Interest receivable from related parties	-	-	348,910	279,546
Others	2,282	3,180	2,055	2,141
Total other current receivables	20,643	5,336	420,433	293,714
Less : Allowance for doubtful debt	-	-	(350,927)	(281,563)
Total other current receivables - net	20,643	5,336	69,506	12,151
Total trade and other current receivables - net	283,298	700,182	138,010	470,895

The Company and the subsidiary transferred the rights to receive payment from accounts receivable under construction contracts to secure the credit facilities from banks. Pledged trade accounts receivable amounting to Baht 243 million included in the trade accounts receivable balance as at December 31, 2020 (the Company only: Baht 52 million) (December 31, 2019 : Baht 514 million, the Company only: Baht 374 million).

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**9. UNBILLED RECEIVABLES/ADVANCES RECEIVED FROM CUSTOMERS UNDER CONSTRUCTION CONTRACTS**

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Unbilled receivables and advances received from customers under construction contracts				
Project value as per contracts	15,649,957	21,207,496	4,525,296	9,649,236
Accumulated amount recognised as revenue on percentage of completion basis	7,314,169	10,127,035	2,633,475	5,294,370
Less: Bad debt	-	-	-	-
Less: Value of total billed	(7,110,399)	(9,975,423)	(2,580,603)	(5,270,037)
Net	203,770	151,612	52,872	24,333
Unbilled receivables - net	1,117,635	1,138,171	314,182	411,364
Advances received from customers	(913,865)	(986,559)	(261,310)	(387,031)
Total	203,770	151,612	52,872	24,333
Accounts receivables - retention under construction contract	279,024	223,220	133,051	76,618
Less: Allowance for doubtful debt	(7,854)	(7,854)	(7,854)	(7,854)
Accounts receivable - retention under construction contract - net	271,170	215,366	125,197	68,764
Unearned construction revenue				
Project value as per contracts	261,500	-	261,500	-
Value of total billed	32,900	-	32,900	-
Less: Accumulated amount recognised as revenue on percentage of completion basis	(22,845)	-	(22,845)	-
Unearned construction revenue	10,055	-	10,055	-

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**10. INVENTORIES**

Inventories are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Raw materials and construction supplies	2,362	7,939	2,302	7,892
Finished goods	8	8	-	-
Total	2,370	7,947	2,302	7,892
<u>Less</u> Allowance for decline in value of inventories	(694)	(2,378)	(694)	(2,378)
Inventories - net	1,676	5,569	1,608	5,514

**11. WITHHOLDING TAX DEDUCTED AT SOURCE**

Withholding tax deducted at source are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Year 2016	6,522	6,522	-	-
Year 2017	5,674	26,674	-	20,999
Year 2018	26,423	26,423	26,423	26,423
Year 2019	72,510	72,510	57,712	57,712
Year 2020	62,130	-	39,275	-
	173,259	132,129	123,410	105,134

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 and the result of tax audit of the Company and its subsidiary by Government Agency.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**12. FINANCIAL ASSETS AND FINANCIAL LIABILITIES**

On January 1, 2020 (the date of initial application of new financial reporting standards), the Company and its subsidiaries's management have assessed which business models applied to the financial assets and liabilities and have classified the financial assets and liabilities balances as at January 1, 2020 has been disclosed in Note 5.1

	Thousand Baht			
	Consolidated Financial Statements			
	FVPL	FVOCI	Amortized cost	Total
Financial assets as at December 31, 2020				
Cash and cash equivalents	-	-	89,785	89,785
Trade and other current receivables	-	-	283,298	283,298
Unbilled receivables	-	-	1,117,635	1,117,635
Accounts receivable - retention under construction				
contracts	-	-	271,170	271,170
Advances paid to subcontractors under construction				
contracts	-	-	498,303	498,303
Restricted deposits at banks	-	-	32,198	32,198
	-	-	2,292,389	2,292,389
	-	-	2,292,389	2,292,389

	Thousand Baht	
	Consolidated Financial Statements	
	Amortized cost	Total
Financial liabilities as at December 31, 2020		
Bank overdrafts and short-term loans from financial institution	709,460	709,460
Trade and other current payables	718,490	718,490
Unearned construction - revenue	10,055	10,055
Accounts payable - retention under construction contracts	158,959	158,959
Advances received from customers under construction contracts	913,865	913,865
Lease liabilities	32,382	32,382
	2,543,211	2,543,211
	2,543,211	2,543,211

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

	Thousand Baht		
	Separate Financial Statements		
	FVOCI	Amortized cost	Total
Financial assets as at December 31, 2020			
Cash and cash equivalents	-	2,248	2,248
Trade and other current receivables	-	138,010	138,010
Unbilled receivables	-	314,182	314,182
Accounts receivable - retention under construction contracts	-	125,197	125,197
Advances paid to subcontractors under construction contracts	-	175,760	175,760
Restricted deposits at banks	-	29,350	29,350
	-	784,747	784,747

	Thousand Baht	
	Separate Financial Statements	
	Amortized cost	Total
Financial liabilities as at December 31, 2020		
Bank overdrafts and short-term loans from financial institutions	414,660	414,660
Trade and other current payables	406,437	406,437
Unearned construction - revenue	10,055	10,055
Accounts payable - retention under construction contracts	9,588	9,588
Advances received from customers under construction contracts	261,310	261,310
Short-term loans from related parties	642,000	642,000
Lease liabilities	17,213	17,213
	1,761,263	1,761,263

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**13. OTHER CURRENT ASSETS**

Other current assets are as follows :

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Prepaid expenses	16,528	21,423	12,836	10,724
Account receivable - Revenue Department	11,929	11,067	-	7,431
Other current assets	16,101	5,230	1,490	1,916
Total other current assets	<u>44,558</u>	<u>37,720</u>	<u>14,326</u>	<u>20,071</u>

**14. RESTRICTED DEPOSITS AT BANKS**

These represent saving deposit and fixed deposits pledged with banks to secure credit facilities and bank guarantee facilities issued by the banks on behalf of the company and its subsidiaries, as described in Note 38.4

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

15. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries in the separate financial statements which use the cost method are as follows:

Company's name	Business type	Country of registration	Shareholding percentage (%)		Paid-up capital		In Baht							
							Cost method		Allowance for loss		Cost - net			
							As at December 31,		As at December 31,		As at December 31,		As at December 31,	
							2020	2019	2020	2019	2020	2019	2020	2019
Sahakarn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	99.99	99.99	500,000,000	500,000,000	620,894,691	620,894,691	(145,071,416)	(145,071,416)	475,823,275	475,823,275		
					Baht	Baht								
TRC Investment Limited	Holding company	The Republic of Mauritius	100.00	100.00	1 USD	1 USD	32	32	-	-	32	32		
TRC Utility Company Limited	To produce and distribute tap water	Thailand	99.97	99.97	250,000	250,000	249,925	249,925	-	-	249,925	249,925		
					Baht	Baht								
Olive Technology Company Limited	Data management and processing	Thailand	49.97	-	250,000	-	124,925	-	-	-	124,925	-		
					Baht									
Total							621,269,573	621,144,648	(145,071,416)	(145,071,416)	476,198,157	476,073,232		

On August 14, 2019 the Board of Directors' Meeting No.8/2019 had a resolution to approve the company to establish a new subsidiary in order to operate an automatic warehouse. Presently, it is under negotiation process with the business partner.

Olive Technology Company Limited

On December 11, 2019, the Board of Directors' Meeting No. 10/2019 had a resolution to approve the Company entering into a joint venture agreement with Xsense Information Service Co.,Ltd. to conduct the business in providing research and development of inspection systems to government agencies, state enterprises and public education controlled through IOT system at the shareholding 50%. The registered date was on March 9, 2020 with the registered capital of Baht 1 million and the paid-up capital of Baht 0.25 million. The Company invested Baht 0.13 million.

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**NOTES TO FINANCIAL STATEMENTS (CONT.)**

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According to the agreement in the joint venture agreement, the Board of Directors of Olive Technology Co.,Ltd. consists of 5 directors - 3 from TRC Construction (Public) Co.,Ltd. and 2 from Xsense Information Service Co.,Ltd. The meeting resolution on various matters has to receive majority votes of all directors. This means TRC Construction (Public) Co., Ltd. will have control over the operation of Olive Technology Co.,Ltd. Therefore, the Company considered the investments in Olive Technology Co.,Ltd. as a subsidiary.

On August 14, 2020, the Board of Subsidiary Directors' Meeting No. 4/2020 had a resolution to approve the subsidiary in establishing 2 companies to operate E-Commerce business, information analysis and platform management.

On November 23, 2020, Olive Technology Co.,Ltd. had conducted business in providing research services, development of inspection systems in government agencies, state enterprises and private sectors in the controlled studies through IOT system by the establishment Mahat Co.,Ltd. with registered capital amounted Baht 1 million and had fully paid. The subsidiary had invested at the total amount of Baht 0.60 million or 60% in accordance with the agreement in the joint venture agreement. The Board of Directors of Mahat Co.,Ltd. would consist of 3 directors which 2 directors were appointed from subsidiary and 1 director from joint venture. The resolution of the Board of Directors' meeting on various matters required the majority votes of all directors that mean the subsidiary had the power to control the operations of Mahat Co.,Ltd. Therefore, the subsidiary had considered the investment in Mahat Co.,Ltd. as a subsidiary.

Sahakarn Wisavakorn Company Limited

On April 29, 2020, the subsidiary had entered into joint venture agreement with 2 partner companies on behalf of Saha Hydro Pattaya Joint Venture to participate in the bidding and work together on the East Railway Road Drainage Project, Phase 1 at Pattaya City. After the joint venture was the winner of the tender, the three joint venture members had signed a memorandum of understanding to assign a subsidiary (Sahakarn Wisavakorn), which had a 50% investment shareholding in the joint venture, was solely responsible for all projects operation and receiving the outcome of the project operation (investment-profit-loss). Both partner companies do not invest in project working capital, not receive the shares of profit and loss, including not responsible for any damage that may occur from the project operation. Therefore, the subsidiary considers Saha Hydro Pattaya Joint Venture as a subsidiary.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

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

Company's name	Business type	Country of registration	Shareholding percentage (%)		Paid-up capital		In Baht							
							Cost method		Allowance for loss		Cost method - net			
							As at December 31,		As at December 31,		As at December 31,		As at December 31,	
							2020	2019	2020	2019	2020	2019	2020	2019
<u>Held by Sahakam Wisavakom Company Limited</u>														
Hydrotek Sahakarn Joint Venture	Construction services	Thailand	49.00	49.00	1,000,000	1,000,000	490,000	490,000	-	-	490,000	490,000		
					Baht	Baht								
<u>Held by TRC Investment Limited</u>														
TRC International Limited	Holding company	Hong Kong	100.00	100.00	10	10	33	33	-	-	33	33		
					HKD	HKD								
<u>Held by TRC International Limited</u>														
TRC Middle East LLC	Construction services	Sultanate of Oman	70.00	70.00	150,000	150,000	12,322,330	12,322,330	(12,322,330)	(12,322,330)	-	-		
					Omani Rial	Omani Rial								
TRC Engineering LLC	Construction services	Sultanate of Oman	70.00	70.00	250,000	250,000	13,654,506	13,654,506	(13,654,506)	(13,654,506)	-	-		
					Omani Rial	Omani Rial								
<u>Held by Olive Technology Company Limited</u>														
Mahat Company Limited	Data management and processing	Thailand	59.98	-	1,000,000	-	599,800	-	-	-	599,800	-		
					Baht									
Total							27,066,669	26,466,869	(25,976,836)	(25,976,836)	1,089,833	490,033		

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Hydrotek Sahakarn Joint Venture

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. Later, on October 31, 2019, the Board of Directors' Meeting No.2/2019 approve to cease the business operation. As at December 31, 2020 such subsidiary is under liquidation process.

TRC Middle East LLC and TRC Engineering LLC

On March 10, 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 December 31, 2020, these subsidiaries have been in the liquidation process.



**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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ASEAN Potash Chaiyaphum Public Company Limited

In accordance with the concession agreements with the Department of Primary Industries and Mines, Ministry of Industry, in January 2015, the associate has an obligations to pay a special state benefits for concession in 8 equal installments, each of Baht 433 million plus interest at the rate of 6.5% per annum, or a total of Baht 569 million, commencing from 2018. The associate is also committed to pay various funds each year throughout the concession period. The associate received a demand letter from Chaiyaphum Provincial Industry Office to pay the first installment of special state benefits of Baht 569 million, together with a fine at 15% per annum, within 90 days from the receipt date of the letter which is due in August 2018. Otherwise the license may be revoked in accordance with Section 128 of the Minerals Act B.E. 2560.

In April 2018, the associate approved the first increase of paid up capital for not exceeding 29 million ordinary shares which will be allocated to the existing shareholders at the offering price of Baht 68.43 per share. The period for subscription and settlement was by the end of July 2018. Upon the ending of the period for new shares subscription and settlement, none of the shareholders subscribed for the new shares.

Such associate is still unable to pay the special state benefit No.1 under the special benefit agreement as it is in the process to secure the funding from the capital increase from the shareholders and/or applying for credit approval from commercial banks. In November 2018, an associate was informed to make the payment of the 2nd installment of special state benefit of Baht 569 million within January 15, 2019. In case of overdue, the Company has to pay the fine at 15% per annum of the special state benefit. Presently, the Company still cannot comply with the agreement to pay special state benefits.

On April 26, 2019, the Annual General Shareholders' Meeting 2019 of the associate company approved for the amendment of a share offering price from Baht 68.43 per share to Baht 15.00 per share and offer approval for called up ordinary share No.1 in the amount by allotment not over 35 million by sale offering to the existing shareholders at a ratio of 4 existing shares to 5 new shares at the offering price of Baht 15.00 per share or totaling Baht 526 million and period for subscription and settlement during May 27 - 31 and June 3 - 7, 2019.

On June 4, 2019, Board of Directors' Meeting No. 2/2019 of the associate company had a resolution to extend the subscription period and payment of the capital increase shares from May 27 - 31 and June 3 - 7, 2019 to May 27 - 31 and June 4 - August 5, 2019.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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Upon the ending of the period for new shares subscribing and settlement during May 27 - 31 and June 4 - August 5, 2019, it appears that five shareholders have paid for the share capital increase in the amount of Baht 18.38 million. However, the amount of payment for the ordinary share capital increase from the allocation of this ordinary share capital increase did not follow the operation plan set forth. As a result, the Company cannot continue its operation in accordance with the plan. The Company has refunded the payment amount for the ordinary share capital increase back to the shareholders on September 9, 2019.

On February 12, 2019, the meeting No. 3/2019 of the Company's Executive Committee passed its resolution not to involve in any further investment in the associate, including not to be awarded any construction services from the associate unless there will be the promising source of funds for its project development. The Committee also approved the subsidiaries' recording of a full allowance for impairment of its investment, amounting to Baht 1,361 million, since the associate situation contains various uncertainties, such as the obligation to pay two installments of the special state benefits for concession which may cause the revocation of the concession. There is also the uncertainty to acquire the source of funds for potash project development both in the aspect of the capital investment which there is no progress made in finding new investors, both government and private sector, and in the aspect of credit facilities approval from the commercial banks. Consequently, causing the financial liquidity problem to the associate which delay the progress of its project. In addition, the Company has had to recognise substantial losses of the associate under the equity method for several consecutive years. Moreover, the amounts of the losses recognised will increase in the future because of the recognition of fines imposed due to the associate's inability to make payment of the special state benefits that it is required to pay each year. Furthermore, the associate's current liabilities substantially exceeded its current assets. Even though the Company has set up a full provision for loss on assets related to Potash Mining Project, it still has a duty and responsibility to use its best efforts to recover the value of those assets. If, in the future, the value of the assets is recovered, the Company may be able to reverse excess provision and recognise profit in the future to compensate the losses from such provisions.

As at December 31, 2020, the associated company was still unable to settle payment for the special state benefits installment 1 - 3 of Baht 1,705 million, including the penalty fee at the rate of 15% per annum as the associated company is in the process of procuring additional funding sources in term of both calling for capital increase from the existing shareholders of the associated company and recruiting the new potential investors and the associated company has suspended the mine construction project temporary

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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16.2 Share of Profit (loss)

During the year ended December 31, 2020 and 2019, the Company has stop recognised its share of loss from investments in ASEAN Potash Chaiyaphum Public Company Limited in the consolidated financial statements as the share of loss in that ASEAN Potash Chaiyaphum Public Company Limited has the value equal or over the value of the interest of the ASEAN Potash Chaiyaphum Public Company Limited.

16.3 Summary of significant financial information on associate  
 ASEAN Potash Chaiyaphum Public Company Limited

Summary of information about financial position as at December 31, 2020 and 2019

	In Million Baht	
	2020	2019
Current assets	5	6
Non-current assets	6,832	6,846
Current liabilities	(3,585)	(2,700)
Non-current liabilities	(2,537)	(3,003)
Net assets	715	1,149
Shareholding percentage (%)	25.13	25.13
Share of net assets	180	289
Elimination entries	-	-
Goodwill	847	847
Total	1,027	1,136
Less: Allowance for loss on impairment of investment	(1,213)	(1,213)
Carrying amounts of associate based on equity method	(186)	(77)

Summary of information about comprehensive income for the year ended December 31, 2020 and 2019

	In Million Baht	
	2020	2019
Revenue	2	15
Profit (loss)	(434)	(359)
Other comprehensive income	-	-
Total comprehensive income	(434)	(359)

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

17. INVESTMENTS IN JOINT VENTURES

Investments in joint ventures in the consolidated financial statements which use the equity method are as follows:

Company's name	Business type	Shareholding percentage (%)		Cost (Thousand Baht)		In Thousand Baht					
						Carrying amounts based on		Allowance for loss		Carrying amounts based on	
						equity method				equity method - net	
						As at December 31,		As at December 31,		As at December 31,	
		2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
<u>Held by the Company</u>											
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376	2,376	2,376	-	-	2,376	2,376
AT Energy Solution Company Limited	Energy production and distribution	50	50	100,000	25,375	97,265	25,375	-	-	97,265	25,375
<u>Held by Sahakarn Wisavakorn Company Limited</u>											
SH Crossing Company Limited	Construction service	51	51	20,400	20,400	23,741	23,862	-	-	23,741	23,862
Sahakarn Underground Joint Venture	Construction service	50	-	200	-	201	-	-	-	201	-
Total				122,976	48,151	123,583	51,613	-	-	123,583	51,613

Investments in joint ventures in the separate financial statements which use the cost method are as follows:

Company's name	Business type	Shareholding percentage (%)		In Thousand Baht					
				Cost method		Allowance for loss		Cost method - net	
				As at December 31,		As at December 31,		As at December 31,	
		2020	2019	2020	2019	2020	2019	2020	2019
Sinopec-TRC Joint Venture	Construction service	30	30	2,376	2,376	-	-	2,376	2,376
AT Energy Solution Company Limited	Energy production and distribution	50	50	100,000	25,375	-	-	100,000	25,375
Total				102,376	27,751	-	-	102,376	27,751

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

AT Energy Solution Company Limited

On August 14, 2019, the Board of Directors' Meeting No.8/2019 had a resolution for the company to sign the joint venture agreement with Asia Green Energy (Public) Co.,Ltd. and Appliance Technology Supply Co.,Ltd. to operate the energy production and distribution business at the shareholding 45%, 45%, 10%, respectively. The registered date was on August 14, 2019 with the registered capital of Baht 1 million. The Company invested Baht 449,900.

On October 27, 2019, Appliance Technology Supply Co.,Ltd intended to sell all of the shares to the former joint investor : TRC Construction (Public) Co.,Ltd. and Asia Green Energy (Public) Co.,Ltd.

On November 27, 2019, AT Energy Solution Co.,Ltd. had increased its registered capital from Baht 1 million to Baht 200 million with the paid-up capital Baht 50.75 million. The Company invested in the amount of Baht 25.38 million.

On January 14, 2020, AT Energy Solution Co.,Ltd. had called for the payment of the remaining capital increase shares, resulting in an investment AT Energy Solution Co.,Ltd. for 99,999 shares at Baht 99,999,900 or shareholding of 50%.

According to the agreement in the joint venture agreement, the Board of Directors of AT Energy Solution Co.,Ltd. consists of 4 directors appointed 2 from TRC Construction (Public) Co.,Ltd. and 2 from Asia Green Energy (Public) Co.,Ltd. The meeting resolution requires to receive the majority votes of all directors. At least, consent votes must be received from the directors of TRC Construction (Public) Co.,Ltd. and directors of Asia Green (Public) Co.,Ltd. at least 1 director from each side. Therefore, the Company considered the investments in AT Energy Solution Co.,Ltd. as an joint venture.

Sahakarn Underground Joint Venture

On April 20, 2020, the subsidiary had entered into the joint venture agreement with a company on behalf of Sahakarn Underground Joint Venture. This is to join the tender and work together in the manhole construction project and underground electrical conduit under the investment proportion of the subsidiary at 50%. The subsidiary had applied the equity method in account recording of the investment in Sahakarn Underground Joint Venture in the consolidated financial statements of the Company.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

17.1 Share of profit (loss)

During the year, the Company has recognised its share of profit (loss) from investments in joint ventures in the consolidated financial statements as follows:

Company's name	In Thousand Baht			
	Share of profit (loss) from investments in joint ventures		Share of other comprehensive income from investments in joint ventures	
	For the years ended December 31,			
	2020	2019	2020	2019
SH Crossings Company Limited	(121)	1,615	-	-
AT Energy Solution Company Limited	(2,735)	-	-	-
Sahakarn Underground Joint Venture	1	-	-	-
<b>Total</b>	<b>(2,855)</b>	<b>1,615</b>	<b>-</b>	<b>-</b>

The consolidated financial statements for the years ended December 31, 2020 and 2019 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.

17.2 Summary of significant financial information on joint venture

SH Crossings Company Limited

Summary information about financial position

	In Million Baht	
	2020	2019
Cash and cash equivalent	6	9
Other current assets	150	77
Non-current assets	13	14
Current liabilities	(123)	(53)
Net assets	46	47
Shareholding percentage (%)	51	51
Share of net assets	24	24

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Summary information about comprehensive income

	In Million Baht	
	For the years ended December 31,	
	2020	2019
Revenue	115	152
Depreciation and amortization	(4)	(3)
Income tax expense	(0)	(1)
Profit (loss)	(0)	3
Other comprehensive income	-	-
Total comprehensive income	(0)	3

AT Energy Solution Company Limited

Summary information about financial position

	In Million Baht	
	2020	2019
	Cash and cash equivalent	26
Other current assets	154	1
Non-current assets	18	33
Current liabilities	(3)	(0)
Net assets	195	50
Shareholding percentage (%)	50	50
Share of net assets	98	25

Summary information about comprehensive income

	In Million Baht	
	For the years ended December 31,	
	2020	2019
Revenue	5	0
Depreciation and amortization	(0)	(0)
Income tax expense	-	-
Profit (loss)	(4)	(2)
Other comprehensive income	-	-
Total comprehensive income	(4)	(2)

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

Sahakarn Underground Joint Venture

Summary information about financial position

	<u>In Million Baht</u>
	<u>2020</u>
Cash and cash equivalent	2
Other current assets	12
Non-current assets	0
Current liabilities	<u>(14)</u>
Net assets	0
Shareholding percentage (%)	<u>50</u>
Share of net assets	<u><u>0</u></u>

Summary information about comprehensive income

	<u>In Million Baht</u>
	<u>For the years ended</u>
	<u>December 31,2020</u>
Revenue	3
Depreciation and amortization	(0)
Income tax expense	(0)
Profit (loss)	0
Other comprehensive income	-
Total comprehensive income	0

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

18. PROPERTY, PLANT AND EQUIPMENT

	Consolidated financial statements (In Thousand Baht)				
	Balance as at	Additions	Disposals /	Transfer in/	Balance as at
	January		Written-off	(Transfer out)	December
	1, 2020				31, 2020
<b>Cost</b>					
Land	142,062	-	-	-	142,062
Building	301,840	101	-	41,473	343,414
Tools and equipment	596,054	27,269	(25,023)	5,085	603,385
Furniture, fixtures and office equipment	98,523	1,221	(2,514)	-	97,230
Vehicles	88,402	-	(993)	-	87,409
Construction in progress	34,359	77,686	-	(36,918)	75,127
Total cost	1,261,240	106,277	(28,530)	9,640	1,348,627
<b>Accumulated depreciation</b>					
Building	(46,714)	(12,853)	-	-	(59,567)
Tools and equipment	(450,417)	(53,487)	13,835	(5,735)	(495,804)
Furniture, fixtures and office equipment	(86,761)	(5,781)	2,507	-	(90,035)
Vehicles	(81,096)	(4,315)	891	-	(84,520)
Total accumulated depreciation	(664,988)	(76,436)	17,233	(5,735)	(729,926)
Less Allowance for impairment	(344)	-	-	-	(344)
Property, plant and equipment	595,908				618,357

	Consolidated financial statements (In Thousand Baht)				
	Balance as at	Additions	Disposals /	Transfer in/	Balance as at
	January		Written-off	(Transfer out)	December
	1, 2019				31, 2019
<b>Cost</b>					
Land	142,062	-	-	-	142,062
Building	293,748	164	-	7,928	301,840
Tools and equipment	561,462	28,711	(4,130)	10,011	596,054
Furniture, fixtures and office equipment	98,978	1,182	(1,637)	-	98,523
Vehicles	97,937	2,992	(12,527)	-	88,402
Construction in progress	15,214	37,084	-	(17,939)	34,359
Total cost	1,209,401	70,133	(18,294)	-	1,261,240
<b>Accumulated depreciation</b>					
Building	(35,295)	(11,419)	-	-	(46,714)
Tools and equipment	(368,478)	(84,784)	2,845	-	(450,417)
Furniture, fixtures and office equipment	(78,471)	(9,872)	1,582	-	(86,761)
Vehicles	(85,851)	(7,276)	12,031	-	(81,096)
Total accumulated depreciation	(568,095)	(113,351)	16,458	-	(664,988)
Less Allowance for impairment	(344)	-	-	-	(344)
Property, plant and equipment	640,962				595,908

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

	Separate financial statements (In Thousand Baht)				
	Balance as at	Additions	Disposals /	Transfer in/	Balance as at
	January		Written-off	(Transfer out)	December
	1, 2020				31, 2020
<b>Cost</b>					
Land	140,472	-	-	-	140,472
Building	301,807	101	-	41,473	343,381
Tools and equipment	451,219	21,200	(72,167)	5,085	405,337
Furniture, fixtures and office equipment	87,374	1,049	(2,293)	-	86,130
Vehicles	70,164	-	-	-	70,164
Construction in progress	34,359	68,877	-	(36,918)	66,318
Total cost	1,085,395	91,227	(74,460)	9,640	1,111,802
<b>Accumulated depreciation</b>					
Building	(46,710)	(12,851)	-	-	(59,561)
Tools and equipment	(328,492)	(46,215)	53,363	(5,735)	(327,079)
Furniture, fixtures and office equipment	(76,294)	(5,511)	2,286	-	(79,519)
Vehicles	(63,209)	(4,083)	-	-	(67,292)
Total accumulated depreciation	(514,705)	(68,660)	55,649	(5,735)	(533,451)
Property, plant and equipment	570,690				578,351

	Separate financial statements (In Thousand Baht)				
	Balance as at	Additions	Disposals /	Transfer in/	Balance as at
	January		Written-off	(Transfer out)	December
	1, 2019				31, 2019
<b>Cost</b>					
Land	140,472	-	-	-	140,472
Building	293,715	164	-	7,928	301,807
Tools and equipment	418,276	25,862	(2,930)	10,011	451,219
Furniture, fixtures and office equipment	87,961	1,012	(1,599)	-	87,374
Vehicles	76,725	2,992	(9,553)	-	70,164
Construction in progress	15,214	37,084	-	(17,939)	34,359
Total cost	1,032,363	67,114	(14,082)	-	1,085,395
<b>Accumulated depreciation</b>					
Building	(35,293)	(11,417)	-	-	(46,710)
Tools and equipment	(257,321)	(73,675)	2,504	-	(328,492)
Furniture, fixtures and office equipment	(68,404)	(9,439)	1,549	-	(76,294)
Vehicles	(65,571)	(6,768)	9,130	-	(63,209)
Total accumulated depreciation	(426,589)	(101,299)	13,183	-	(514,705)
Property, plant and equipment	605,774				570,690

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2020	2019	2020	2019
Depreciation charged to the statements of comprehensive income				
Cost of sales and services	16,506	57,388	9,493	47,979
Administrative expenses	59,930	55,963	59,167	53,320
Total	<u>76,436</u>	<u>113,351</u>	<u>68,660</u>	<u>101,299</u>

As at December 31, 2020 and 2019, the Company and its subsidiary's 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 517 million and Baht 245 million, respectively. (The company only : 385 million and 155 million, respectively)

As at December 31, 2020 and 2019, the Company and its subsidiary has tools and motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht Baht 7 million and Baht 13 million, respectively. (The company only : 5 million and 9 million, respectively)

As at December 31, 2020 and 2019, the Company has mortgaged land and building which has book value amounting to Baht 100 million with banks to be collateral against credit facilities received from the bank.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**19. RIGHT-OF-USE ASSETS**

The net book value of right-of-use assets related to lease contracts and the movement for the year ended December 31, 2020 are presented below.

	Thousand Baht	
	Consolidated financial statements	Separate Financial statements
<b>Cost</b>		
As at December 31, 2019	-	-
Effects of the adoption of TFRS16 as at January 1, 2020	20,092	12,275
As at January 1, 2020	20,092	12,275
Addition	21,252	8,958
Written-off	-	-
As at December 31, 2020	41,344	21,233
<b>Accumulated depreciation</b>		
As at December 31, 2019	-	-
Effects of the adoption of TFRS16 as at January 1, 2020	-	-
As at January 1, 2020	-	-
Depreciation for the year	(11,721)	(6,748)
Depreciation - written-off	-	-
As at December 31, 2020	(11,721)	(6,748)
<b>Net book value</b>		
As at December 31, 2019	-	-
As at January 1, 2020	20,092	12,275
As at December 31, 2020	29,623	14,485

TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS (CONT.)

DECEMBER 31, 2020

20. INTANGIBLE ASSETS

Consolidated financial statements (In Thousand Baht)					
	Balance as at January 1, 2020	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2020
<b>Cost</b>					
Computer software	26,240	4,728	-	-	30,968
Total cost	26,240	4,728	-	-	30,968
<b>Accumulated amortisation</b>					
Computer software	(15,493)	(2,202)	-	-	(17,695)
Total accumulated amortisation	(15,493)	(2,202)	-	-	(17,695)
Intangible assets - net	10,747				13,273
Consolidated financial statements (In Thousand Baht)					
	Balance as at January 1, 2019	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2019
<b>Cost</b>					
Computer software	26,521	82	(363)	-	26,240
Total cost	26,521	82	(363)	-	26,240
<b>Accumulated amortisation</b>					
Computer software	(13,548)	(2,096)	151	-	(15,493)
Total accumulated amortisation	(13,548)	(2,096)	151	-	(15,493)
Intangible assets - net	12,973				10,747
Separate financial statements (In Thousand Baht)					
	Balance as at January 1, 2020	Additions	Disposals / Written-off	Transfer in/ (Transfer out)	Balance as at December 31, 2020
<b>Cost</b>					
Computer software	25,739	4,651	-	-	30,390
Total cost	25,739	4,651	-	-	30,390
<b>Accumulated amortisation</b>					
Computer software	(15,172)	(2,151)	-	-	(17,323)
Total accumulated amortisation	(15,172)	(2,151)	-	-	(17,323)
Intangible assets - net	10,567				13,067

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

	Separate financial statements (In Thousand Baht)				
	Balance as at	Additions	Disposals /	Transfer in/	Balance as at
	January		Written-off	(Transfer out)	December
	1, 2019				31, 2019
<b>Cost</b>					
Computer software	25,682	57	-	-	25,739
Total cost	25,682	57	-	-	25,739
<b>Accumulated amortisation</b>					
Computer software	(13,152)	(2,020)	-	-	(15,172)
Total accumulated amortisation	(13,152)	(2,020)	-	-	(15,172)
Intangible assets - net	12,530				10,567

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31,		For the years ended December 31,	
	2020	2019	2020	2019
Amortisation charged to the statements of comprehensive income				
Cost of sales and services	7	8	6	7
Administrative expenses	2,195	2,088	2,145	2,013
Total	2,202	2,096	2,151	2,020

**21. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

21.1 Deferred tax assets and deferred tax liabilities are as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Deferred tax assets	49,983	30,638	15,463	14,560
Deferred tax liabilities	(280)	(1,666)	(318)	(1,193)
	49,703	28,972	15,145	13,367

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2020 and 2019, were as follows:

	In Thousand Baht				
	Consolidated financial statements				
	Balance as at	Recognized in Profit and Loss		Recognized in Other	Balance as at
	December 31, 2019	Additions	Utilized/ Reversal	Comprehensive Income	December 31, 2020
Deferred tax assets resulted from					
Allowance for decline in value					
in inventories	476	-	(337)	-	139
Employee benefit obligations	14,985	2,929	(1,550)	-	16,364
Other provision	15,177	74,254	(55,951)	-	33,480
Total	30,638	77,183	(57,838)	-	49,983
Deferred tax liabilities from					
Financial lease	(1,666)	38	1,348	-	(280)
Total	(1,666)	38	1,348	-	(280)
Net	28,972	77,221	(56,490)	-	49,703

	In Thousand Baht				
	Consolidated financial statements				
	Balance as at	Recognized in Profit and Loss		Recognized in Other	Balance as at
	December 31, 2018	Additions	Utilized/ Reversal	Comprehensive Income	December 31, 2019
Deferred tax assets resulted from					
Allowance for decline in value					
in inventories	476	-	-	-	476
Employee benefit obligations	11,291	3,694	-	-	14,985
Other provision	3,230	11,947	-	-	15,177
Total	14,997	15,641	-	-	30,638
Deferred tax liabilities from					
Financial lease	(1,997)	-	331	-	(1,666)
Total	(1,997)	-	331	-	(1,666)
Net	13,000	15,641	331	-	28,972

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

	In Thousand Baht					
	Separate financial statements					
	Balance as at	Recognized in Profit and Loss		Recognized in Other		Balance as at
	December 31, 2019	Additions	Utilized/ Reversal	Comprehensive Income		December 31, 2020
Deferred tax assets resulted from						
Allowance for decline in value						
in inventories	476	-	(337)	-	139	
Employee benefit obligations	12,665	2,401	(1,398)	-	13,668	
Other provision	1,419	11,251	(11,014)	-	1,656	
Total	14,560	13,652	(12,749)	-	15,463	
Deferred tax liabilities from						
Financial lease	(1,193)	-	875	-	(318)	
Total	(1,193)	-	875	-	(318)	
Net	13,367	13,652	(11,874)	-	15,145	

	In Thousand Baht					
	Separate financial statements					
	Balance as at	Recognized in Profit and Loss		Recognized in Other		Balance as at
	December 31, 2018	Additions	Utilized/ Reversal	Comprehensive Income		December 31, 2019
Deferred tax assets resulted from						
Allowance for decline in value						
in inventories	476	-	-	-	476	
Employee benefit obligations	9,569	3,096	-	-	12,665	
Other provision	594	825	-	-	1,419	
Total	10,639	3,921	-	-	14,560	
Deferred tax liabilities from						
Financial lease	(2,094)	-	901	-	(1,193)	
Total	(2,094)	-	901	-	(1,193)	
Net	8,545	3,921	901	-	13,367	

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**22. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

Bank Overdrafts and short-term loans from financial institutions are as follows :

		In Thousand Baht			
		Consolidated financial statements		Separate financial statements	
Interest rate		As at December 31,		As at December 31,	
(% per annum)		2020	2019	2020	2019
Trust receipts	4.47 - 5.25  (2019 : 5.25)	20,405	36,565	20,405	36,565
Promissory note	3.25 - 6.00  (2019 : 3.00 - 5.25)	689,055	436,486	394,255	212,486
Total		<u>709,460</u>	<u>473,051</u>	<u>414,660</u>	<u>249,051</u>

**23. TRADE AND OTHER CURRENT PAYABLES**

Trade and other current payables were as follows:

		In Thousand Baht			
		Consolidated financial statements		Separate financial statements	
		As at December 31,		As at December 31,	
		2020	2019	2020	2019
Trade accounts payable - related party		7,996	14,414	-	-
Trade accounts payable - unrelated parties		643,404	426,323	340,757	208,549
Advances from related parties		-	-	5,628	3,852
Fixed assets payable		17,093	3,585	14,835	3,074
Accrued interest expense - related parties		-	-	3,966	2,369
Accrued expenses - unrelated parties		49,997	64,315	41,251	47,882
Total trade and other current payables		<u>718,490</u>	<u>508,637</u>	<u>406,437</u>	<u>265,726</u>

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

**24. PROVISION FOR LIABILITIES UNDER CONSTRUCTION PROJECTS**

Provision for liabilities under construction projects are as follows:

	In Thousand Baht					
	Consolidated financial statements			Separate financial statements		
	Warranties	Loss on construction	Total	Warranties	Loss on construction	Total
As at January 1, 2020	16,719	60,173	76,892	8,101	-	8,101
Increase during the year	1,000	370,269	371,269	-	56,256	56,256
Decrease from occurrence of actual expense	(7,016)	(270,569)	(277,585)	(2,468)	(51,379)	(53,847)
Reversal of provisions	(3,602)	-	(3,602)	(2,658)	-	(2,658)
As at December 31, 2020	<u>7,101</u>	<u>159,873</u>	<u>166,974</u>	<u>2,975</u>	<u>4,877</u>	<u>7,852</u>

	In Thousand Baht					
	Consolidated financial statements			Separate financial statements		
	Warranties	Loss on construction	Total	Warranties	Loss on construction	Total
As at January 1, 2019	21,977	2,554	24,531	3,797	2,554	6,351
Increase during the year	9,957	68,736	78,693	7,537	8,563	16,100
Decrease from occurrence of actual expense	(12,918)	(11,117)	(24,035)	(3,233)	(11,117)	(14,350)
Reversal of provisions	(2,297)	-	(2,297)	-	-	-
As at December 31, 2019	<u>16,719</u>	<u>60,173</u>	<u>76,892</u>	<u>8,101</u>	<u>-</u>	<u>8,101</u>

**25. DEBENTURES**

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

Debentures	Interest rate	Interest payment schedule	Terms	Due date	In Thousand Baht	
					Consolidated / Separate financial statements	
					As at December 31, 2020	As at December 31, 2019
Debentures 1/2018	4.80%	Quarterly, starting from March 17, 2018	2 years 2 days	March 17, 2020	-	30,000
Total debentures - at face value					-	30,000
Less : Unamortised portion of deferred transaction costs					-	-
Debentures - net					-	30,000
Less: Current portion					-	(30,000)
Debentures - net of current portion					<u>-</u>	<u>-</u>

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**26. LEASE LIABILITIES**

The carrying amounts of lease liabilities and the movement for the year ended December 31, 2020 are presented below.

	Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
As at December 31, 2019	3,873	2,108
Effects of the adoption of TFRS16	20,092	12,275
As at January 1, 2020	23,965	14,383
Addition	21,252	8,958
Accretion of interest	1,640	933
Payments	(14,475)	(7,061)
As at December 31, 2020	32,382	17,213
<u>Less</u> : current portion	(16,709)	(9,156)
Lease liabilities - net of current portion	15,673	8,057

The following are the amounts recognized in profit or loss :

	Thousand Baht	
	Consolidated	Separate
	Financial Statements	Financial Statements
Depreciation of right-of-use assets	11,721	6,748
Interest expense on lease liabilities	1,640	933
Expense relating to short-term lease	9,745	7,889
Leases of low - value assets	4,528	4,192
Total	27,634	19,762

The Company and its subsidiaries had total cash outflows for leases of Baht 14 million (the separate: Baht 7 million) and also had non-cash additions to right-of-use assets and lease liabilities of Baht 41 million (the separate: Baht 21 million).

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**27. OTHER CURRENT LIABILITIES**

Other current liabilities are as follows:

	In Thousand Baht			
	Consolidated		Separate	
	financial statements		financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Undue output VAT	104	32,971	-	26,448
VAT payable	8,811	121	8,706	-
Others	6,936	6,625	2,365	1,629
<b>Total</b>	<b>15,851</b>	<b>39,717</b>	<b>11,071</b>	<b>28,077</b>

**28. NON-CURRENT PROVISION FOR EMPLOYEE BENEFITS**

28.1 Movements in the non-current provision for employee benefits are as follows:

	Consolidated Financial Statements (In Thousand Baht)					
	2020			2019		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
Defined benefit obligation at beginning of year	68,776	6,346	75,122	50,865	5,589	56,454
Past service cost and Interest cost						
- Change a considered a past employment plan amendment	-	-	-	10,052	-	10,052
Current service cost and Interest cost	12,796	1,942	14,738	11,642	1,728	13,370
Benefits paid during the year	(7,406)	(347)	(7,753)	(3,783)	(971)	(4,754)
Defined benefit obligation at end of year	74,166	7,941	82,107	68,776	6,346	75,122

  

	Separate Financial Statements (In Thousand Baht)					
	2020			2019		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
Defined benefit obligation at beginning of year	57,842	5,485	63,327	43,131	4,714	47,845
Past service cost and Interest cost						
- Change a considered a past employment plan amendment	-	-	-	8,862	-	8,862
Current service cost and Interest cost	10,430	1,573	12,003	9,632	1,425	11,057
Benefits paid during the year	(6,721)	(271)	(6,992)	(3,783)	(654)	(4,437)
Defined benefit obligation at end of year	61,551	6,787	68,338	57,842	5,485	63,327

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28.2 Expenses recognized in the statement of comprehensive income for the year ended December 31, 2020 and 2019 are as follows :

	In Thousand Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended December 31,		For the year ended December 31,	
	2020	2019	2020	2019
<b>The statement of comprehensive income</b>				
<b>Recognized in profit or loss</b>				
Past service cost and interest	-	10,052	-	8,862
Current service cost and interest				
- Cost of sales	6,488	4,569	5,282	3,315
- Administrative expenses	8,250	8,801	6,721	7,742
Total	<u>14,738</u>	<u>23,422</u>	<u>12,003</u>	<u>19,919</u>

28.3 The main assumptions in the assessment financial assumptions

	Percentage			
	Consolidated Financial Statement		Separate Financial Statement	
	2020	2019	2020	2019
<b>For the year ended December 31</b>				
Discount rate (% per annum)	2.28 - 2.43	2.28 - 2.43	2.28	2.28
Salary increase rate (% per annum)	5.00	5.00	5.00	5.00
Employee turnover rate (% per annum)	0 - 20.00	0 - 20.00	0 - 20.00	0 - 20.00
Gold price (Baht)	20,600	20,600	20,600	20,600

28.4 Sensitivity analysis

The results of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligations as at December 31, 2020 and 2019 are summarized below :

	In Thousand Baht							
	Consolidated Financial Statements				Separate Financial Statements			
	2020		2019		2020		2019	
	increase	decrease	increase	decrease	increase	decrease	increase	decrease
Discount rate (Changing 1%)	(6.3)	7.2	(5.2)	5.9	(5.3)	6.1	(4.3)	5.0
Future salary increase rate (Changing 1%)	9.2	(8.0)	7.5	(6.6)	7.7	(6.7)	6.3	(5.5)
Employee turnover rate (Changing 1%)	(6.7)	2.4	(5.5)	1.8	(5.6)	2.1	(4.6)	1.6
Gold price (1,000 Baht)	0.2	(0.2)	0.2	(0.2)	0.2	(0.2)	0.1	(0.1)

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On April 5, 2019, the Labour Protection Act has been enacted in the Royal Gazette. The Labour Protection Act includes a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of 20 years or more, receives severance payment of 400 days of wages at the most recent rate, which is increased from the current maximum rate of 300 days. This Act shall come into force after the expiration of thirty days from the enacted date in the Royal Gazette onwards. This change is considered a post-employment benefits plan amendment. The effect of the change is recognized past service costs as expenses in the income statement.

**29. SHARE CAPITAL**

The change in the number of ordinary shares, paid-up capital and premium of ordinary shares of the Company is as follows:

Transaction	Number of shares (thousand shares)	Amount (thousand Baht)	Share premium (thousand Baht)	Registered date with Ministry of Commerce
<u>Registered ordinary shares</u>				
Beginning year	6,163,178	770,397		
Deduction during year	(12)	(1)		June 27, 2019
Addition during year	3,423,981	427,997		June 28, 2019
Ending year	<u>9,587,147</u>	<u>1,198,393</u>		
<u>Issued and paid-up shares</u>				
Beginning year	6,163,166	770,396	1,041,740	
Addition during year	3,423,981	427,997	-	
Deduction from compensation of accumulated loss	-	-	(1,041,740)	
Ending year	<u>9,587,147</u>	<u>1,198,393</u>	<u>-</u>	

On June 21, 2019, the Extraordinary Shareholders' Meeting No. 1/2019 of the Company has approved the significant resolution as follows:

- 29.1 To approve the reduction of the registered capital of the Company from Baht 770,397,245.00 to Baht 770,395,728.12 dividing into 6,163,165,825 ordinary shares at par value of Baht 0.125 each by cancelling 12,135 ordinary shares that have not been sold. The Company has registered for capital reduction with the Ministry of Commerce on June 27, 2019.
- 29.2 To approve the transfer of legal reserve at Baht 73,371,224.63 and share premiums at Baht 1,041,739,823.00 to compensate the accumulated loss of the Company.

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- 29.3 To approve the increase of registered capital of the Company in the amount of Baht 427,997,626.63 dividing into 3,423,981,013 new ordinary shares at par value of Baht 0.125 each from the previous registered capital Baht 770,395,728.12 to Baht 1,198,393,354.75 dividing into 9,587,146,838 ordinary shares at Baht 0.125 to the existing shareholders. The Company has registered for the capital increase with the Ministry of Commerce on June 28, 2019. Later, on July 25, 2019, it has registered for capital increase that was issued and paid up with the Ministry of Commerce in the amount of Baht 1,198,393,354.75 for 9,587,147 shares.
- 29.4 To approve the allocation of 3,423,981,013 capital increase shares at par value of Baht 0.125 each to the existing shareholders at 9 existing shares per 5 new shares at the offering price of Baht 0.125.

**30. PREMIUM ON ORDINARY SHARES**

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account (“share premium”). Share premium is not available for dividend distribution.

**31. LEGAL RESERVE**

Company

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

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.

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**32. EXPENSES BY NATURE**

Significant expenses by nature for the years ended December 31, 2020 and 2019 are as follow:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Salary and wages and other employee benefits	468,081	504,108	331,242	376,621
Depreciation	88,158	113,351	75,409	101,299
Amortisation expenses	2,202	2,096	2,150	2,020
Construction materials and consumables				
used and subcontractors costs	2,944,422	2,323,505	994,067	888,175
Rental expenses from operating lease Agreements	118,979	110,970	73,444	85,069

**33. INCOME TAX EXPENSE (INCOME)**

33.1 Major components of tax expense (income)

For the years ended December 31, 2020 and 2019 consisted of:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Income tax expense (income) shown in profit or loss :				
Current tax expense :				
Income tax expense for the year	-	9,865	-	-
Deferred tax expense (income) :				
Changes in temporary differences relating to the original recognition and reversal	(20,731)	(15,972)	(1,777)	(4,822)
Total	(20,731)	(6,107)	(1,777)	(4,822)

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33.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate

For the years ended December 31, 2020 and 2019 which are summarized as follows:

	In Thousand Baht			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Accounting profit (loss) for the year	(467,844)	(301,194)	(221,909)	(285,079)
The applicable tax rate (%)	12% - 20%	12% - 20%	20%	20%
Tax expense (income) at the applicable tax rate	(93,569)	(65,669)	(44,382)	(57,016)
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:	3,808	2,747	-	-
Tax effect of intercompany transactions				
- Expenses not allowed as expenses in determining taxable profit	649	(4,715)	14,179	16,738
- Expenses allowed increase in determine taxable	(2,819)	(2,819)	(2,812)	(2,812)
- Share of (gain) loss from investment in joint venture	571	(323)	-	-
- Unused tax losses which may net utilise	70,629	64,672	31,238	38,268
Total reconciliation items	72,838	59,562	42,605	52,194
Total tax expense (income)	(20,731)	(6,107)	(1,777)	(4,822)

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33.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2020 and 2019 are summarized as follows:

	Consolidated financial statements			
	2020		2019	
	Tax amount (In Thousand Baht)	Tax rate (%)	Tax amount (In Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	(467,844)		(301,194)	
Tax expense (income) at the applicable tax rate	(93,569)	12% - 20%	(65,669)	12% - 20%
Reconciliation items	72,838	15.57	59,562	19.78
Tax expense (income) at the average effective tax rate	(20,731)	(4.43)	(6,107)	2.03

  

	Separate financial statements			
	2020		2019	
	Tax amount (In Thousand Baht)	Tax rate (%)	Tax amount (In Thousand Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	(221,909)		(285,079)	
Tax expense (income) at the applicable tax rate	(44,382)	(20.00)	(57,016)	(20.00)
Reconciliation items	42,605	19.20	52,194	18.30
Tax expense (income) at the average effective tax rate	(1,777)	(0.80)	(4,822)	(1.70)

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 December 31, 2020, the Company and its subsidiaries has deductible temporary differences totaling Baht 2,279 million (the Company only: Baht 2,279 million) (2019: Baht 2,208 million, the Company only: Baht 2,207 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 December 31, 2020, the Company and its subsidiaries have unused tax losses totaling Baht 503 million, USD 48 million and Omani Rial 1 million (the Company only: Baht 361 million) (2019: Baht 200 million, USD 42 million and Omani Rial 2 million, (the Company only: Baht 200 million) will expire by 2024.

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**34. EARNINGS PER SHARE**

Basic earnings (loss) per share is calculated by dividing profit (loss) 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.

The following table sets forth the computation of basic earnings (loss) per share:

	For the years ended December 31,			
	Consolidated financial statements		Separate financial statements	
	2020	2019	2020	2019
Profit (loss) for the year (Thousand Baht)	(444,170)	(293,284)	(220,131)	(280,257)
Weighted average number of ordinary shares (Thousand shares)	9,587,147	7,709,188	9,587,147	7,709,188
Earnings per share (Baht per share)	(0.046)	(0.038)	(0.022)	(0.036)

**35. CONTRACTS IN PROGRESS**

As at December 31, 2020, 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 7,666 million (the Company only: Baht 2,839 million) (2019 : Baht 10,211 million, the Company only: Baht 5,368 million), gross amounts due from customers for contracts in progress were approximately Baht 1,447 million (the Company only: Baht 497 million) (2019 : Baht 1,219 million, the Company only: Baht 485 million), and gross amounts due to customers for contracts in progress were approximately Baht 924 million (the Company only: Baht 271 million) (2019 : Baht 987 million, the Company only: Baht 387 million).

**36. 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 2020 amounting to approximately Baht 7 million (Separate financial statements: Baht 4 million) (2019 : Baht 8 million, Separate financial statements: Baht 5 million) were recognised as expenses.

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**37. 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 December 31, 2020 and 2019, respectively.

	In Thousand Baht						
	For the year ended December 31, 2020						
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	911,649	240,994	1,962,719	30,572	3,145,934	-	3,145,934
Revenues from subsidiary	-	-	-	-	-	-	-
Revenues from associate	-	-	-	-	-	-	-
Depreciation	(55,913)	(14,780)	(13,583)	(5,308)	(89,584)	1,435	(88,149)
Administrative expense	(137,068)	(36,234)	(77,092)	(2,923)	(253,317)	4,300	(249,017)
Segment profit (loss)	(206,610)	(20,923)	(295,983)	6,474	(517,042)	25,426	(491,616)
Other income							49,223
Interest revenue							886
Financial cost							(23,482)
Share of profit (loss) from investments in joint ventures							(2,855)
Profit (loss) before income tax expense							(467,844)
Income tax expense (expense)							20,731
Profit (loss) for the year							(447,113)

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	In Thousand Baht						Consolidated
	For the year ended December 31, 2019						
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	
Revenues from external customers	958,599	388,572	2,017,505	13,783	3,378,459	-	3,378,459
Revenues from subsidiary	-	-	-	-	-	-	-
Revenues from associate	-	-	-	-	-	-	-
Depreciation	(72,043)	(29,203)	(9,135)	(4,393)	(114,774)	1,423	(113,351)
Administrative expense	(191,854)	(77,769)	(53,138)	(1,079)	(323,840)	3,551	(320,289)
Segment profit (loss)	(145,031)	(139,238)	(51,411)	2,891	(332,789)	13,824	(318,965)
Other income							46,487
Interest revenue							1,664
Financial cost							(31,562)
Bad debt and doubtful debt							(433)
Share of profit (loss) from investments in joint ventures							1,615
Profit (loss) before income tax expense							(301,194)
Income tax expense (expense)							6,107
Profit (loss) for the year							(295,087)

#### 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 2020, the Company and its subsidiaries have revenue from two major customers in amount of Baht 827 million and Baht 1,075 million, respectively arising from pipeline system segment and engineering system segment (2019 : Baht 665 million and Baht 676 million, two major customers from pipeline system segment and civil work segments).

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**38. COMMITMENTS AND CONTINGENT LIABILITIES**

38.1 Purchase construction materials and subcontracted work commitments

As at December 31, 2020, the Company and the subsidiary have outstanding commitments of Baht 4,898 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 630 million) (December 31, 2019 : Baht 5,070 million, EUR 2 million and USD 1 million, (the Company only: Baht 690 million, EUR 2 million and USD 1 million).

38.2 Operating lease commitments

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

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

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Payable :				
In up to 1 year	4	14	3	12
In over 1 and up to 5 years	-	8	-	7

As at December 31, 2020, the Company and its subsidiaries had no obligations under lease agreements and related service agreements as a result of the adoption of the TFRS 16 as at January 1, 2020. The Company and its subsidiaries recognized the lease liabilities previously classified as operating lease at the present value of the remaining lease payments, discounted incremental borrowing rate, as described in Note 5 to the financial statements.

38.3 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.

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

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Payable :				
In up to 1 year	2	3	1	2

**38.4 Bank guarantees**

As at December 31, 2020 and 2019, bank guarantees issued by banks on behalf of the Company and the subsidiary in respect of certain performance bonds as required in the normal course of business were as follows.

	In Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at December 31,		As at December 31,	
	2020	2019	2020	2019
Guarantee of construction contract and bidding	1,219	1,605	359	730
Guarantee of advance payment bond and retention	2,111	1,417	826	407
Guarantee of others	68	7	45	5
<b>Total</b>	<b>3,398</b>	<b>3,029</b>	<b>1,230</b>	<b>1,142</b>

As at December 31, 2020, the Company and its subsidiaries had the obligations from related parties to use the letter of guarantee of the Company and its subsidiaries amounted Baht 282 million (December 31, 2019 : Baht 179 million).

**38.5 Guarantees**

- (a) As at December 31, 2020, the Company has commitments from guarantee of credit facilities of the subsidiary amounting to Baht 995 million (December 31, 2019 : Baht 695 million) and guarantee of liabilities under finance lease agreements of the subsidiary amounting to Baht - million (December 31, 2019 : Baht 23 million).

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- (b) As at December 31, 2020, the Company and its subsidiary have commitment from cross guarantee of credit facilities of the Company and its subsidiary amounting to Baht 3,230 million (December 31, 2019 : Baht 3,380 million).

**38.6 Obligation according to asset purchase agreement**

As at December 31, 2020, the Company has the obligation to be paid according to the asset purchase agreement amounting to Baht 4 million.

**38.7 Other commitments**

		Million							
		Consolidated Financial Statements				Separate Financial Statements			
		Foreign Currency		Equivalent to Baht		Foreign Currency		Equivalent to Baht	
		As at	As at	As at	As at	As at	As at	As at	As at
		December	December	December	December	December	December	December	December
		31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019	31, 2020	31, 2019
<b>Other commitments</b>									
Construction material purchase									
- EURO	-	1	-	43	-	1	-	43	
- BAHT			-	91			-	91	
Total			-	134			-	134	

**39. LITIGATIONS**

39.1 On December 6, 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 December 29, 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 in total 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.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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On May 20, 2015, the Central Administrative Court had rendered judgement and ordered the government agency to return the Baht 20 million bank guarantee dated 31 August 2007 to the Company under the condition that both the Company and bank 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 June 19, 2015, the government agency made an appeal to the Central Administrative Court and later on October 16, 2015, the Company made an appeal clarification to the court. Presently, the Central Administrative Court is considering the appeal clarification. However, the Company has already recorded the contingent liabilities of Baht 20 million arisen in the financial statements.

39.2 On December 4, 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 damages 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 Central Administration Court on August 20, 2008 claiming that the amount of damages was overrated and the third resolution of the Compensation Committee was made on July 16, 2008 to order the government agency to pay the compensation of Baht 0.8 million to the subsidiary. Therefore, it 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 April 20, 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 employment contract.

The subsidiary submitted its latest amended pleadings to the Central Administration Court on January 24, 2012 requesting the court to render judgement ordering the litigant to offset the compensation amount of Baht 19.4 million with the amount of Baht 7.7 million advanced to the subsidiary to proceed as per the employment contract as well as paying the damage amount 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.

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On July 31, 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 August 29, 2012.

On April 30, 2020, the Supreme Administrative Court ordered the subsidiary to indemnify the party in the amount of Baht 3.75 million. Later, on July 20, 2020 the subsidiary has already paid the indemnity to the party and consider this case to be terminated.

39.3 On April 24, 2008, a private company and group (party) filed a charge against the Company and group to the Administrative Court of First Level on the breach and claimed the damages in the amount of Baht 6 million with the interest rate at 7.5% per annum from the filing date until payment is made.

On May 29, 2012, the court rendered judgement of dismissal but later on June 20, 2013, the litigant appealed to the Supreme Administrative Court and on August 9, 2013, the Supreme Administrative Court had ordered to set October 2, 2019 as the new ending date for seeking facts.

On June 22, 2020, the Administrative Court sent a notice scheduling the first trial by setting the first trial date on August 20, 2020 to the Supreme Administrative Court.

On August 30, 2020, the Supreme Court has ruled the judgment. The case is final and will issue its rulings.

Presently, such case is pending the judgment of the Supreme Court and the management believes that the Company will not suffer significant damage (if any). Such lawsuit has not recorded provisions in the interim financial statements.

39.4 On September 14, 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 87.5 million. The Company is sued as the fifth defendant. On March 11, 2016, the Company filed an objection against the plaintiff's request to waive the court fee. Later, on October 28, 2016, the Company filed a statement to fight the case to the Administrative Court.

On January 12, 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 February 7, 2017 to March 31, 2017 the Company had requested to extend the submission of the additional clarification to the Administration Court. Later on April 4, 2017, the Administrative Court had ordered the Company to submit the additional clarification within May 12, 2017. On June 12, 2017, the Company submitted the additional statement to the Administration Court.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

On January 9, 2019, the Administrative Court ordered the date of January 31, 2019 to be the last day of investigation.

On April 29, 2019, the Administrative Court had ordered to cancel the ending date for seeking facts and had ordered to set May 13, 2019 as the new ending date for seeking facts.

On December 29, 2020, the Central Administrative Court had sentenced that as the Company was not a delegate to exercise power or conduct administrative affairs, then it was not a government agency under Section 3 of the Administrative Court Establishment Act. The Administrative Court was unable to accept the complaint in the case filed against the Company for consideration and judgment, dismiss the Company and consider this case to be terminated.

39.5 On December 6, 2017, the co-contractor of the Company's construction project had filed a lawsuit to the arbitrator requesting the Company to return the collateral held at the amount of SGD 1.6 million or equivalent to Baht 39.4 million with interest rate of 7.5% per annum starting from the filing date until completion of payment. On June 21, 2018, the arbitration Institution had announced the appointment of the chairman of arbitration. On July 17, 2018, the Company and the Party were present before the arbitrator for determination of the dispute and set the date for witness investigation.

On November 22, 2018, the witness examination was completely made by the arbitration and both parties.

On January 23, 2019, both parties submitted their closing statements within the due date for final decision of the arbitration.

On July 9, 2019, the arbitrator had a meeting to explain the opinion on the case. The 2 arbitrators had an opinion to return the sum under the guarantee letter of SGD 1.6 million with an interest rate 7.5% per annum from December 6, 2017 to the Party and 1 arbitrator had an opinion for the company not to return the money of the full amount in the guarantee letter to the Party. If both parties do not agree with any opinion, a petition should be prepared to explain a reason to support within 30 days from such date.

On August 7, 2019, the Company submitted a petition to explain the opinion of the company to the arbitrator explaining and giving opinion on issues that they do not reach agreement with the arbitrator's explanation.

On September 4, 2019, the arbitrator institute notified the opinion of the arbitrator by standing on the explanation that was informed to every party.

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**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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On November 13, 2019, both parties have agreed to enter into a compromise agreement to pay in accordance with the award of the arbitrator by offsetting the debt. The outstanding amount of principal and interest from the date of lawsuit to October 31, 2019 that the Company has to pay to the claimant is totaled SGD 1,726,706.70 or approximately Baht 38.89 million by dividing into 2 installments : November 15, 2019 amount of Baht 36.25 million and February 28, 2020 amount of Baht 2.64 million, respectively. The Company paid the principal and interest to the claimant within the specified time.

39.6 On February 5, 2018, the supplier for the Company's construction project had filed a lawsuit to the Commercial Court requesting for payment of outstanding amount of Baht 23.5 million with interest rate of 7.5% per annum starting from filing date until completion of payment. On May 16, 2018, the Company submitted the testimony to the Court and the mediation was conducted on August 28, 2018 but could not come to an agreement. On October 1, 2018, the Court ordered the Company and the Party to determine the dispute and scheduled the date for witness investigation from both parties in March 2019.

Later, on March 5 - 7, 2019, both parties were conducting the witness examination of each party but the witness examination of the Company was not finished. Therefore, the Court had ordered for the appointment of additional witness examination on April 26, 2019.

Later on April 26, 2019, the Company was conducting the witness examination but the process was not finished. Therefore, the Court had ordered for the appointment of witness examination on May 29, 2019.

Later on May 29, 2019, the Company was conducting the witness examination but the process was not finished. Therefore, the Court had ordered for the appointment of witness examination on July 12, 2019.

Later on July 12, 2019, the Company has proceeded with the witness examination. Both parties announced to finish the witness investigation. The Court ordered to prepare an announcement for closing the case to be filed to the Court within August 15, 2019.

On October 9, 2019, the Court ordered the Company to pay the outstanding amount for goods in the amount of Baht 23.5 million with interest rate 7.5% per annum from February 6, 2018 until settlement is completed.

On February 7, 2020, the Company had filed an appeal and requested for a case enforcement relief.

On June 30, 2020, the Company filed a charge to court requesting to suspend the case execution and the court ruled to permit the case suspension. As the case is under the Appeal Court's ruling No.2 request to suspend the case execution.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

On October 15, 2020 the Appeal Court 2 received the petition for appeal and ordered the Company to stay the execution of the sentence for the Company to place collateral in front of the court for the amount to be settled under the ruling of the Court of First Instance along with interest until the hearing date and 1 year further in the full amount on November 17, 2020. The Appeal Court 2 scheduled the case ruling on December 9, 2020.

On February 11, 2021, the Company and the plaintiff were agreed and the Company agreed to pay the debt to the plaintiff amounted Baht 18 million into 3 installments at Baht 2 million, Baht 8 million and Baht 8 million. The plaintiff will not intend to appeal the case and this case is considered as finalized, the Company has recorded the outstanding amount of goods in the financial statements. As a result, the Company is not required to provide a provision for contingent liabilities.

39.7 On October 16, 2017, the Nakhon Ratchasima Administrative Court accepted a case between a litigant and the government agencies, requesting the Court to issue an order as relating to the following;

- 1) Requesting that the government agencies revoke the permission to use the water from a reservoir that had been granted to the associate.
- 2) Requesting the revocation of the Environmental Impact Assessment Report for potash and rock salt mining, and
- 3) Requesting the revocation the report on changes in project details and the associate's environmental impact prevention and amelioration measures and environmental impact inspection measure.

On January 15, 2018, the Nakhon Ratchasima Administrative Court issued a summons to the associate and the associate submitted a plea statement to the court. On October 19, 2018, the litigant filed an objection against the plea statement with the Nakhon Ratchasima Administrative Court. On November 2, 2018 the Nakhon Ratchasima Administrative Court ordered the associate to lodge an additional plea statement. On November 28, 2018, the associate had submitted additional plea statement to the Court request extension of the term for additional plea statement by 30 days from the original due date.

On December 27, 2018, the associate had submitted the additional statement to the Nakhon Ratchasima Administrative Court. At present, the case is under consideration of the Court. If the Court considers the evidence documents to be insufficient, the Court may order the plaintiff or the defendant to provide additional documents otherwise the court shall issue the appointment warrant to identify the disputes and determine the judgement date.

The management of the associate, by the internal legal counselor's comment, realised that the associate has proceeded in full compliance with the principles, procedures and conditions stipulated by the law and therefore believes that the case will not have any material impact on the business of the associate.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

39.8 On June 28, 2018, the Nakhon Ratchasima Administrative Court had ordered to accept the complaint between a litigant and government agencies, requesting the Court to issue an order to revoke the environmental impact assessment report for the Cogeneration Power Plant for the associate's Potash and rock salt project.

On October 11, 2018, the associate had submitted the claim to be the disputant in order to declare the fact to the Court regarding the litigation between the litigant and the government agencies. The Court had an opinion on November 1, 2018 that the associate's claim is not complete. The Court had ordered the associate to rectify the claim. The associate had already submitted the revised claim to the Court on November 28, 2018. On February 7, 2019, the associate had received the notice of court order to amend the claim again. On March 1, 2019, the associate had followed the Court's order and the Court had allowed the claim to be the disputant as a joint prosecution. This prosecutor was set to be the case No.6 and it had the same right as the original prosecutor.

Later on September 26, 2019, the Company received the letter notifying of the court order. The case complainer has objected the testimony and the court ordered to receive the objection to such testimony on September 19, 2019. If the Company intends to check and make a copy of the objection to the testimony, the court gave permission. If the Company intends to give additional testimony specific to the related area, it has to inform the court within 30 days from the court order letter receiving date. The associate has filed a petition to process making a copy of the objection to the testimony and filed additional testimony to court on October 4, 2019. Presently, it is under court consideration and to issue an instruction order requiring the period of time for the associate to prepare further testimony.

The management of the associate, by the internal legal counselor's comment, realised that the associate has proceeded in full compliance with the principles, procedures and conditions stipulated by the law and therefore believes that the case will not have any material impact on the business of the associate.

39.9 On August 1, 2019, the subsidiary is the plaintiff suing the case against 2 government units as defendant No.1 and No.2 civil court as the black court case Por. 4156/2562 to pay for the surcharge, expense, and damage due to breach of agreement of a construction project of the subsidiary in the amount Baht 28.6 million with interest 7.5% per annum of the principal Baht 26.8 million from the suing date onwards until payment is complete. The court scheduled for plaintiff witness investigation or day of settlement of issues to October 21, 2019.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

On November 25, 2019, the subsidiary has received the testimony from the parties. As the case is quite complicated in defending, therefore, the Court has given the subsidiary the opportunity to fully defend the case, to examine the testimony, to prepare the witness and documents.

On January 30, 2020, the court and both parties proceeded to identify the dispute and schedule the witness investigation. The court scheduled the plaintiff's witness investigation on July 14-15, 2020 and scheduled the defendant's witness investigation on July 16-17, 2020. The court will deliver judgment on September 25, 2020.

On September 25, 2020 the court ordered the defendant 2 to pay the subsidiary Baht 4.40 million along with the interest rate of 7.5% per annum and defendant 2 to pay off the execution fee on behalf of the subsidiary. The lawyer fee is set at Baht 50,000 and execution fee for defendant 2 only for the amount which the Company won the case and sue defendant 1 to seize the execution fee between the company and defendant 1.

On January 22, 2021, the subsidiary had filed to the Appeal Court to ask for the additional damage fees.

As the case is under the plaintiff and defendant's appeal, the management of the subsidiary believes that the case will not have any material impact. Therefore, the subsidiary has not recorded provisions in the financial statements.

39.10 On October 16, 2019, the trade payable of the Company's construction project has filed a lawsuit with the Civil Court in violation of the employment agreement by paying the debt and damages amounting Baht 10.50 million with interest rate 7.5% per annum from the suing date onwards until payment is complete.

On February 12, 2020, the Company filed and countersued the plaintiff along with claiming for damages of Baht 29.62 million.

On February 24, 2020, the court ordered to extend the two issues settlement date for the company and plaintiff to enter into a mediation process. The mediation was scheduled on March 27, 2020 and the new settlement date, guidance for case proceeding or plaintiff witness investigation were rescheduled to April 21, 2020.

On March 27, 2020, the court ordered to dismiss the mediation process on such date and cancelled the settlement date of 2 issues. It scheduled the case proceeding guidance or plaintiff witness investigation on April 21, 2020 due to the COVID-19 situation.

On June 5, 2020, the party and the Company scheduled a date for mediation but it could not be settled. The court scheduled the day of settlement of issues and direct the case proceedings or witness investigation in August 2020.

On August 4, 2020, the court scheduled the day of settlement of issues, stipulate the dispute by issue and scheduled the witness investigation of both parties on November 18-20, 2020.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

On December 25, 2020, the Court had scheduled the witness investigation of plaintiff and defendant.

As the case is in the process of witness investigation, the Company had recorded some of the outstanding debt in the financial statements. The difference from the outstanding debt, the Company is not recorded contingent liabilities in the financial statements.

39.11 On November 20, 2019, a contractor payable of the construction project of a subsidiary has filed a lawsuit with the Civil Court in violation of the employment agreement, for unpaid wages and claiming damages in the amount of Baht 1.25 million with interest rate 7.5% per annum from the suing date onwards until payment is complete.

On February 4, 2020, the subsidiary filed a testimony and countersued claiming for the remaining damages of Baht 80,791.

On February 19, 2020, the plaintiff filed a replication.

On March 10, 2020, the court and the party had identified the dispute and scheduled the witness investigation of both parties during July 14 - 17, 2020.

On July 15-16, 2020 the court scheduled for witness investigation of 2 parties. Later, on September 8, 2020 the court had a ruling to dismiss the plaintiff and seize the execution fee. The plaintiff submitted a petition for the case appeal which is due to for filing of the appeal on November 30, 2020.

As the case is under the appeal submission of the plaintiff, the case is not final. The management of the subsidiary believe that the case will not have any material impact of the subsidiary. The Company has not recorded provisions for contingent liabilities in the financial statements.

39.12 On June 28, 2020, the subsidiary received the statement of claim from the Civil Court that an insurance company (plaintiff) filed a charge to the subsidiary and group on the breach of subrogation claiming damages and insurance for construction equipment of a construction project of a subsidiary from construction equipment bouncing into the passage way causing damage to the victim's car. The plaintiff is the insurer who suffers damage and claims the damages for Baht 293,378 along with the interest rate at 7.5% per annum from the filing date until the Subsidiary and group can settle full payment. The court required the subsidiary to file a statement to fight the case within July 27, 2020 and scheduled the day of settlement of issues, case proceedings and witness investigation on August 24, 2020.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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On July 22, 2020, the management of the subsidiary had appointed the case's attorney.

Later on August 24, 2020, the Court had appointed for settlement the issues and set the case guidelines or plaintiff witness. But the proxy of the plaintiff's lawyer and the proxy of the subsidiary had filed to adjourn the case and the Court allowed to adjourn and appointed for settlement the issues on November 30, 2020.

Later on November 30, 2020, the Court had appointed for settlement the issues and scheduled date of witness on May 17, 2021.

Currently, the case is pending the witness of plaintiff and defendant. The Company's management has considered from the issues of the case and has the opinion that the subsidiary believe that the case will not have any material impact of the subsidiary. The subsidiary has not recorded provision for contingent liabilities in the financial statements.

39.13 On August 11, 2020 the contractor of a construction company of the Company filed a lawsuit to the Minburi Civil Court on the charge of breaching hire-of-work agreement and claiming damages in the amount of Baht 2,257,000 along with interest rate at 7.5% per annum from the lawsuit date for the principal amount Baht 2,205,179.27 until the payment is settled with the plaintiff. The court scheduled the day of the settlement of issues and defined the case proceeding guidelines or plaintiff's witness investigation on October 26, 2020.

On October 26, 2020, the court ordered to postpone the day of settlement of issues for the mediation between the Company and the contractor outside of the court and postpone the day of settlement of issues or scheduled to withdraw the case or scheduled for compromise again on November 30, 2020.

On November 30, the Court had ordered the parties to appoint the mediation on January 19, 2021 and scheduled the date of witness appointment on March 12, 2021 if not able to negotiate with each other.

Currently, the case is pending the parties to mediate. The Company's management has considered that the Company has guidelines to defence the case. The Company has not set up a provision for contingent liabilities in the financial statements.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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39.14 On December 16, 2020, the Company had filed the case to Thanyaburi Provincial Court ordered the contractor of a project (defendant) to liable due to breach of agreement and ordered to pay the damages. The Company had requested the defendant to pay Baht 202,329 with interest rate 7.5% per annum of the principal amounted Baht 184,596 from the suing date onwards until the defendant will finish the payment to the plaintiff. The Court had scheduled the first judgment on February 15, 2021.

Currently, the case is pending the defendant to submit the testimony. The management has considered from the issues of the case and has the opinion the Company has guideline to defence the case. The Company has not set up a provision for contingent liabilities in the financial statements.

39.15 On December 16, 2020, the contractor of construction project of a subsidiary had sued the subsidiary on the charge of breach of agreement and claiming damages for the construction fee that the subsidiary had owed to the plaintiff amounted Baht 3,216,157.29 with interest rate 7.5% per annum of the principal of Baht 3,034,707.10 from the suing date onwards until the defendant will complete the payment.

On December 20, 2020, the subsidiary had received the copy of charge and the Court required to submit a defense statement on January 19, 2021 until the Court set an appointment for settlement the issues and set guidelines for lawsuit or examination of the plaintiff's witness on February 23, 2021.

On January 15, 2021, the Court had allowed the defendant to extend the filing of testimony to February 18, 2021.

Currently, the case is pending the submission of the defence of the case. The subsidiary's management believes that the case will not have any material impact of the subsidiary. The subsidiary has not recorded a provision for contingent liabilities in the financial statements.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
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**40. FAIR VALUE HIERARCHY**

As at December 31, 2020 and 2019, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

In Million Baht								
Consolidated Financial Statements								
2020				2019				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Liabilities for which fair value are disclosed								
Debtentures								
-	-	-	-	-	30.0	-	30.0	

  

In Million Baht								
Separate Financial Statements								
2020				2019				
Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	
Liabilities for which fair value are disclosed								
Debtentures								
-	-	-	-	-	30.0	-	30.0	

**41. FINANCIAL INSTRUMENTS**

**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, trade and other current receivables, accounts receivable/payable - retention, loans to/from, restricted deposits at banks, trade and other current payables, lease liabilities 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 current 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 current 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 banks, loans to/from, lease liabilities 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.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
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As at December 2020 and 2019, the significant financial assets and financial liabilities classified by types of interest rates were as follows:

	In Million Baht					
	Consolidated Financial Statements					
	As at December 31, 2020					
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
within 1 year	1 – 5 years					
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	88	2	90	0.00 - 0.50
Trade and other current receivables	-	-	-	283	283	-
Accounts receivable - retention under construction contracts	-	-	-	271	271	-
Restricted deposits at banks	-	-	32	-	32	0.05
	<u>-</u>	<u>-</u>	<u>120</u>	<u>556</u>	<u>676</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institution	709	-	-	-	709	3.25 - 6.00
Trade and other current payables	-	-	-	718	718	-
Accounts payable - retention under construction contracts	-	-	-	159	159	-
Lease liabilities	16	16	-	-	32	
	<u>725</u>	<u>16</u>	<u>-</u>	<u>877</u>	<u>1,618</u>	
<b>In Million Baht</b>						
<b>Consolidated Financial Statements</b>						
<b>As at December 31, 2019</b>						
	Fixed interest rates		Floating interest rate	Non-interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 – 5 years				
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	180	2	182	0.13 - 1.20
Trade and other current receivables	-	-	-	700	700	-
Accounts receivable - retention under construction contracts	-	-	-	216	216	-
Restricted deposits at banks	1	-	10	-	11	0.45 - 1.30
	<u>1</u>	<u>-</u>	<u>190</u>	<u>918</u>	<u>1,109</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions	473	-	-	-	473	3.00 - 7.12
Trade and other current payables	-	-	-	509	509	-
Accounts payable - retention under construction contracts	-	-	-	101	101	-
Lease liabilities	2	2	-	-	4	4.75
Debentures	30	-	-	-	30	4.80
	<u>505</u>	<u>2</u>	<u>-</u>	<u>610</u>	<u>1,117</u>	

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

In Million Baht						
Separate financial statements						
As at December 31, 2020						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	2	0	2	0.00 - 0.50
Trade and other current receivables	-	-	-	138	138	-
Accounts receivable - retention under construction contracts	-	-	-	125	125	-
Restricted deposits at banks	-	-	29	-	29	0.05
	<u>-</u>	<u>-</u>	<u>31</u>	<u>263</u>	<u>294</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions						
	415	-	-	-	415	3.75 - 5.25
Trade and other current payables	-	-	-	406	406	-
Accounts payable - retention under construction contracts	-	-	-	10	10	-
Short-term loans from related parties	642	-	-	-	642	2.50 - 6.25
Lease liabilities	9	8	-	-	17	5.92 - 6.26
	<u>1,066</u>	<u>8</u>	<u>-</u>	<u>416</u>	<u>1,490</u>	

In Million Baht						
Separate financial statements						
As at December 31, 2019						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	93	1	94	0.13 - 1.20
Trade and other current receivables	-	-	-	471	471	-
Accounts receivable - retention under construction contracts	-	-	-	69	69	-
	<u>-</u>	<u>-</u>	<u>93</u>	<u>541</u>	<u>634</u>	
<b>Financial liabilities</b>						
Bank overdrafts and short-term loans from financial institutions						
	249	-	-	-	249	3.00 - 7.12
Trade and other current payables	-	-	-	266	266	-
Accounts payable - retention under construction contracts	-	-	-	13	13	-
Short-term loans from related parties	748	-	-	-	748	2.50 - 5.50
Lease liabilities	1	2	-	-	3	4.75
Debentures	30	-	-	-	30	4.80
	<u>1,028</u>	<u>2</u>	<u>-</u>	<u>279</u>	<u>1,309</u>	

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**NOTES TO FINANCIAL STATEMENTS (CONT.)**  
**DECEMBER 31, 2020**

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 December 31, 2020 and 2019, the material balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated financial statements					
	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	4	5	-	50	30.0371	30.1540
Euro	1	2	-	90	36.8764	33.7311

  

Foreign currency	Separate financial statements					
	Financial assets as at		Financial liabilities as at		Average exchange rate as at	
	December 31,		December 31,		December 31,	
	2020	2019	2020	2019	2020	2019
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	23	34	-	50	30.0371	30.1540
Euro	1	1	-	90	36.8764	33.7311

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Fair value of financial instrument

The Group uses the market approach to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards, except that the cost approach or income approach is used when there is no active market or when a quoted market price is not available.

The following table shows the carrying amounts and fair values of financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Consolidated/ Separate Financial Statements (In Million Baht)			
	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Financial liability not measured at fair value				
- Debentures	-	30.0	-	30.0

Valuation techniques on fair value and inputs for Level 2 valuations

The fair value of investments in non-listed investment units on the Stock Exchange of Thailand, is calculated by using the net assets value per unit as announced by the fund managers.

**42. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES**

Changes in the liabilities arising from financing activities for the years ended December 31, 2020 and 2019 are as follows:

	Consolidated Financial Statements (In Thousand Baht)			
	Balance as at January 1, 2020	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2020
Bank overdrafts and short-term loans from financial institutions	473,051	236,409	-	709,460
Debentures	30,000	(30,000)	-	-
Lease liabilities	23,965	(14,475)	22,892	32,382
Total	527,016	191,934	22,892	741,842

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

Consolidated Financial Statements (In Thousand Baht)				
	Balance as at January 1, 2019	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts and short-term loans from financial institutions	581,804	(108,753)	-	473,051
Debentures	179,750	(150,000)	250	30,000
Lease liabilities	5,976	(5,113)	3,010	3,873
Total	767,530	(263,866)	3,260	506,924

Separated Financial Statements (In Thousand Baht)				
	Balance as at January 1, 2020	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2020
Bank overdrafts and short-term loans from financial institutions	249,051	165,609	-	414,660
Short-term loans from related parties	748,000	(106,000)	-	642,000
Debentures	30,000	(30,000)	-	-
Lease liabilities	14,383	(7,062)	9,892	17,213
Total	1,041,434	22,547	9,892	1,073,873

Separated Financial Statements (In Thousand Baht)				
	Balance as at January 1, 2019	Cash flows Increase (decrease)*	Non-cash transaction Increase	Balance as at December 31, 2019
Bank overdrafts and short-term loans from financial institutions	480,000	(230,949)	-	249,051
Short-term loans from related parties	510,000	238,000	-	748,000
Debentures	179,750	(150,000)	250	30,000
Lease liabilities	-	(901)	3,009	2,108
Total	1,169,750	(143,850)	3,259	1,029,159

\* Financing cash flows included net proceed and repayment cash transactions in the statements of cash flows.

**TRC CONSTRUCTION PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**

**NOTES TO FINANCIAL STATEMENTS (CONT.)**

**DECEMBER 31, 2020**

**43. CAPITAL MANAGEMENT**

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

According to the separate statement of financial position as at December 31, 2020 Group has the debt to equity ratio 8.27 : 1 (as at December 31, 2019 : 3.43 : 1) and the Company only has the debt to equity ratio 4.41 : 1 (as at December 31, 2019 : 2.94 : 1)

**44. CORONAVIRUS DISEASE 2019 PANDEMIC**

The Coronavirus disease 2019 pandemic is continuing to evolve, resulting in an economic slowdown and adversely impacting most businesses and industries as a whole. The situation affects the results of operations of the Company and its subsidiaries, recognition and measurement of assets and liabilities in the financial statements. Nevertheless, the management will continue to monitor the ongoing development and regularly assess the financial impact in respect of the valuation of assets, provisions and contingent liabilities.

**45. RECLASSIFICATION**

Certain amounts in the consolidated statement of financial position and separate statement of financial position as at December 31, 2019 have been reclassified to conform to the current year's classification with no effect on the profit (loss) for the year and earnings per share as below.

	In Thousand Baht		
	As previous reported	Reclassified	As current reported
Consolidated statements of financial position			
Assets			
Investments in associates	25,375	(25,375)	-
Investments in joint ventures	26,238	25,375	51,613
Separate statements of financial position			
Assets			
Investments in associates	25,375	(25,375)	-
Investments in joint ventures	2,376	25,375	27,751

**46. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements were approved for issue by the Board of Directors on February 24, 2021.