

TRC Construction Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2014



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## Independent Auditor's Report

To the Shareholders of TRC Construction Public Company Limited

I have audited the accompanying consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2014, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of TRC Construction Public Company Limited for the same period.

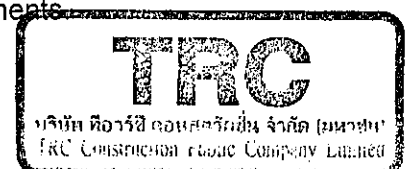
### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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





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

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRC Construction Public Company Limited and its subsidiaries and of TRC Construction Public Company Limited as at 31 December 2014, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 23 February 2015



TRC Construction Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	606,657,464	195,562,533	455,659,376	38,165,761
Current investments		36,796	36,434	36,796	36,434
Trade and other receivables	6, 8	876,685,651	252,955,970	724,579,493	93,087,803
Unbilled receivable	9	396,199,789	785,135,118	379,839,282	700,263,330
Accounts receivable - retention under construction contracts	9	77,596,740	105,822,345	72,633,202	101,072,482
Advances paid to subcontractors under construction contracts		10,790,902	9,605,293	8,149,747	6,118,217
Construction in progress	9	16,140,252	2,382,544	16,106,866	2,357,887
Construction supplies	10	18,653,108	67,345,169	18,653,108	67,345,169
Short-term loans to related parties	6	-	-	36,668,256	36,427,917
Withholding tax deducted at source	11	28,666,178	42,260,210	14,416,816	17,928,269
Other current assets		32,479,465	37,230,357	26,934,275	24,403,463
<b>Total current assets</b>		<b>2,063,906,345</b>	<b>1,498,335,973</b>	<b>1,753,677,217</b>	<b>1,087,206,732</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions	12	34,543,111	82,673,892	13,672,618	47,297,628
Investments in subsidiaries	13	-	-	175,412,221	173,045,558
Investments in joint ventures	14	2,444,856	69,269	2,375,587	-
Other long-term investments	15	50,000,000	50,000,000	-	-
Property, plant and equipment	16	455,000,457	325,381,630	425,450,291	281,810,232
Intangible assets	17	8,832,435	5,803,357	8,519,891	5,449,501
Deferred tax assets	29	11,799,911	7,930,325	8,649,645	7,063,913
Other non-current assets		4,086,196	6,805,332	3,891,759	6,356,239
<b>Total non-current assets</b>		<b>566,705,966</b>	<b>478,663,805</b>	<b>637,972,012</b>	<b>521,023,071</b>
<b>Total assets</b>		<b>2,630,613,311</b>	<b>1,976,999,778</b>	<b>2,391,649,229</b>	<b>1,608,229,803</b>

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



TRC Construction Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Bank overdrafts and short-term loans					
from financial institutions	18	-	33,373,389	-	-
Trade and other payables	6, 19	458,390,399	321,379,184	384,015,604	191,886,618
Unbilled payable		337,902,779	96,528,170	310,509,538	64,825,727
Unearned construction revenue	9	149,396,081	33,488,325	149,396,081	33,488,325
Accounts payable - retention under					
construction contracts		27,732,191	15,869,777	16,721,663	7,604,883
Advances received from customers					
under construction contracts	9	105,388,441	193,915,746	105,307,263	189,094,968
Current portion of long-term loans	20	26,000,000	19,500,000	26,000,000	19,500,000
Provision for liabilities under					
construction projects	21	34,323,157	18,403,136	19,660,306	16,159,428
Current portion of liabilities under finance					
lease agreements	22	101,406	243,374	-	-
Income tax payable		8,360,391	2,216,409	8,360,391	-
Other current liabilities	23	55,760,464	14,459,032	49,073,270	10,351,887
<b>Total current liabilities</b>		<b>1,203,355,309</b>	<b>749,376,542</b>	<b>1,069,044,116</b>	<b>532,911,836</b>
<b>Non-current liabilities</b>					
Long-term loans - net of current portion	20	4,500,000	30,500,000	4,500,000	30,500,000
Liabilities under finance lease agreements					
- net of current portion	22	-	101,406	-	-
Provision for long-term employee benefits	24	25,047,973	23,163,293	23,587,920	19,160,139
Provision for litigation	35.1	20,000,000	20,000,000	20,000,000	20,000,000
<b>Total non-current liabilities</b>		<b>49,547,973</b>	<b>73,764,699</b>	<b>48,087,920</b>	<b>69,660,139</b>
<b>Total liabilities</b>		<b>1,252,903,282</b>	<b>823,141,241</b>	<b>1,117,132,036</b>	<b>602,571,975</b>

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



TRC Construction Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
<b>Shareholders' equity</b>					
Share capital	25				
Registered					
851,029,737 ordinary shares of Baht 0.50 each		425,514,868	425,514,868	425,514,868	425,514,868
Issued and paid-up					
822,613,706 ordinary shares of Baht 0.50 each					
(2013: 816,586,773 ordinary shares of Baht 0.50 each)		411,306,853	408,293,386	411,306,853	408,293,386
Share premium	25	280,461,204	257,908,880	280,461,204	257,908,880
Capital reserve for share-based payment	26	25,956,932	8,239,851	25,956,932	8,239,851
Subscription received in advance from exercise of warrants	26	10,723,061	-	10,723,061	-
Retained earnings					
Appropriated - statutory reserve	27				
The Company		41,130,685	38,258,410	41,130,685	38,258,410
Subsidiaries		2,643,872	2,213,602	-	-
Unappropriated		605,991,179	433,552,725	504,938,458	292,957,301
Other components of shareholders' equity		5,587,754	9,379,714	-	-
Equity attributable to owners of the Company		1,383,801,540	1,157,846,568	1,274,517,193	1,005,657,828
Non-controlling interests of the subsidiaries		(6,091,511)	(3,988,031)	-	-
<b>Total shareholders' equity</b>		<b>1,377,710,029</b>	<b>1,153,858,537</b>	<b>1,274,517,193</b>	<b>1,005,657,828</b>
<b>Total liabilities and shareholders' equity</b>		<b>2,630,613,311</b>	<b>1,976,999,778</b>	<b>2,391,649,229</b>	<b>1,608,229,803</b>

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

Directors



TRC Construction Public Company Limited and its subsidiaries

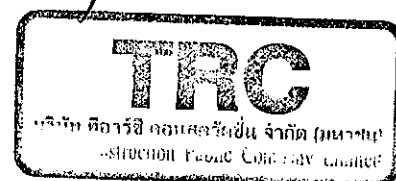
Income statement

For the year ended 31 December 2014

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2014	2013	2014	2013
Revenues					
Construction services income	9	3,095,342,223	2,481,418,380	2,393,920,166	1,840,954,468
Interest income	6	3,915,645	2,541,178	8,995,298	6,080,395
Other income	6	28,475,791	32,018,650	14,980,203	30,335,157
Total revenues		3,127,733,659	2,515,978,208	2,417,895,667	1,877,370,020
Expenses					
Cost of construction services	6	2,538,294,169	2,106,362,514	1,858,968,248	1,513,758,405
Administrative expenses		303,464,746	230,690,329	225,550,628	162,062,045
Doubtful debt		-	16,311,361	4,119,222	75,751,136
Total expenses		2,841,758,915	2,353,364,204	2,088,638,098	1,751,571,586
Profit before share of loss from					
investments in joint venture, finance cost					
and income tax expenses		285,974,744	162,614,004	329,257,569	125,798,434
Share of loss from investments in joint venture	14	-	(21,623)	-	-
Profit before finance cost and					
Income tax expenses		285,974,744	162,592,381	329,257,569	125,798,434
Finance cost	6	(3,355,698)	(3,143,320)	(1,617,413)	(691,025)
Profit before income tax expenses		282,619,046	159,449,061	327,640,156	125,107,409
Income tax expenses	29	(69,371,596)	(51,418,516)	(71,971,385)	(43,780,139)
Profit for the year		213,247,450	108,030,545	255,668,771	81,327,270
Profit attributable to:					
Equity holders of the Company		214,923,660	126,362,418	255,668,771	81,327,270
Non-controlling interests of the subsidiaries		(1,676,210)	(18,331,873)		
		213,247,450	108,030,545		
Earnings per share					
30					
Basic earnings per share					
Profit attributable to equity holders					
of the Company		0.26	0.15	0.31	0.10
Diluted earnings per share					
Profit attributable to equity holders					
of the Company		0.26	0.15	0.31	0.10

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



TRC Construction Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2014

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2014	2013	2014	2013
Profit for the year		213,247,450	108,030,545	255,668,771	81,327,270
<b>Other comprehensive income:</b>					
Exchange differences on translation of					
financial statements in foreign currency		(894,407)	3,571,224	-	-
Loss on revaluation of investment in subsidiary		(2,955,890)	-	-	-
Actuarial gains on employee benefit	24	1,579,682	2,162,414	-	2,162,414
Income tax effect	29	(315,937)	(432,483)	-	(432,483)
Other comprehensive income for the year		(2,586,552)	5,301,155	-	1,729,931
<b>Total comprehensive income for the year</b>		<b>210,660,898</b>	<b>113,331,700</b>	<b>255,668,771</b>	<b>83,057,201</b>
<b>Total comprehensive income attributable to:</b>					
Equity holders of the Company		212,395,445	131,826,072	255,668,771	83,057,201
Non-controlling interests of the subsidiaries		(1,734,547)	(18,494,372)	-	-
		<b>210,660,898</b>	<b>113,331,700</b>		

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

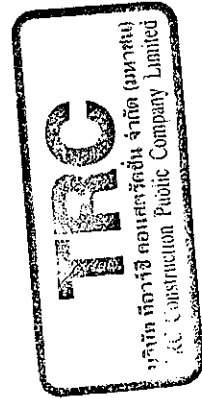




TRC Construction Public Company Limited and its subsidiaries  
Statement of changes in shareholders' equity  
For the year ended 31 December 2014

Consolidated financial statements												(Unit: Baht)	
Equity attributable to owners of the Company													
Other components of equity													
Exchange differences on translation of financial statements in foreign currency													
Deficit on revaluation of investment in subsidiaries													
Total other components of shareholders' equity													
Total equity attributable to owners of the Company													
Equity attributable to non-controlling interests of the subsidiaries													
Total shareholders' equity													
Note	Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Retained earnings		Unappropriated		5,645,991	162,499	3,571,224	5,645,991	989,566,083
					Appropriated - The Company	Subsidiary							
Balance as at 1 January 2013	336,585,589	197,036,756	-	-	34,158,410	2,213,602	399,519,694	5,645,991	-	162,499	3,571,224	5,645,991	989,566,083
Profit for the year	-	-	-	-	-	-	126,362,418	162,499	-	-	-	162,499	108,030,545
Other comprehensive income for the year	-	-	-	-	-	-	1,729,931	3,571,224	-	-	-	3,571,224	5,301,155
Total comprehensive income for the year	-	-	-	-	-	-	128,092,349	3,733,723	-	-	-	3,733,723	113,331,700
Increase in capital from issuance of stock dividend	56,073,266	-	-	-	-	-	(56,073,266)	-	-	-	-	-	-
Increase in capital from right offering	15,634,531	60,872,124	-	-	-	-	-	-	-	-	-	-	76,506,655
Share-based payment transactions	-	-	8,239,851	-	-	-	-	-	-	-	-	-	8,239,851
Increase in non-controlling interests of the subsidiary in respect of establishing new subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriated to statutory reserve	-	-	-	-	4,100,000	-	(4,100,000)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	-	(33,886,052)	-	-	-	-	-	(33,886,052)
Balance as at 31 December 2013	408,293,386	257,908,880	8,239,851	-	38,258,410	2,213,602	433,552,725	9,379,714	-	-	-	9,379,714	1,153,858,537
Balance as at 1 January 2014	408,293,386	257,908,880	8,239,851	-	38,258,410	2,213,602	433,552,725	9,379,714	-	-	-	9,379,714	1,153,858,537
Profit for the year	-	-	-	-	-	-	214,923,660	58,337	-	-	-	58,337	213,305,787
Other comprehensive income for the year	-	-	-	-	-	-	1,263,745	(894,407)	(2,955,890)	(3,850,297)	(2,566,552)	(58,337)	(2,644,889)
Increase in capital from exercise of warrants	-	-	-	-	-	-	216,187,405	(836,070)	(2,955,890)	(3,791,960)	(1,734,547)	(1,734,547)	210,660,898
Subscription received in advance from exercise of warrants	-	-	-	(18,261,607)	-	-	-	-	-	-	-	-	-
Share-based payment transactions	-	-	25,021,285	-	-	-	-	-	-	-	-	-	-
Increase in non-controlling interests from change in investment in subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-
Appropriated to statutory reserve	-	-	-	-	2,872,275	368,933	(2,933,612)	-	-	-	-	-	-
Dividend paid	-	-	-	-	-	61,337	(40,815,339)	-	-	-	-	-	(40,815,339)
Balance as at 31 December 2014	411,306,853	280,461,204	25,958,932	10,723,061	41,130,685	2,643,872	605,991,179	8,543,644	(2,955,890)	5,587,754	(368,933)	(6,091,511)	1,377,710,029

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



TRC Construction Public Company Limited and its subsidiaries

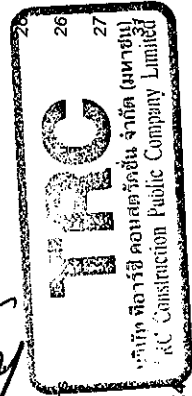
Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2014

(Unit: Baht)

Separate financial statements

		Issued and paid-up share capital	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Retained earnings Appropriated - Statutory reserve	Unappropriated earnings	Total shareholders' equity
	Note							
Balance as at 1 January 2013		336,585,589	197,036,756	-	-	34,158,410	303,959,418	871,740,173
Profit for the year		-	-	-	-	-	81,327,270	81,327,270
Other comprehensive income for the year		-	-	-	-	-	1,729,931	1,729,931
Total comprehensive income for the year		-	-	-	-	-	83,057,201	83,057,201
Increase in capital from issuance of stock dividend		56,073,266	-	-	-	-	(56,073,266)	-
Increase in capital from right offering		15,634,531	60,872,124	-	-	-	-	76,506,655
Share-based payment transactions	26	-	-	8,239,851	-	-	-	8,239,851
Appropriated to statutory reserve	27	-	-	-	-	4,100,000	(4,100,000)	-
Dividend paid	31	-	-	-	-	-	(33,886,052)	(33,886,052)
Balance as at 31 December 2013		408,293,386	257,908,880	8,239,851	-	38,258,410	292,957,301	1,005,657,828
Balance as at 1 January 2014		408,293,386	257,908,880	8,239,851	-	38,258,410	292,957,301	1,005,657,828
Profit for the year		-	-	-	-	-	255,668,771	255,668,771
Total comprehensive income for the year		-	-	-	-	-	255,668,771	255,668,771
Increase in capital from exercise of warrants	25	3,013,467	22,552,324	(7,304,184)	(18,261,607)	-	-	-
Subscription received in advance from exercise of warrants		-	-	-	28,984,668	-	-	-
Share-based payment transaction	26	-	-	25,021,265	-	-	-	25,021,265
Appropriated to statutory reserve	27	-	-	-	-	2,872,275	(2,872,275)	-
Dividend paid		-	-	-	-	-	(40,815,339)	(40,815,339)
Balance as at 31 December 2014		411,306,853	280,461,204	25,956,932	10,723,061	41,130,685	504,938,458	1,274,517,193



TRC Construction Public Company Limited and its subsidiaries

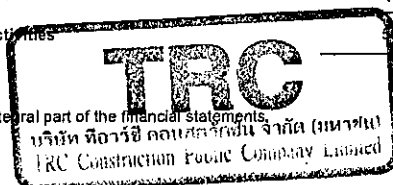
Cash flow statement

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
Profit before tax	282,619,046	159,449,061	327,640,156	125,107,409
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	53,761,363	42,935,027	32,456,343	20,169,036
Allowance for doubtful debt (reversal)	(563,524)	16,311,361	4,119,222	75,751,136
Loss on write-off withholding tax	657,298	2,401,662	657,298	2,401,662
Unrealised gain on exchange rate	(4,760,473)	(2,053,194)	(5,447,106)	(2,461,091)
(Gain) loss on disposal of building and equipment	(8,990,848)	329,295	(112,148)	(111,446)
Loss on write-off of equipments and intangible assets	602,362	118,844	446,877	90,334
Share of loss from investments in joint venture	-	21,623	-	-
Expense for share - based payment transactions	25,021,265	8,239,851	22,654,602	7,522,775
Reversal of unbilled payables	(7,000,000)	-	(7,000,000)	-
Provision for liabilities under construction projects	20,429,670	8,520,999	7,800,000	8,664,169
Provision for long-term employee benefits	5,132,808	4,287,178	4,427,781	1,667,986
Interest income	(3,915,645)	(2,541,178)	(8,995,298)	(6,080,395)
Interest expenses	1,229,910	1,634,485	413,424	78,904
<b>Profit from operating activities before changes in</b>				
<b>operating assets and liabilities</b>	364,223,232	239,655,014	379,061,151	232,800,479
<b>(Increase) decrease in operating assets</b>				
Trade and other receivables	(632,509,871)	232,760,933	(632,543,775)	255,549,835
Unbilled receivable	391,270,889	35,636,516	323,210,674	74,415,593
Accounts receivable - retention	28,225,605	170,039,619	28,439,280	(30,165,231)
Advance paid to subcontractors under construction contracts	(1,183,528)	96,835,791	(2,030,238)	32,265,777
Construction in progress	(13,690,251)	5,539,648	(13,681,522)	5,472,688
Construction supplies	48,692,061	10,216,999	48,692,061	(3,747,510)
Other current assets	4,750,891	3,286,593	(2,530,812)	1,745,454
Other non-current assets	2,719,136	(2,760,756)	2,464,480	(2,915,071)
<b>Increase (decrease) in operating liabilities</b>				
Trade and other payables	132,918,166	(120,087,912)	187,620,864	(38,251,589)
Unbilled payable	248,374,608	(179,272,211)	252,683,810	(99,157,285)
Unearned construction revenue	115,161,401	(31,375,512)	115,111,209	31,542,824
Accounts payable - retention	11,862,414	(116,103,461)	9,116,781	(19,159,550)
Advances received from customers under construction contracts	(88,396,638)	(270,020,756)	(88,657,039)	(237,296,351)
Provision for liabilities under construction projects	(4,509,650)	(3,295,173)	(4,291,122)	(3,295,173)
Other current liabilities	41,301,432	(17,347,384)	38,721,383	(15,961,346)
Provision for long-term employee benefits	(1,686,167)	(1,878,022)	-	210,168
<b>Cash flows from operating activities</b>	647,523,730	51,829,926	646,379,185	184,053,732
Cash received from withholding tax refund	27,186,193	59,363,912	2,854,277	24,874,410
Cash paid for corporate income tax	(81,662,594)	(65,610,804)	(65,196,848)	(59,646,262)
<b>Net cash flows from operating activities</b>	593,047,329	45,583,034	584,036,614	149,281,880

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



TRC Construction Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2014

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Cash flows from investing activities</b>				
Increase in current investments	(362)	(358)	(362)	(358)
Decrease in restricted deposits at financial institutions	48,130,780	38,447,521	33,625,010	2,125,267
Increase in short-term loans to related parties	-	-	(237,113)	(63,336,241)
Cash paid for investments in joint venture	(2,375,587)	-	(2,375,587)	-
Interest income	10,626,963	2,535,507	6,798,718	1,419,568
Cash received from disposal of building and equipments	9,818,205	769,293	112,149	569,713
Cash paid for purchase of building and equipments	(175,347,715)	(117,077,455)	(166,973,272)	(115,500,633)
Cash paid for purchase of intangible assets	(3,209,390)	(1,372,740)	(3,209,390)	(1,311,120)
<b>Net cash flows used in investing activities</b>	<b>(112,357,106)</b>	<b>(76,698,232)</b>	<b>(132,259,847)</b>	<b>(176,033,804)</b>
<b>Cash flows from financing activities</b>				
Decrease in bank overdrafts and short-term				
loans from financial institutions	(33,373,389)	(12,130,770)	-	-
Cash received from long-term loans	-	50,000,000	-	50,000,000
Repayment of long-term loans	(19,500,000)	-	(19,500,000)	-
Cash received from short-term loans from related party	-	-	170,000,000	20,000,000
Repayment of short-term loans from related party	-	-	(170,000,000)	(64,000,000)
Subscription received in advance from exercise of warrants	10,723,061	-	10,723,061	-
Increase in capital due to exercise of warrants	18,261,607	-	18,261,607	-
Cash received from increase in capital from right offering	-	76,506,655	-	76,506,655
Dividend paid	(40,815,339)	(33,886,052)	(40,815,339)	(33,886,052)
Interest expenses	(3,768,966)	(5,867,163)	(2,952,481)	(4,303,035)
Decrease in liabilities under finance lease				
agreements	(243,374)	(332,233)	-	(88,858)
Increase (decrease) in non-controlling interest	(368,934)	100,300	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(69,085,334)</b>	<b>74,390,737</b>	<b>(34,283,152)</b>	<b>44,228,710</b>
Increase (decrease) in translation adjustments	(509,958)	2,922,203	-	-
<b>Net increase in cash and cash equivalents</b>	<b>411,094,931</b>	<b>46,197,742</b>	<b>417,493,615</b>	<b>17,476,786</b>
Cash and cash equivalents at beginning of the year	195,562,533	149,364,791	38,165,761	20,688,975
<b>Cash and cash equivalents at end of the year (Note 7)</b>	<b>606,657,464</b>	<b>195,562,533</b>	<b>455,659,376</b>	<b>38,165,761</b>

Supplemental cash flows information

Non-cash items consist of

Purchase of equipment, construction in progress

and intangible assets that have yet to be paid

7,029,994

984,254

1,952,042

866,662

Interest expenses recorded as cost of project

and construction in progress

2,503,584

4,264,199

2,503,584

4,264,199

Issuance of stock dividend

-

56,073,266

-

56,073,266

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



**TRC Construction Public Company Limited and its subsidiaries**  
**Notes to consolidated financial statements**  
**For the year ended 31 December 2014**

**1. General information**

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

On 16 June 2014, the Company registered with the Ministry of Commerce the change of its address to No. 8, Soi Sukhapiban 5 soi 32, Kwang Tha Raeng, Khet Bang Khen, Bangkok.

**2. Basis of preparation**

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

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

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

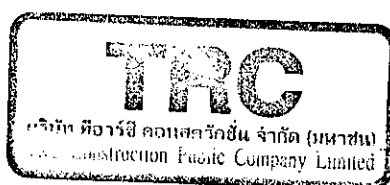
**2.2 Basis of consolidation**

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



Company's name	Nature of business	Country of Incorporation	Percentage of shareholding	
			<u>2014</u> (%)	<u>2013</u> (%)
<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
<u>Held by the Company's subsidiaries</u>				
SKK Joint Venture Company Limited (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	-	89.97
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	60.00
TRC Engineering LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company, except for two subsidiaries applies different accounting policies from the group companies, such as with respect to deferred tax. However, no adjustment of differences has been performed because the effects of the differences in accounting policies are immaterial to the profit or loss in the consolidated financial statements for the years ended 31 December 2014 and 2013.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using yearly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.



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

### 3. New financial reporting standards

Below is a summary of financial reporting standards that became effective in the current accounting year and those that will become effective in the future.

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

Conceptual Framework for Financial Reporting (revised 2014)

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements Disclosures
TSIC 32	Intangible Assets - Web Site Costs



Financial Reporting Standard Interpretations:

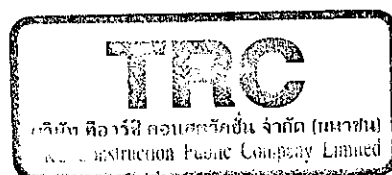
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 <i>Financial Reporting in Hyperinflationary Economies</i>
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

Accounting Treatment Guidance for Stock Dividend

These financial reporting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These financial reporting standards do not have any significant impact on the financial statements.

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

The Federation of Accounting Professions has issued a number of revised and new financial reporting standards that become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these financial reporting standards involve changes to key principles, as discussed below:





## **TAS 19 (revised 2014) Employee Benefits**

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognised actuarial gains and losses immediately in other comprehensive income.

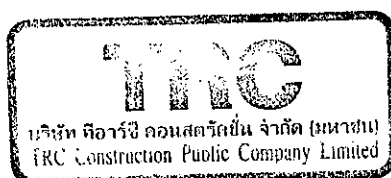
## **TFRS 10 Consolidated Financial Statements**

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 *Consolidated and Separate Financial Statements*. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee 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, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

## **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 *Interests in Joint Ventures*. This standard requires an entity to account for an investment in a jointly controlled entity that meets the definition of a joint venture using the equity method, while TAS 31 allows the entity to apply either the proportionate consolidation method or the equity method to account for such an investment.



The management of the Company and its subsidiaries believes that this standard will not have any impact on the Company and its subsidiaries' financial statements as the Company and its subsidiaries have already applied the equity method to an investment in a jointly controlled entity.

#### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

#### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company's and its subsidiaries' financial statements.

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

#### **4.1 Revenue recognition**

##### *Rendering of construction services*

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

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



### *Interest income*

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

### *Dividends*

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

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

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

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

The actual cost of construction incurred but not yet recognised as cost of services in profit or loss has been regarded as "Construction in progress" in the statements of financial position.

Construction in progress includes the cost of raw material, direct labour and other expenses incurred for each project. Such construction in progress is valued at the lower of cost or net realisable value.

Expenses are recognised on an accrual basis.

## **4.3 Cash and cash equivalents**

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

## **4.4 Trade and other receivables**

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

## **4.5 Investments**

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



- b) Investments in subsidiaries and joint ventures are accounted for in the separate financial statements using the cost method less provision for impairment of investments (if any).
- c) Available for sale investments for which no market price is available and whose fair value cannot be reliably measured, are carried at cost less impairment loss (if any).

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

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

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

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

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

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

#### 4.7 Borrowing costs

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



#### 4.8 Intangible assets

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

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

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

#### 4.9 Related party transactions

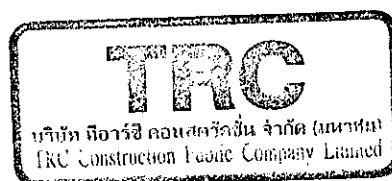
Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company.

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

#### 4.10 Long-term leases

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

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



#### 4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

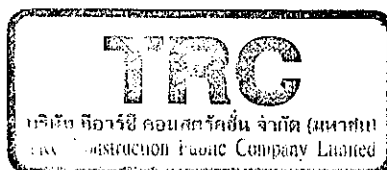
Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income.

#### 4.12 Impairment of assets

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

An impairment loss is recognised in profit or loss.



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

#### **4.13 Employee benefits**

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

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

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

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

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

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

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

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

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



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

#### **4.14 Provisions**

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

#### **4.15 Income tax**

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

##### **Current tax**

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

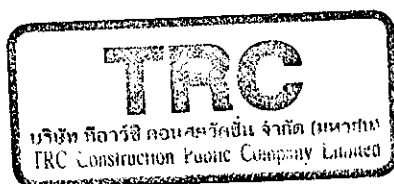
##### **Deferred tax**

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.





#### **4.16 Equity-settled share-based payment transactions**

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

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

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

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

##### **Estimated construction project costs**

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

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

###### *Provision for liabilities under project warranties*

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



#### *Provision for losses on construction projects*

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

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

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

#### **Leases**

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

#### **Allowance for doubtful accounts**

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

#### **Impairment of investments**

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

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

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



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

### Deferred tax assets

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

### Post-employment benefits under defined benefit plans

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

### Litigation

The Company and its subsidiary have contingent liabilities as a result of litigation. The Company's management has used judgement to assess of the results of the litigation, as described in Note 35.

## 6. Related party transactions

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2014	2013	2014	2013	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Cost of construction services	-	-	64	154	Cost plus margin
Interest income	-	-	5,946	4,683	At rate of 3.5 - 7.0% p.a.
Other income	-	-	166	132	Cost plus margin
Interest expense	-	-	413	79	As rate of 3.0% p.a.
<u>Transactions with joint venture</u>					
Construction services income	462,387	-	462,387	-	Cost plus margin



As at 31 December 2014 and 2013, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial		Separate financial	
	statements		Statements	
	2014	2013	2014	2013
<b><u>Trade and other receivables - related parties (Note 8)</u></b>				
Subsidiary companies	-	-	5,784	2,779
Joint venture	298,150	-	298,150	-
Shareholder of subsidiary	24,094	28,110	-	-
Total	322,244	28,110	303,934	2,779
<b><u>Trade and other payables - related parties (Note 19)</u></b>				
Subsidiary companies	-	-	5,120	4,722
Total	-	-	5,120	4,722

#### Short-term loans to related parties

As at 31 December 2014 and 2013, the balance of loans between the Company and those related companies and the movement are as follows:

		(Unit: Thousand Baht)				
		Separate financial statements				
Short-term loans	Related by	Balance as at				Balance as at
		31 December	Exchange rate			31 December
		2013	Increase	Decrease	adjustment	2014
TRC Investment Limited	Subsidiary company	1,429	239	-	1	1,669
TRC International Limited	Subsidiary company	34,999	-	-	-	34,999
TRC Engineering LLC	Subsidiary company	63,068	-	-	-	63,068
Total		99,496	239	-	1	99,736
Less: Allowance for doubtful debts		(63,068)	-	-	-	(63,068)
Net		36,428	239	-	1	36,668

Short-term loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2013: 3.5% - 7.0% per annum) and due for repayment on demand.



### Short-term loans from related party

As at 31 December 2014 and 2013, the balance of loans between the Company and this related company and the movement are as follows:

(Unit: Thousand Baht)

Short-term loan	Related by	Separate financial statements			
		Balance as at		Balance as at	
		31 December 2013	Increase	Decrease	31 December 2014
Sahakarn Wisavakorn Company Limited	Subsidiary company	-	170,000	(170,000)	-

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

### Directors and management's benefits

During the years ended 31 December 2014 and 2013, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term employee benefits	24	23	23	20
Post-employment benefits	2	2	2	2
Share-based payment	2	1	2	1
Total	28	26	27	23

### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 34.4.



## 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash	2,242	3,423	358	310
Deposits at financial institutions	304,415	142,140	205,301	37,856
Investment in bill of exchanges	300,000	50,000	250,000	-
Total	606,657	195,563	455,659	38,166

As at 31 December 2014, deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.10% and 2.07% per annum (2013: between 0.40% and 2.50% per annum).

## 8. Trade and other receivables

(Unit: Thousand Baht)

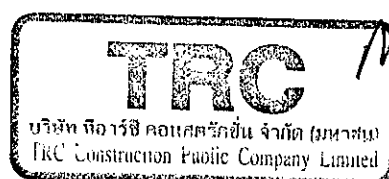
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	167,900	-	167,900	-
Past due				
Up to 3 months	125,822	-	125,822	-
Over 12 months	-	564	-	-
Total trade accounts receivable - related parties	293,722	564	293,722	-
Less: Allowance for doubtful debts	-	(564)	-	-
Total trade accounts receivable - related parties, net	293,722	-	293,722	-



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	519,454	143,902	401,630	64,421
Past due				
Up to 3 months	20,780	75,534	12,817	21,103
Over 12 months	17,178	17,120	4,383	4,383
Total trade accounts receivable - unrelated parties	557,412	236,556	418,830	89,907
Less: Allowance for doubtful debts	(16,311)	(16,311)	(4,383)	(4,383)
Translation adjustment	(867)	(809)	-	-
Total trade accounts receivable - unrelated parties, net	540,234	219,436	414,447	85,524
Total trade accounts receivable - net	833,956	219,436	708,169	85,524
<u>Other receivables</u>				
Advance to related parties	28,522	28,110	11,525	5,919
Interest receivable from related parties	-	-	11,106	5,160
Others	14,208	5,410	6,198	4,785
Total other receivables	42,730	33,520	28,829	15,864
Less: Allowance for doubtful debt	-	-	(12,419)	(8,300)
Total other receivables - net	42,730	33,520	16,410	7,564
Total trade and other receivables - net	876,686	252,956	724,579	93,088

The Company and the subsidiary transferred rights to receive payment under construction contracts to secure the credit facilities with financial institutions. Pledged accounts receivable amounting to Baht 690 million included in the accounts receivable balance as at 31 December 2014 (the Company only: Baht 623 million) (2013: Baht 60 million, the Company only: Baht 55 million).



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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Amount of contract revenue recognised as revenue in the year	3,096,131	2,481,418	2,394,709	1,840,954
Aggregate amount of construction costs incurred to date	10,191,382	7,858,779	5,809,755	4,183,011
Adjust with the recognised profits to date	1,725,629	1,195,815	1,292,739	794,502
	11,917,011	9,054,594	7,102,494	4,977,513
Sum of progress billings	(11,784,342)	(8,589,403)	(6,961,251)	(4,497,475)
Translation adjustment	24,887	94,923	-	-
	157,556	560,114	141,243	480,038
<b>Gross amount due from customers for contract work consists of</b>				
Unbilled receivable	396,200	785,135	379,839	700,263
Construction in progress	16,140	2,383	16,107	2,358
	412,340	787,518	395,946	702,621
<b>Gross amount due to customers for contract work consists of</b>				
Unearned construction revenue	(149,396)	(33,488)	(149,396)	(33,488)
Advance received from customers	(105,388)	(193,916)	(105,307)	(189,095)
under construction contracts	(254,784)	(227,404)	(254,703)	(222,583)
	157,556	560,114	141,243	480,038
<b>Accounts receivable - retention under construction contracts</b>	<b>77,597</b>	<b>105,822</b>	<b>72,633</b>	<b>101,072</b>





## 10. Construction supplies

(Unit: Thousand Baht)

	Consolidated / Separate financial statements					
			Reduce cost to net			
	Cost		Realizable value		Construction supplies - net	
	2014	2013	2014	2013	2014	2013
Construction supplies	24,401	54,316	(5,748)	(5,748)	18,653	48,568
Goods in transit	-	18,777	-	-	-	18,777
Total	24,401	73,093	(5,748)	(5,748)	18,653	67,345

## 11. Withholding tax deducted at source

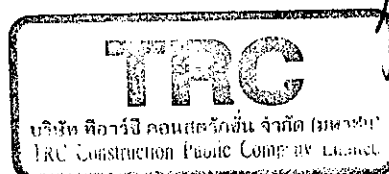
(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Year 2012	-	27,843	-	3,512
Year 2013	14,416	14,417	14,416	14,416
Year 2014	14,250	-	-	-
	28,666	42,260	14,416	17,928

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

## 12. Restricted deposits at financial institutions

These represent saving deposit and fixed deposits pledged with financial institutions to secure credit facilities and bank guarantee facilities issued by the bank on behalf of the Company and subsidiaries, as described in Note 34.3.



### 13. Investments in subsidiaries

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

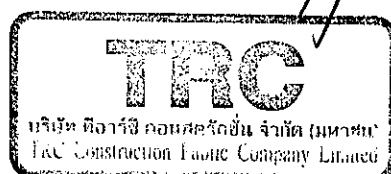
Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2014	2013	2014	2013	2014	2013
					(%)	(%)	Baht	Baht
Sahakarn Wisavekorn Company Limited	Construction services - basic infrastructure	Thailand	200,000,000 Baht	200,000,000 Baht	99.99	99.99	320,483,605	318,116,942
TRC Investment Limited	Holding company	The Republic of Mauritius	1 USD	1 USD	100.00	100.00	32	32
Total							320,483,637	318,116,974
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							175,412,221	173,045,558

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

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2014	2013	2014	2013	2014	2013
							Baht	Baht
<u>Held by Sahakarn Wisavakorn Company Limited</u>								
SKK Joint Venture Company Limited	Construction services	Thailand	-	1,000,000 Baht	-	89.97	-	899,700
<u>Held by TRC Investment Limited</u>								
TRC International Limited	Investor	Hong Kong	10 HKD	10 HKD	100.00	100.00	33	33
<u>Held by TRC International Limited</u>								
TRC Middle East LLC	Construction services	Sultanate of Oman	150,000 Omani Rial	150,000 Omani Rial	70.00	60.00	12,322,330	8,099,630
TRC Engineering LLC	Construction services	Sultanate of Oman	250,000 Omani Rial	250,000 Omani Rial	70.00	70.00	13,654,506	13,654,506
Total							25,976,869	22,653,869
Less: Allowance for loss on impairment of investment							(13,654,506)	(13,654,506)
Total investments in subsidiaries which are held by the Company's subsidiaries - net							12,322,363	8,999,363

On 16 June 2014, TRC International Limited, which is the Company's subsidiary, increased investments in TRC Middle East LLC by purchased 15,000 ordinary shares from its shareholder, a total of 50,000 Omani Rial. Thus, the investment proportion in TRC Middle East LLC increased from 60% to 70%.



On 1 October 2014, the Extraordinary Meeting of SKK Joint Venture Company Limited passed a resolution to approve the closure and liquidation of the company. The Company registered the dissolution with the Ministry of commerce on 3 October 2014 and is completed the liquidation process on 28 October 2014.

#### 14. Investments in joint ventures

Details of investments in joint ventures are as follows:

(Unit: Thousand Baht)

Jointly controlled entity	Nature of business	Consolidated financial statements							
		Shareholding percentage		Cost		Carrying amounts based on equity method		Share of loss from investments in joint venture during the year	
		2014	2013	2014	2013	2014	2013	2014	2013
		(%)	(%)						
<u>Held by the Company</u>									
Sinopec-TRC Joint Venture	Construction	30	-	2,376	-	2,376	-	-	-
<u>Held by Sahakarn Wisavakorn Company Limited</u>									
The Joint Venture of SSP	Construction	40	40	1,092	1,092	69	69	-	(22)
Total				3,468	1,092	2,445	69	-	(22)
Less: Allowance for loss on impairment of investment				(1,092)	(1,092)	-	-		
Total investment in joint venture - net				2,376	-	2,445	69		

The consolidated financial statements for the year ended 31 December 2014 do not include share of loss on investment in Sinopec-TRC Joint Venture because, during the year, the Company subcontracts a part of the operation from which the operating income is included in the consolidated financial statements.

On 30 November 2014, the SSP's joint venture passed a resolution to approve the closure and liquidation of the joint venture. The joint venture is in the liquidation process. The consolidated financial statements for the year ended 31 December 2014 do not include share of gain on investment in this joint venture because the effect of these transactions on the consolidated financial statements is immaterial.

Summarised financial information of jointly controlled entity is as follow.

#### The Joint Venture of SSP

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



(Unit: Thousand Baht)

As at 31 December	
2014	2013
Current assets	- 423
Non-current assets	- 1
	- 424
Current liabilities	- (355)
Net assets	- 69

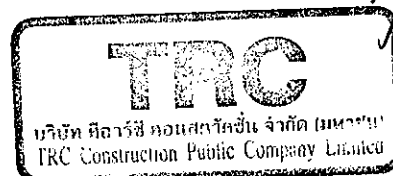
(Unit: Thousand Baht)

For the period	
as from	
1 January	For the year
2014 to	ended
30 November	31 December
2014	2013
Other income	12 -
Selling and administrative expenses	(7) (22)
Net profit (loss)	5 (22)

## 15. Other long-term investments

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

Company's name	Nature of business	Country of incorporation	Paid-up capital		Shareholding percentage		Cost method	
			2014	2013	2014	2013	2014	2013
					(%)	(%)	Baht	Baht
<u>Held by TRC Investment Limited</u>								
Asia Africa Energy Limited	Holding company	Hong Kong	USD 64	USD 64	5.00	5.00	2,010	2,010
Rainbow Power Integrated Concept Limited	Development and investment in natural gas sector	Nigeria	USD 6,957	USD 6,957	8.00	8.00	243,518	243,518
<u>Held by TRC International Limited</u>								
ASEAN Potash Mining Public Company Limited	Mining industries	Thailand	Baht 50,000,000	Baht 50,000,000	3.50	3.50	50,000,000	50,000,000
Total							50,245,528	50,245,528
Less: Allowance for loss on impairment of investment							(245,528)	(245,528)
Total other long-term investments - net							50,000,000	50,000,000



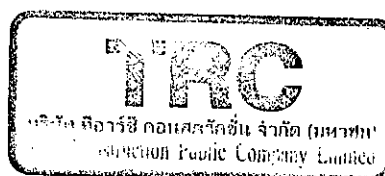
On 11 November 2014, the Meeting No. 6/2014 of the Company's Board of Directors passed a resolution approving TRC International Limited (TRCI), which is the Company's subsidiary, increasing its investment in ASEAN Potash Mining Public Company Limited (APMC) by buying additional 250,000 ordinary shares from shareholders of APMC at Baht 200 per share, for Baht 50 million. As a result, shareholding of TRCI in APMC increased to 4.48% of the Company's paid-up capital. TRCI has already paid for the share subscription on 6 January 2015.

Subsequently, in January 2015, APMC issued and offered additional ordinary shares to the shareholders. As a result, the shareholding of TRCI in APMC decreased to 4.40%.

## 16. Property, plant and equipment

(Unit: Thousand Baht)

Consolidated financial statements								
	Land	Building	Leasehold improvement	Tools and equipment	Furniture, fixtures and office equipment	Motor Vehicles	Construction in progress	Total
<b>Cost:</b>								
1 January 2013	114,791	52,016	6,328	126,229	75,444	62,927	12,553	450,288
Additions	-	-	192	10,023	7,492	9,741	89,594	117,042
Disposals	-	-	-	(332)	(49)	(3,760)	-	(4,141)
Written-off	-	-	-	(104)	(2,585)	-	-	(2,689)
Transfer in (out)	-	2,676	-	-	-	-	(2,676)	-
Translation adjustment	-	2,256	-	-	2,649	990	-	5,895
31 December 2013	114,791	56,948	6,520	135,816	82,951	69,898	99,471	566,395
Additions	-	-	-	9,911	31,576	35,801	106,543	183,831
Disposals	-	(29,601)	-	-	(1,147)	(2,457)	-	(33,205)
Written-off	-	-	(3,179)	(825)	(223)	-	-	(4,227)
Transfers in (out)	-	193,343	-	56	(56)	-	(193,343)	-
Translation adjustment	-	154	-	-	184	61	-	399
31 December 2014	114,791	220,844	3,341	144,958	113,285	103,303	12,671	713,193
<b>Accumulated depreciation:</b>								
1 January 2013	-	36,506	6,328	84,065	44,980	28,092	-	199,971
Depreciation for the year	-	3,670	17	13,074	13,469	11,711	-	41,941
Depreciation on disposals	-	-	-	(88)	(27)	(2,927)	-	(3,042)
Depreciation on written-off	-	-	-	(70)	(2,501)	-	-	(2,571)
Translation adjustment	-	2,132	-	-	2,025	558	-	4,715
31 December 2013	-	42,308	6,345	98,981	57,946	37,434	-	241,014
Depreciation for the year	-	7,380	64	13,392	15,061	16,821	-	52,718
Depreciation on disposals	-	(29,601)	-	-	(1,025)	(1,739)	-	(32,365)
Depreciation on written-off	-	-	(3,180)	(296)	(194)	-	-	(3,670)
Translation adjustment	-	168	-	-	238	90	-	496
31 December 2014	-	20,255	3,229	110,077	72,026	52,696	-	258,193
<b>Net book value:</b>								
31 December 2013	114,791	14,640	175	38,835	25,005	32,464	99,471	325,381
31 December 2014	114,791	200,589	112	34,881	41,259	50,607	12,671	455,000
<b>Depreciation for the year</b>								
2013 (Baht 24 million included in cost of sales and construction services, and the balance in administrative expenses)								41,941
2014 (Baht 22 million included in cost of sales and construction services, and the balance in administrative expenses)								52,718



(Unit: Thousand Baht)

## Separate financial statements

	Land	Building	Leasehold improvement	Tools and Equipment	Furniture, fixtures and office equipment	Motor vehicles	Construction in progress	Total
<b>Cost:</b>								
1 January 2013	113,201	20,351	6,328	52,491	33,081	31,689	12,553	269,694
Additions	-	-	192	9,699	6,412	9,741	89,594	115,638
Disposals	-	-	-	(333)	(4)	(2,123)	-	(2,460)
Written-off	-	-	-	(53)	(2,048)	-	-	(2,101)
Transfer in (out)	-	2,676	-	-	-	-	(2,676)	-
31 December 2013	113,201	23,027	6,520	61,804	37,441	39,307	99,471	380,771
Additions	-	-	-	6,183	29,220	33,550	106,543	175,496
Disposals	-	-	-	-	-	(531)	-	(531)
Written-off	-	-	(3,179)	(596)	(137)	-	-	(3,912)
Transfers in (out)	-	193,343	-	-	-	-	(193,343)	-
31 December 2014	113,201	216,370	3,341	67,391	66,524	72,326	12,671	551,824
<b>Accumulated depreciation:</b>								
1 January 2013	-	7,902	6,328	28,307	22,261	18,963	-	83,761
Depreciation for the year	-	2,280	17	8,479	4,126	4,310	-	19,212
Depreciation on disposals	-	-	-	(88)	(2)	(1,911)	-	(2,001)
Depreciation on written-off	-	-	-	(46)	(1,965)	-	-	(2,011)
31 December 2013	-	10,182	6,345	36,652	24,420	21,362	-	98,961
Depreciation for the year	-	5,915	63	8,469	7,203	9,804	-	31,454
Depreciation on disposals	-	-	-	-	-	(531)	-	(531)
Depreciation on written-off	-	-	(3,179)	(198)	(133)	-	-	(3,510)
31 December 2014	-	16,097	3,229	44,923	31,490	30,635	-	126,374
<b>Net book value:</b>								
31 December 2013	113,201	12,845	175	25,152	13,021	17,945	99,471	281,810
31 December 2014	113,201	200,273	112	22,468	35,034	41,691	12,671	425,450
<b>Depreciation for the year</b>								
2013 (Baht 11 million included in cost of sales and construction services, and the balance in administrative expenses)								19,212
2014 (Baht 17 million included in cost of sales and construction services, and the balance in administrative expenses)								31,454

As at 31 December 2014, 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 148 million (The Company only: Baht 59 million) (2013: Baht 154 million, the Company only: Baht 50 million).

As at 31 December 2014 and 2013, the Company and its subsidiary has motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 1 million (The company only: Nil) (2013: Baht 1 million, the Company only: Baht 1 million).

As at 31 December 2013, buildings of a foreign subsidiary with fully depreciated were located on leasehold land of the subsidiary's client. (2014: Nil)

As at 31 December 2014 and 2013, the Company has mortgaged land which has book value amounting to Baht 100 million with banks to be collateral against credit facilities received from the bank.

## 17. Intangible assets

The net book value of intangible assets, which is computer software, as at 31 December 2014 and 2013 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2014		
Cost	14,643	14,230
Less: Accumulated amortisation	(5,811)	(5,710)
Net book value	8,832	8,520
As at 31 December 2013		
Cost	11,521	11,107
Less: Accumulated amortisation	(5,717)	(5,658)
Net book value	5,804	5,449

A reconciliation of the net book value of intangible assets for the years 2014 and 2013 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Net book value at beginning of year	5,804	5,425	5,449	5,094
Acquisition of computer software	4,119	1,373	4,119	1,311
Write-off during year - net book value at write-off date	(45)	-	(45)	-
Amortisation	(1,046)	(994)	(1,003)	(956)
Net book value at end of year	8,832	5,804	8,520	5,449

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

Bank overdrafts and short-term loans from financial institutions as at 31 December 2014 and 2013 consist of:

(Unit: Thousand Baht)

	Consolidated financial statement			
	Interest rate		Amount	
	(% per annum)			
	2014	2013	2014	2013
Loans from financial institutions				
- promissory notes	-	5.5 - 6.0	-	33,373

As at 31 December 2014, the Company and the subsidiary have unused bank overdrafts and short-term loans facility amounted to Baht 1,271 million (the Company only: Baht 1,192 million) (2013: Baht 3,145 million, the Company only: Baht 2,998 million). These loan facilities have been secured by the mortgage of the Company's land, as described in Note 16, and the transfer of right to receive from accounts receivable and the pledge of fixed deposits of the Company and the subsidiary.

## 19. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade accounts payable - unrelated parties	357,265	253,360	294,860	136,922
Advances from related parties	-	-	5,120	4,722
Fixed assets payable	7,939	920	7,862	810
Accrued expenses	93,186	67,099	76,174	49,433
Total trade and other payables	458,390	321,379	384,016	191,887





## 20. Long-term loan

(Unit: Thousand Baht)

	Consolidated/Separate financial statements	
	2014	2013
Long-term loan from financial institution	30,500	50,000
Less: Current portion	(26,000)	(19,500)
Long-term loan, net	4,500	30,500

Long-term credit facilities of the Company are guaranteed by the Company's land, as described in Note 16. The loan was obtained to fund the construction of the new office building of the Company. The loan carried interest at the rate of MLR minus 1.25% per annum. The loan agreement contained covenants as specified in the agreements pertaining to matters such as maintaining certain debt to equity and debt service coverage ratios according to the agreements.

As at 31 December 2013, the long-term credit facilities of the Company which have not yet been drawn down amounted to Baht 50 million (2014: Nil).

## 21. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2013	12,905	272	-	13,177
Increase during the year	12,570	244	-	12,814
Decrease from occurrence				
of actual expense	(3,098)	(197)	-	(3,295)
Reversal of provisions	(4,218)	(75)	-	(4,293)
As at 31 December 2013	18,159	244	-	18,403
Increase during the year	16,507	-	5,168	21,675
Decrease from occurrence				
of actual expense	(4,510)	-	-	(4,510)
Reversal of provisions	(1,245)	-	-	(1,245)
As at 31 December 2014	28,911	244	5,168	34,323



(Unit: Thousand Baht)

	Separate financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2013	10,518	272	-	10,790
Increase during the year	10,570	-	-	10,570
Decrease from occurrence of actual expense	(3,098)	(197)	-	(3,295)
Reversal of provisions	(1,831)	(75)	-	(1,906)
As at 31 December 2013	16,159	-	-	16,159
Increase during the year	7,800	-	-	7,800
Decrease from occurrence of actual expense	(4,299)	-	-	(4,299)
As at 31 December 2014	19,660	-	-	19,660

**22. Liabilities under finance lease agreements**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Liabilities under finance lease agreements	111	377	-	-
Less: Deferred interest	(9)	(32)	-	-
Total	102	345	-	-
Less: Current portion	(102)	(243)	-	-
Liabilities under finance lease agreements - net of current portion	-	102	-	-

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

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

(Unit: Thousand Baht)

As at 31 December 2014					
Consolidated financial statements			Separate financial statements		
Less than			Less than		
1 year	1-2 years	Total	1 year	1-2 years	Total
Future minimum lease payments	111	-	111	-	-
Deferred interest expenses	(9)	-	(9)	-	-
Present value of future minimum lease payments	102	-	102	-	-

(Unit: Thousand Baht)

As at 31 December 2013					
Consolidated financial statements			Separate financial statements		
Less than			Less than		
1 year	1-3 years	Total	1 year	1-2 years	Total
Future minimum lease payments	266	111	377	-	-
Deferred interest expenses	(23)	(9)	(32)	-	-
Present value of future minimum lease payments	243	102	345	-	-

## 23. Other current liabilities

(Unit: Thousand Baht)

Consolidated financial statements		Separate financial statements	
2014	2013	2014	2013
Suspense output VAT	53,196	8,547	47,008
VAT payable	-	3,064	-
Others	2,564	2,848	2,065
Total	55,760	14,459	49,073



## 24. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

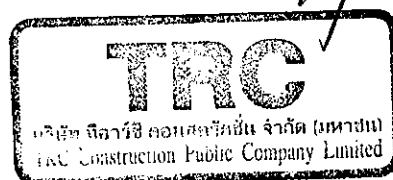
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>Defined benefit obligation at beginning of year</b>	23,163	23,195	19,160	19,444
Current service cost	5,902	5,427	3,671	3,225
Interest cost	828	662	757	605
Benefits paid during the year	(3,252)	(4,087)	-	(1,952)
Actuarial gain	(1,579)	(2,162)	-	(2,162)
Translation adjustment	(14)	128	-	-
<b>Defined benefit obligation at end of year</b>	<b>25,048</b>	<b>23,163</b>	<b>23,588</b>	<b>19,160</b>

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	5,902	5,427	3,671	3,225
Interest cost	828	662	757	605
<b>Total expense recognized in profit or loss</b>	<b>6,730</b>	<b>6,089</b>	<b>4,428</b>	<b>3,830</b>
Line items under which such expenses are included in profit or loss				
Cost of sales	3,938	3,569	1,841	1,538
Selling and administrative expenses	2,792	2,520	2,587	2,292

As at 31 December 2014, cumulative actuarial gains (net of actuarial losses), which were recognised in other comprehensive income of the Company and its subsidiaries, amounted to Baht 4 million (2013: Baht 2 million) (The Company only: Baht 2 million and 2013: Baht 2 million).



Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	3.50 - 3.95	3.50 - 3.95	3.95	3.95
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate (depending on age)	0.00 - 20.00	0.00 - 20.00	0.00 - 14.00	0.00 - 14.00

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

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2014	25,048	23,588	(1,579)	-
Year 2013	23,163	19,160	(1,583)	(1,583)
Year 2012	23,195	19,444	-	-
Year 2011	17,976	15,760	-	-
Year 2010	14,241	13,537	-	-

## 25. Share capital

Movements in the issued and paid-up ordinary share during the year ended 31 December 2014 are summarised as below.

Description	Paid-up share capital		Premium	Registration date with the
	Number of shares	amount	on ordinary shares	Ministry of Commerce
	(Thousand shares)	(Thousand Baht)	(Thousand Baht)	
At the beginning of the year	816,586	408,293	257,909	
Increase due to exercise of warrants				
ESOP-W2 No. 1	2,448	1,224	9,156	3 July 2014
ESOP-W2 No. 2	3,580	1,790	13,396	7 October 2014
At the end of the year	822,614	411,307	280,461	



## 26. Warrants / Capital reserve for share - based payment transactions

On 1 July 2013, the Company issues and allocates of 31,598,200 No. 2 warrants under the Employee Stock Option Plan (ESOP-W2) to the directors and/or employees of the Company and/or its subsidiary. Details are as follows:

Type	:	Named and non-transferable
Offering price per unit	:	Baht 0.00
Maturity of warrants	:	3 years from the date of issuance of warrants
Exercise price	:	Baht 4.70 per share
Conversion ratio	:	1 ordinary share per 1 warrant. The exercise ratio may be changed following the conditions for adjustment of right.
Conditions and period of exercise	:	1) Exercises of the warrants can be made on last day of every quarter, the first exercise date is 30 June 2014 and the final exercise date is 30 June 2016. 2) Each time the warrants are exercised, the warrant holders can exercise not more than 12.5% of their allocated warrants. 3) The unexercised warrants can be accumulated to exercise during the next exercise period, until maturity of the warrants.
Other conditions	:	If the warrant holders resign or are otherwise no longer directors and/or employees of the Company and/or its subsidiary, the warrant holders have to return the outstanding warrants to the Company, and the Board of Directors of the Company can re-allot the warrants to other directors and/or employees.

The estimated fair value of each share option granted is Baht 0.88. This was calculated using the Black-Scholes-Merton Model. The model inputs were the share price at price determination date of Baht 3.12, exercise price of Baht 4.70, expected volatility of 65.44%, expected dividend yield of 2.72%, life of share options of 3 years, and a risk-free interest rate of 3.01%.



On 24 April 2014, the Annual General Meeting of the Company's shareholders for the year 2014 passed a resolution to change the exercise price of warrants from Baht 4.70 per share to Baht 3.03 per share. From the amendment of the exercise price of warrants, the estimated fair value of each share option granted changed to Baht 1.21. This was calculated using the Black-Scholes-Merton Model. The model inputs were the share price at price amendment date of Baht 3.38, exercise price of Baht 3.03, expected volatility of 63.18%, expected dividend yield of 1.65%, life of share options of 2 years, and a risk-free interest rate of 2.22%.

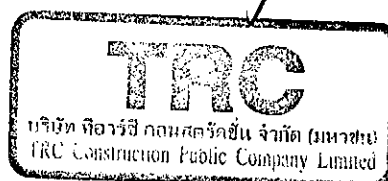
During the year ended 31 December 2014, the Company and its subsidiary recorded expenses of the ESOP amounting to Baht 20 million (The Company only: Baht 18 million) (2013 : Amounted to Baht 8 million, The Company only: Baht 8 million) as personnel expenses, together with a corresponding increase in capital reserve for share-based payment transactions in shareholders' equity.

Movements in the number of warrants, ESOP during the year are as follows:

At the beginning of the year	31,598,200	Units
Exercised no. 1 - 3	(9,565,897)	Units
Cancelled	<u>(440,395)</u>	Units
At the end of the year	<u>21,591,908</u>	Units

As at 31 December 2014, the Company cancelled accumulated 440,395 warrants due to the resignation of employees who were warrant holders. According to the conditions of ESOP-W2 allocation, the employees who resigned shall not entitled to exercise the remaining warrants. However, such warrants can be re-allocated by the Management Committee.

On 30 December 2014, the third exercise date, the warrant holders exercised 3,538,964 warrants to purchase 3,538,964 ordinary shares at Baht 3.03 each. The Company recorded the total of Baht 10.7 million received as a result of the exercise of such warrants under the caption "Subscription received in advance from exercise of warrants", presenting it under shareholders' equity in the statement of financial position. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 7 January 2015. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 12 January 2015.



## 27. Statutory reserve

### The Company

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

### Subsidiaries

According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the Company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used for dividend payment.

## 28. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Salary and wages and other employee benefits	501,039	417,018	327,458	286,843
Depreciation	52,718	41,941	31,454	19,212
Amortisation expenses	1,046	994	1,003	956
Construction materials and consumables				
used and subcontractors costs	1,703,059	1,733,086	1,260,774	1,329,268
Rental expenses from operating lease				
Agreements	111,100	87,888	73,794	61,490
Allowance for doubtful accounts	-	16,311	4,119	75,751





## 29. Corporate income tax

Income tax expenses for the years ended 31 December 2014 and 2013 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
<b>Current income tax:</b>				
Current corporate income tax charge	73,242	53,410	73,557	45,229
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(3,870)	(1,991)	(1,586)	(1,449)
<b>Income tax expense reported in the statement of income</b>	<b>69,372</b>	<b>51,419</b>	<b>71,971</b>	<b>43,780</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2014 and 2013 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Deferred tax relating to actuarial gain on long-term employee benefits	316	432	-	432
	<b>316</b>	<b>432</b>	<b>-</b>	<b>432</b>

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2014 and 2013 are as follows.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Accounting profit before tax	282,740	159,449	327,640	125,107
Applicable tax rate	12% - 20%	12% - 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	56,431	36,820	65,528	25,021
Effects of:				
Non-deductible expenses	7,430	6,219	7,303	20,522
Additional expense deductions allowed	(1,014)	(1,049)	(860)	(1,049)
Unused tax losses which may net utilise	6,525	10,143	-	-
Others	-	(714)	-	(714)
Total	12,941	14,599	6,443	18,759
Income tax expenses reported in the statement of income	69,372	51,419	71,971	43,780

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	As at	As at	As at	As at
	31 December	31 December	31 December	31 December
	2014	2013	2014	2013
<b>Deferred tax assets</b>				
Provision for liabilities under construction projects	6,865	3,681	3,932	3,232
Provision for long-term employee benefits	4,935	4,249	4,718	3,832
Total	11,800	7,930	8,650	7,064

Corporate income tax of overseas subsidiary company is calculated at the rate 12% on taxable profit in excess of 30,000 Omani Rial.



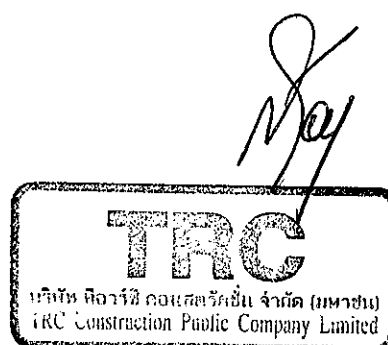
### 30. Earnings per share

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

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

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

Consolidated financial statements						
For the year ended 31 December						
Weighted average number						
Profit for the year		of ordinary shares		Earnings per share		
2014	2013	2014	2013	2014	2013	
Thousand	Thousand	Thousand	Thousand	Baht	Baht	
Baht	Baht	shares	shares			
Basic earnings per share						
Profit attributable to equity holders						
of the parent	214,924	126,362	818,901*	816,586	0.26	0.15
Effect of dilute potential ordinary shares						
Warrants (ESOP-W2)	-	2,465				
Diluted earnings per share						
Profit of ordinary shareholders assuming						
the conversion of diluted potential ordinary						
shares	214,924	821,366		0.26		



Separate financial statements					
For the year ended 31 December					
Profit for the year		Weighted average number of ordinary shares		Earnings per share	
2014	2013	2014	2013	2014	2013
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
<b>Basic earnings per share</b>					
Profit attributable to equity holders					
of the parent					
255,669	<u>81,327</u>	818,901*	<u>816,586</u>	<u>0.31</u>	<u>0.10</u>
<b>Effect of dilute potential ordinary shares</b>					
Warrants (ESOP-W2)		<u>2,465</u>			
<b>Diluted earnings per share</b>					
Profit of ordinary shareholders assuming					
the conversion of diluted potential ordinary					
shares					
255,669		821,366		0.31	

\* Included ordinary share for exercise warrant as at 30 December 2014

### 31. Dividends / stock dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from operations of 2013	Annual General Meeting of the shareholders on 24 April 2014	40,815	0.05
Total dividend paid in 2014		40,815	0.05
Dividend from operations of 2012	Annual General Meeting of the shareholders on 24 April 2013	33,886	0.050358
Stock dividend from operations of 2012	Annual General Meeting of the shareholders on 24 April 2013	56,073	0.083336
Total dividend and stock dividend paid in 2013		89,959	0.133694



### 32. Provident fund

The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rate of 3% - 7% of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2014, the Company and the subsidiary contributed Baht 5 million to the fund (Separate financial statements: Baht 4 million) (2013: Baht 4 million, Separate financial statements: Baht 4 million).

### 33. 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 and its subsidiaries' operating segments as included in the consolidated financial statements for the year ended 31 December 2014 and 2013, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2014							
	Pipeline	Engineering		Sales and	Total	Adjustments	
	system	system	Civil work	other	Segments	and	Consolidated
				services		eliminations	
External customers	2,088,853	6,930	507,115	30,057	2,632,955	-	2,632,955
Joint Venture	462,387	-	-	-	462,387	-	462,387
Depreciation	(32,782)	(103)	(9,797)	(10,036)	(52,718)	-	(52,718)
Administrator expense	(235,440)	(612)	(31,260)	(5,511)	(272,923)	-	(272,923)
<b>Segment profit (loss)</b>	<b>296,872</b>	<b>77</b>	<b>(52,269)</b>	<b>8,674</b>	<b>253,354</b>	<b>229</b>	<b>253,583</b>
Other income							28,476
Interest revenue							3,916
Interest expense							(3,356)
<b>Profit before income tax expense</b>							<b>282,619</b>
Income tax expense							(69,372)
<b>Profit for the period</b>							<b>213,247</b>

(Unit: Thousand Baht)

For the year ended 31 December 2013							
	Pipeline	Engineering		Sales and	Total	Adjustments	
	system	system	Civil work	other	Segments	and	Consolidated
				services		eliminations	
External customers	1,999,860	246,961	226,597	8,000	2,481,418	-	2,481,418
Depreciation	(32,007)	(4,522)	(5,317)	(95)	(41,941)	-	(41,941)
Administrator expense	(182,391)	(17,401)	(14,055)	-	(213,847)	-	(213,847)
Allowance for doubtful debt	(11,928)	(4,383)	-	(71,368)	(87,679)	71,368	(16,311)
<b>Segment profit (loss)</b>	<b>81,148</b>	<b>6,860</b>	<b>31,098</b>	<b>(62,705)</b>	<b>56,401</b>	<b>71,654</b>	<b>128,055</b>
Other income							32,018
Interest revenue							2,541
Interest expense							(3,143)
Interest in the loss of joint ventures accounted for by the equity method							(22)
<b>Profit before income tax expense</b>							<b>159,449</b>
Income tax expense							(51,419)
<b>Profit for the period</b>							<b>108,030</b>



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## Geographic information

Revenue from external customers is based on locations of the customers.

	(Unit: Thousand Baht)	
	2014	2013
<b>Revenue from external customers</b>		
Thailand	2,441,811	2,269,897
Sultanate of Oman	194,307	256,587
Total	<u>2,636,118</u>	<u>2,526,484</u>
<b>Revenue from joint venture</b>		
Thailand	462,387	-
Total	<u>462,387</u>	<u>-</u>
<b>Non-current assets (other than financial instruments and deferred tax assets)</b>		
Thailand	464,216	321,883
Sultanate of Oman	3,703	16,107
Total	<u>467,919</u>	<u>337,990</u>

## Major customers

For the year 2014, the Company and its subsidiaries have revenue from three major customers in amount of Baht 1,396 million, Baht 726 million and Baht 129 million, arising from pipeline system and civil work segment (2013: Baht 1,312 million and Baht 265 million from two major customers, arising from pipeline system segments).

## 34. Commitments and contingent liabilities

### 34.1 Purchase construction materials and subcontracted work commitments

As at 31 December 2014, the Company and the subsidiary have outstanding commitments of Baht 688 million, USD 1 million and Euro 2 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 621 million, USD 1 million and Euro 2 million) (2013: Baht 406 million, USD 1 million and Euro 2 million, the Company only: Baht 336 million, USD 1 million and Euro 2 million).



### 34.2 Operating lease commitments

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

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

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2014	2013	2014	2013
Payable:				
In up to 1 year	10	12	9	10
In over 1 and up to 5 years	5	7	5	6

### 34.3 Bank guarantees

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

	As at 31 December			
	Consolidated financial		Separate financial	
	statements		statements	
	2014	2013	2014	2013
Guarantee of construction contract	Baht 934 million	Baht 866 million	Baht 779 million	Baht 705 million
and bidding	USD 5 million	USD 6 million	USD 5 million	USD 6 million
Guarantee of advance payment bond	Baht 279 million	Baht 456 million	Baht 261 million	Baht 309 million
and retention		USD 1 million		USD 1 million
Guarantee of others	Baht 31 million	Baht 8 million	Baht 8 million	Baht 6 million
Total	Baht 1,244 million	Baht 1,330 million	Baht 1,048 million	Baht 1,020 million
	USD 5 million	USD 7 million	USD 5 million	USD 7 million



*May*



#### 34.4 Guarantees

As at 31 December 2014, the Company has commitment from guarantee of credit facilities of the subsidiaries totaling USD 1 million (2013: Baht USD 1 million).

#### 35. Litigations

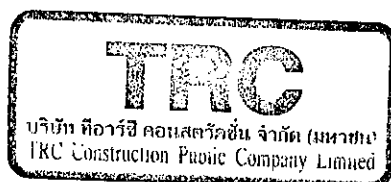
35.1 On 6 December 2011, a government agency submitted a letter to a bank to seize the bank guarantee for a tender of Baht 20 million that the Company had placed with that bank, since the government agency considered the Company to have been unable to perform in accordance with the tender.

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

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

The Company's management noted that this litigation is still under consideration by the Central Administrative Court and the case is not final. However, for the prudent reasons, as at 31 December 2014 and 2013, the Company recorded provision for the related contingent liability amounting to Baht 20 million in the Company's financial statements.

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



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

On 21 September 2014, the Civil Court finalised its judgement and ordered the subsidiary to pay damages claimed to the Party at the amount of Baht 11.01 million, with 7.5% interest per annum from the lawsuit date to the final settlement date, and pay Baht 0.1 million of court fee for the Party.

The subsidiary has filed an appeal on judgment of the Civil Court because its subsidiary and the party have entered into a memorandum agreement to terminate subcontract agreement between subsidiary and the Party as a compromise agreement. As a result, the parties agreed to waive benefits. Each party shall responsible for their part without claiming to any liability or joint liability between them and/or interchangeable with third party liability. The plaintiff has waived argument. As a result, the subsidiary and the prosecution agreed to settle the dispute together.

The subsidiary has filed an appeal against the judgment of the Civil Court. It believed that it can fight the Party with facts and matter of laws. It therefore did not recognise provisions for contingent liabilities.

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

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



A handwritten signature in black ink, consisting of stylized, cursive letters.

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

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

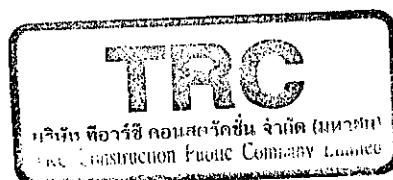
On 31 July 2012, the Central Administrative Court rendered its judgment, whereby the subsidiary is to receive Baht 3.3 million and return an amount of Baht 4.4 million to the Party. The subsidiary appealed the court's decision to the Supreme Administrative Court on 29 August 2012.

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

35.4 On 24 April 2008, a private company and its associates (the Party) lodged the Administrative Court of Instance against the Company and its associates for its infringed, claiming damages amounting to Baht 6 million, with interest at a rate of 7.5% per annum from the date of the lawsuit until settlement is completed.

On 29 May 2012, the Administrative Court of Instance rendered its judgment to dismiss the suit. But on 20 June 2013, the Party submitted an appeal of the decision with the Supreme Administrative Court. On 9 August 2013, the Company submitted its testimony against the appeal and petitioned the Court to dismiss the suit.

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



A handwritten signature in black ink, appearing to be 'Soy' or similar, written in a cursive style.

## **36. Financial instruments**

### **36.1 Financial risk management**

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

#### **Credit risk**

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

#### **Interest rate risk**

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

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



A stylized handwritten signature in black ink, appearing to read "May".

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2014

	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	300	305	2	607	0.10 - 2.07
Trade and other receivables	-	-	877	877	-
Accounts receivable - retention under construction contracts	-	-	78	78	-
Restricted deposits at financial institutions	22	13	-	35	0.10 - 2.38
	322	318	957	1,597	
<b>Financial liabilities</b>					
Trade and other payables	-	-	458	458	-
Accounts payable – retention under construction contracts	-	-	28	28	-
Long-term loan	-	31	-	31	MLR - 1.25
	-	31	486	517	

(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2013

	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	50	142	4	196	0.125 - 0.65
Trade and other receivables	-	-	253	253	-
Accounts receivable – retention under construction contracts	-	-	106	106	-
Restricted deposits at financial institutions	33	50	-	83	0.40 - 2.50
	83	192	363	638	



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(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2013

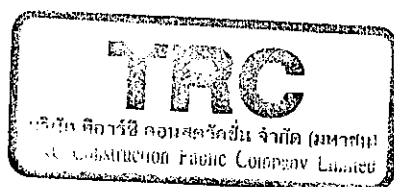
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial liabilities</b>					
Bank overdrafts and short-term loans from financial institutions	33	-	-	33	5.50 - 6.00
Trade and other payables	-	-	321	321	-
Accounts payable - retention under construction contracts	-	-	16	16	-
Liabilities under finance lease agreements	1	-	-	1	2.35
	-	50	-	50	MLR - 1.25
	34	50	337	421	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2014

	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	250	205	1	456	0.10 - 2.07
Trade and other receivables	-	-	725	725	-
Accounts receivable - retention under construction contracts	-	-	73	73	-
Short - term loans to related parties	37	-	-	37	3.50 - 7.00
Restricted deposits at financial institutions	9	5	-	14	0.10 - 2.38
	296	210	799	1,305	
<b>Financial liabilities</b>					
Trade and other payables	-	-	384	384	-
Accounts payable - retention under construction contracts	-	-	17	17	-
Long-term loan	-	31	-	31	MLR - 1.25
	-	31	401	432	



(Unit: Million Baht)

Separate financial statements					
As at 31 December 2013					
	Fixed interest rates within 1 year	Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
<b>Financial Assets</b>					
Cash and cash equivalents	-	38	-	38	0.40 - 0.65
Trade and other receivables	-	-	93	93	-
Accounts receivable - retention under construction contracts	-	-	101	101	-
Short - term loans to related parties	36	-	-	36	3.50 - 7.00
Restricted deposits at financial institutions	19	28	-	47	0.40 - 2.50
	55	66	194	315	
<b>Financial liabilities</b>					
Trade and other payables	-	-	192	192	-
Accounts payable - retention under construction contracts	-	-	8	8	-
Long-term loan	-	50	-	50	MLR - 1.25
	-	50	200	250	

### Foreign currency risk

The Company and its subsidiary's exposure to foreign currency risk arises mainly from buying and services transactions that are denominated in foreign currencies. In certain circumstances, the Company and its subsidiary enter into forward exchange contracts when it considers appropriate.

The balances of financial assets and liabilities denominated in foreign currencies, which were unhedged for exchange rate fluctuation are summarised below.

Consolidated financial statements						
Foreign currency	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2,855	2,744	604	795	32.9630	32.81360
Euro	-	44	234	146	40.5030	45.02165
SGD	-	-	49	-	24.8959	25.88260



Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2014	2013	2014	2013	2014	2013
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	2,871	2,759	604	795	32.9630	32.81360
Euro	-	44	234	146	40.5030	45.02165
Omani Rial	74	65	-	-	85.6182	85.23015
SGD	-	-	49	4	24.8959	25.88260

### 36.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term loan to and short-term and long-term loans which bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in the statement of financial position.

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

### 37. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure to support its business and maximise shareholder value. As at 31 December 2014, the Group's debt-to-equity ratio was 0.90:1 (2013: 0.71:1) and the Company's was 0.87:1 (2013: 0.60:1).

### 38. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2015.

