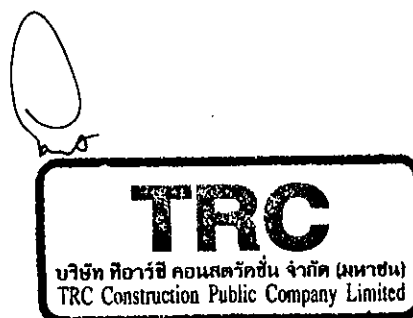


TRC Construction Public Company Limited  
and its subsidiaries  
Report and consolidated financial statements  
31 December 2016





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## Independent Auditor's Report

To the Shareholders of TRC Construction Public Company Limited

### Opinion

I have audited the accompanying consolidated financial statements of TRC Construction Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of TRC Construction Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of TRC Construction Public Company Limited and its subsidiaries and of TRC Construction Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Basis for Opinion

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

### Key Audit Matters

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





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I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

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

### **Revenue recognition relating to construction contracts**

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

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



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management, and reviewed the rationale for the conclusion reached by management as a result of comparison of the percentage of completion as evaluated by the project management and actual costs incurred. I evaluated the possible losses on projects assessed by the management through an analysis of the gross profit of the construction against cost estimates for projects.

### **Investment in subsidiaries**

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

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

### **Other Information**

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

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

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





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

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

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

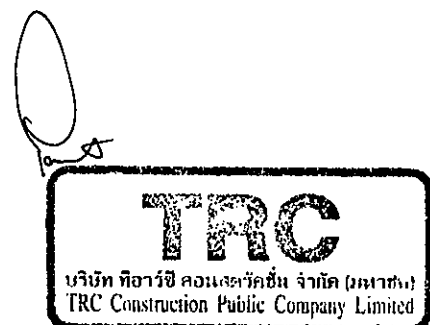
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, ~~forger~~ <sup>fraud</sup>, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.





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From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

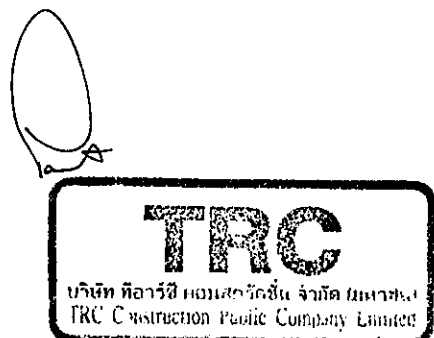
The engagement partner on the audit resulting in this independent auditor's report is Miss Pimjai Manitkajohnkit.

Pimjai Manitkajohnkit

Certified Public Accountant (Thailand) No. 4521

EY Office Limited

Bangkok: 22 February 2017



TRC Construction Public Company Limited and its subsidiaries

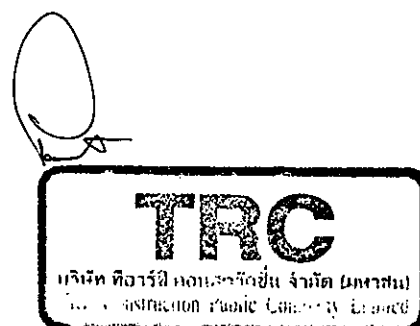
Statement of financial position

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	7	109,025,647	1,289,427,603	28,839,738	751,701,030
Current investments		360,770	-	360,770	-
Trade and other receivables	6, 8	410,822,454	636,308,426	371,285,819	534,785,535
Unbilled receivables	6, 9	1,762,972,802	1,023,022,679	1,122,213,280	937,257,721
Accounts receivable - retention under					
construction contracts	6, 9	87,470,674	164,027,050	46,090,122	147,064,107
Advances paid to subcontractors under					
construction contracts		437,016,510	68,468,479	57,273,278	32,680,133
Construction in progress		-	27,151,379	-	-
Construction supplies	10	7,121,759	14,323,750	7,121,759	14,323,750
Short-term loans to related parties	6	-	-	2,616,119	498,215,444
Withholding tax deducted at source	11	28,632,853	36,527,392	-	14,416,694
Other current assets		30,191,694	56,799,968	18,940,748	35,107,932
<b>Total current assets</b>		<b>2,873,615,163</b>	<b>3,316,056,726</b>	<b>1,654,741,633</b>	<b>2,965,552,346</b>
<b>Non-current assets</b>					
Restricted deposits at financial institutions	12	16,299,928	36,341,988	-	3,356,698
Long-term loans to related parties	6	-	-	1,306,517,215	-
Investments in subsidiaries	13	-	-	475,823,307	475,875,637
Investment in associate	14	1,328,332,542	-	-	-
Investments in joint venture	15	2,375,587	2,375,587	2,375,587	2,375,587
Other long-term investments	16	-	455,225,624	-	-
Property, plant and equipment	17	726,614,258	706,700,651	695,544,688	660,582,785
Intangible assets	18	14,511,380	8,023,118	13,970,383	7,404,539
Deferred tax assets	30	33,649,861	38,419,247	9,053,360	9,773,225
Other non-current assets		7,761,053	8,728,533	7,640,752	8,653,733
<b>Total non-current assets</b>		<b>2,129,544,609</b>	<b>1,255,814,748</b>	<b>2,510,925,292</b>	<b>1,168,022,204</b>
<b>Total assets</b>		<b>5,003,159,772</b>	<b>4,571,871,474</b>	<b>4,165,666,925</b>	<b>4,133,574,550</b>

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





TRC Construction Public Company Limited and its subsidiaries

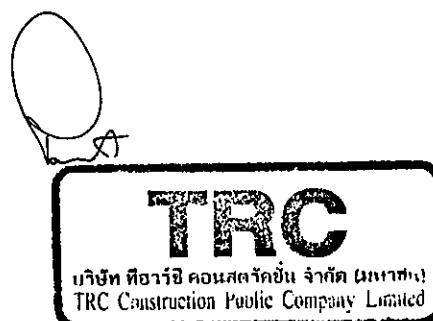
Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Liabilities and shareholders' equity</b>					
<b>Current liabilities</b>					
Short-term loans from financial institutions	19	104,254,642	-	104,254,642	-
Trade and other payables	6, 20	441,452,302	552,784,249	331,712,398	411,672,175
Unbilled payables		923,470,468	967,852,967	397,920,399	952,317,545
Accounts payable - retention under construction contracts		51,232,237	37,405,074	24,570,552	25,935,678
Advances received from customers under construction contracts	6, 9	345,741,682	320,987,399	91,226,242	92,353,484
Short-term loan from related party	6	-	-	30,000,000	-
Provision for liabilities under construction projects	21	23,007,490	20,803,791	18,214,808	12,352,722
Current portion of debentures	22	100,000,000	-	100,000,000	-
Current portion of liabilities under finance lease agreements	23	12,805,870	12,531,806	8,997,137	8,600,433
Income tax payable		19,712,770	1,432,892	18,479,492	571,321
Other current liabilities	24	21,068,592	52,392,866	19,000,168	39,202,355
<b>Total current liabilities</b>		<b>2,042,746,053</b>	<b>1,966,191,044</b>	<b>1,144,375,838</b>	<b>1,543,005,713</b>
<b>Non-current liabilities</b>					
Debentures - net of current portion	22	200,000,000	100,000,000	200,000,000	100,000,000
Liabilities under finance lease agreements - net of current portion	23	17,213,832	31,072,138	7,232,841	16,230,068
Provision for long-term employee benefits	25	39,345,061	33,952,891	35,100,524	31,286,216
Provision for litigation	36.1	20,000,000	20,000,000	20,000,000	20,000,000
<b>Total non-current liabilities</b>		<b>276,558,893</b>	<b>185,025,029</b>	<b>262,333,365</b>	<b>167,516,284</b>
<b>Total liabilities</b>		<b>2,319,304,946</b>	<b>2,151,216,073</b>	<b>1,406,709,203</b>	<b>1,710,521,997</b>

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



TRC Construction Public Company Limited and its subsidiaries

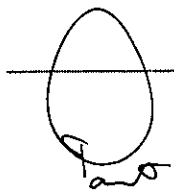
Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Shareholders' equity					
Share capital					
Registered	26				
5,810,987,543 ordinary shares of Baht 0.125 each					
(2015: 5,242,871,458 ordinary					
shares of Baht 0.125 each)		726,373,443	655,358,932	726,373,443	655,358,932
Issued and paid-up					
5,135,985,760 ordinary shares of Baht 0.125 each					
(2015: 4,522,766,096 ordinary					
shares of Baht 0.125 each)		641,998,220	565,345,762	641,998,220	565,345,762
Share premium	26	1,041,739,823	1,010,975,808	1,041,739,823	1,010,975,808
Capital reserve for share-based payment	27	-	10,461,029	-	10,461,029
Subscription received in advance from					
exercise of warrants	27	-	7,310,526	-	7,310,526
Retained earnings					
Appropriated - statutory reserve	28				
The Company		72,637,344	56,534,575	72,637,344	56,534,575
Subsidiaries		4,108,018	4,108,018	-	-
Unappropriated		941,490,510	778,265,668	1,002,582,335	772,424,853
Other components of shareholders' equity		10,587,063	10,842,835	-	-
Equity attributable to owners of the Company		2,712,560,978	2,443,844,221	2,758,957,722	2,423,052,553
Non-controlling interests of the subsidiaries		(28,706,152)	(23,188,820)	-	-
Total shareholders' equity		2,683,854,826	2,420,655,401	2,758,957,722	2,423,052,553
Total liabilities and shareholders' equity		5,003,159,772	4,571,871,474	4,165,666,925	4,133,574,550

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



Directors

TRC Construction Public Company Limited and Its subsidiaries

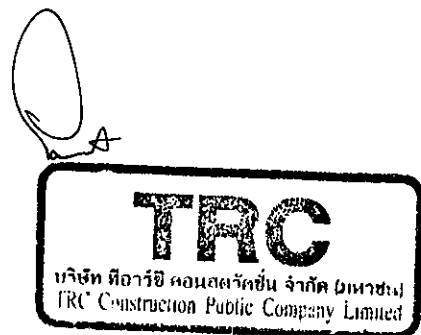
Income statement

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
<b>Revenues</b>					
Construction services income	8	3,097,299,870	3,880,171,798	2,295,844,987	3,508,659,619
Interest income	6	3,200,283	11,029,496	63,530,044	16,163,372
Other income	6	36,394,961	63,831,087	22,118,152	43,118,545
<b>Total revenues</b>		<b>3,736,895,114</b>	<b>3,955,032,381</b>	<b>2,381,493,183</b>	<b>3,565,941,536</b>
<b>Expenses</b>					
Cost of construction services	6	2,946,647,433	3,242,393,750	1,627,211,616	2,819,925,685
Administrative expenses		349,798,970	332,262,966	291,016,992	262,768,219
Doubtful debt (reversal)		7,030,481	127,330	(286,759)	(17,165,551)
<b>Total expenses</b>		<b>3,303,476,884</b>	<b>3,574,784,046</b>	<b>1,917,941,849</b>	<b>3,065,528,353</b>
<b>Profit before share of loss from investment in associate, finance cost and income tax expenses</b>		<b>433,418,230</b>	<b>380,248,335</b>	<b>463,551,334</b>	<b>500,413,183</b>
Share of loss from investment in associate	14	(32,941,177)	-	-	-
<b>Profit before finance cost and income tax expenses</b>		<b>400,477,053</b>	<b>380,248,335</b>	<b>463,551,334</b>	<b>500,413,183</b>
Finance cost	6	(17,033,628)	(4,753,765)	(16,489,375)	(3,931,497)
<b>Profit before income tax expenses</b>		<b>383,443,425</b>	<b>375,494,570</b>	<b>447,061,959</b>	<b>496,481,686</b>
Income tax expenses	30	(98,337,639)	(74,543,829)	(89,132,575)	(97,355,002)
<b>Profit for the year</b>		<b>285,105,786</b>	<b>300,950,741</b>	<b>357,929,384</b>	<b>399,126,684</b>
<b>Profit attributable to:</b>					
Equity holders of the Company		290,756,099	305,963,357	357,929,384	399,126,684
Non-controlling interests of the subsidiaries		(5,650,313)	(5,012,616)	-	-
		<b>285,105,786</b>	<b>300,950,741</b>		
<b>Earnings per share</b>	31				
<b>Basic earnings per share</b>					
Profit attributable to equity holders of the Company		0.057	0.063	0.070	0.082
<b>Diluted earnings per share</b>					
Profit attributable to equity holders of the Company		0.057	0.062	0.070	0.081

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



TRC Construction Public Company Limited and its subsidiaries

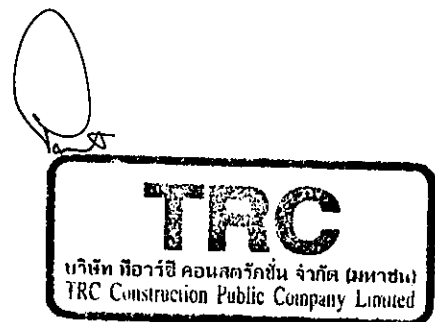
Statement of comprehensive Income

For the year ended 31 December 2016

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2016	2015	2016	2015
Profit for the year		285,105,786	300,950,741	357,929,384	399,126,684
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of financial statements in foreign currency		(122,791)	3,813,341	-	-
Net other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax		(122,791)	3,813,341	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:					
Actuarial gains (loss) on employee benefit	25	6,888,927	(1,835,483)	6,588,121	(1,104,941)
Income tax effect	30	(1,377,785)	367,097	(1,317,624)	220,988
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax		5,511,142	(1,468,386)	5,270,497	(883,953)
Other comprehensive income for the year		5,388,351	2,344,955	5,270,497	(883,953)
Total comprehensive income for the year		290,494,137	303,295,696	363,199,881	398,242,731
Total comprehensive income attributable to:					
Equity holders of the Company		296,011,469	309,750,052	363,199,881	398,242,731
Non-controlling interests of the subsidiaries		(5,517,332)	(6,454,356)		
		290,494,137	303,295,696		

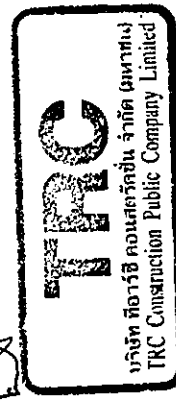
The accompanying notes are an integral part of the financial statements.



**TRC Construction Public Company Limited and its subsidiaries**  
**Statement of changes in shareholders' equity**  
**For the year ended 31 December 2016**

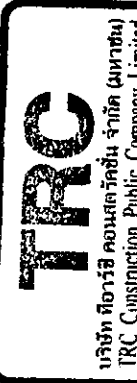
Consolidated financial statements													(Unit: Baht)	
Equity attributable to the parent's shareholders														
Other components of equity														
Exchange differences on translation of financial statements in foreign currency														
Deficit on revaluation of investment in subsidiaries														
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 share capital paid-up	Share premium	Capital reserve for share-based payment transactions	Subscription received in advance from exercise of warrants	Retained earnings		Other components of equity			Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
					The Company	Subsidiary	Unappropriated	Appropriated - Statutory reserve	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
Balance as at 1 January 2015	411,306,853	280,461,204	25,955,932	10,723,081	41,130,685	2,843,872	605,991,179	8,543,844	(2,955,490)	5,587,754	1,383,801,540	(6,091,511)	1,377,710,029	
Profit for the year	-	-	-	-	-	-	305,963,357	-	-	-	305,963,357	(5,012,616)	300,950,741	
Other comprehensive income for the year	-	-	-	-	-	-	(1,468,386)	5,255,081	-	5,255,081	3,786,695	(1,441,740)	2,344,955	
Total comprehensive income for the year	-	-	-	-	-	-	304,494,971	5,255,081	-	5,255,081	309,750,052	(6,454,356)	303,295,696	
Increase in capital	41,250,000	671,880,000	-	-	-	-	-	-	-	-	713,130,000	-	713,130,000	
Increase in capital from share dividend	32	103,817,200	-	-	-	-	(103,817,200)	-	-	-	-	-	-	
Increase in capital from exercise of warrants		58,634,604	(19,305,586)	(48,296,727)	-	-	-	-	-	-	44,884,192	-	44,884,192	
Subscription received in advance from exercise of warrants		-	-	44,884,192	-	-	-	-	-	-	3,813,683	-	3,813,683	
Share-based payment transactions	27	-	3,813,683	-	-	-	(16,868,036)	1,464,146	-	-	-	-	-	
Appropriated to statutory reserve	28	-	-	-	-	-	(11,535,246)	-	-	-	(11,535,246)	-	(11,535,246)	
Dividend paid	32	-	-	-	-	-	-	-	-	-	-	-	-	
Subsidiary paid dividend to non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	-	(10,642,953)	(10,642,953)	
Balance as at 31 December 2015	565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	4,108,018	778,265,668	13,798,725	(2,955,490)	10,842,835	2,443,844,221	(23,188,820)	2,420,655,401	
Balance as at 1 January 2016	565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	4,108,018	778,265,668	13,798,725	(2,955,490)	10,842,835	2,443,844,221	(23,188,820)	2,420,655,401	
Profit for the year	-	-	-	-	-	-	290,756,099	-	-	-	290,756,099	(5,650,313)	285,105,786	
Other comprehensive income for the year	-	-	-	-	-	-	5,511,142	(255,772)	-	(255,772)	5,255,370	132,981	5,388,351	
Total comprehensive income for the year	-	-	-	-	-	-	296,267,241	(255,772)	-	(255,772)	296,011,469	(5,517,332)	290,494,137	
Increase in capital from share dividend	26, 32	71,304,510	-	-	-	-	(71,304,510)	-	-	-	-	-	-	
Increase in capital from exercise of warrants	26	5,347,948	(10,322,859)	(25,788,104)	-	-	-	-	-	-	18,478,578	-	18,478,578	
Subscription received in advance from exercise of warrants	27	-	-	506,447	-	-	-	-	-	-	506,447	-	506,447	
Share-based payment transactions	27	-	(644,617)	-	-	-	-	-	-	-	(644,617)	-	(644,617)	
Adjusted from cancelled warrants that breach the condition		-	-	-	-	-	(16,102,769)	-	-	-	-	-	-	
Appropriated to statutory reserve	28	-	-	-	-	-	(45,635,120)	-	-	-	(45,635,120)	-	(45,635,120)	
Dividend paid	32	-	-	-	-	-	-	-	-	-	-	-	-	
Balance as at 31 December 2016	641,998,220	1,041,739,823	-	-	72,837,344	4,108,018	941,490,510	13,542,953	(2,955,490)	10,587,063	2,712,560,978	(28,706,152)	2,683,854,826	

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 2016

Separate financial statements										(Unit: Baht)	
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		Total shareholders' equity				
					Appropriated - Statutory reserve	Unappropriated					
Balance as at 1 January 2015	411,306,853	280,461,204	25,955,932	10,723,061	41,130,685	504,938,458	1,274,517,193				
Profit for the year	-	-	-	-	-	399,126,684	399,126,684				
Other comprehensive income for the year	-	-	-	-	-	(883,953)	(883,953)				
Total comprehensive income for the year	-	-	-	-	-	398,242,731	398,242,731				
Increase in capital	41,250,000	671,880,000	-	-	-	-	713,130,000				
Increase in capital from share dividend	103,817,200	-	-	-	-	(103,817,200)	-				
Increase in capital from exercise of warrants	8,971,709	58,634,604	(19,309,586)	(48,296,727)	-	-	-				
Subscription received in advance from exercise of warrants	-	-	-	44,884,192	-	-	44,884,192				
Share-based payment transactions	-	-	3,813,683	-	-	-	3,813,683				
Appropriated to statutory reserve	-	-	-	-	15,403,890	(15,403,890)	-				
Dividend paid	-	-	-	-	-	(11,535,246)	(11,535,246)				
Balance as at 31 December 2015	565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	772,424,853	2,423,052,553				
Balance as at 1 January 2016	565,345,762	1,010,975,808	10,461,029	7,310,526	56,534,575	772,424,853	2,423,052,553				
Profit for the year	-	-	-	-	-	357,929,384	357,929,384				
Other comprehensive income for the year	-	-	-	-	-	5,270,497	5,270,497				
Total comprehensive income for the year	-	-	-	-	-	363,199,881	363,199,881				
Increase in capital from share dividend	71,304,510	-	-	-	-	(71,304,510)	-				
Increase in capital from exercise of warrants	5,347,948	30,764,015	(10,322,859)	(25,789,104)	-	-	-				
Subscription received in advance from exercise of warrants	-	-	-	18,478,578	-	-	18,478,578				
Share-based payment transactions	-	-	506,447	-	-	-	506,447				
Adjusted from cancelled warrants that breach the condition	-	-	(644,617)	-	-	-	(644,617)				
Appropriated to statutory reserve	-	-	-	-	16,102,769	(16,102,769)	-				
Dividend paid	-	-	-	-	-	(45,635,120)	(45,635,120)				
Balance as at 31 December 2016	641,998,220	1,041,739,823	-	-	72,637,344	1,002,582,335	2,758,957,722				



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

TRC Construction Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from operating activities</b>				
Profit before tax	383,443,425	375,494,570	447,061,959	496,481,686
Adjustments to reconcile profit before tax				
to net cash provided by (paid from) operating activities				
Depreciation and amortisation	114,097,891	79,401,685	98,919,787	61,841,270
Bad debt and allowance for doubtful debt (reversal)	7,030,481	127,330	(266,759)	(17,165,551)
Unrealised loss on exchange rate	17,250,700	15,041,091	5,377,420	15,330,109
Gain on disposal of property, plant and equipment	(430,531)	(36,362,321)	(402,495)	(27,730,902)
Loss on write-off of property, plant and equipment	920,276	70,714	909,372	62,166
Loss on write-off of intangible assets	-	462,888	-	462,888
Gain from dissolution of joint venture	-	(34,472)	-	-
Share of loss from investments in associate	32,941,177	-	-	-
Expense for share - based payment transactions	506,447	3,813,682	459,532	3,350,266
Adjusted from cancelled warrants that breach the condition	(644,617)	-	(545,373)	-
Reversal of unbilled payables	-	(51,122,170)	-	(51,122,170)
Provision for liabilities under construction projects	4,984,576	8,940,635	4,984,576	1,053,927
Provision for long-term employee benefits	13,487,194	7,511,967	11,467,576	6,593,355
Interest income	(3,200,283)	(11,029,496)	(63,530,044)	(16,163,372)
Interest expenses	17,420,993	3,690,495	17,086,153	3,336,074
<b>Profit from operating activities before changes in</b>				
<b>operating assets and liabilities</b>	587,813,815	396,607,198	521,501,812	476,335,806
<b>(Increase) decrease in operating assets</b>				
Trade and other receivables	215,011,538	245,417,289	218,733,603	195,453,594
Unbilled receivables	(756,017,572)	(621,119,716)	(189,271,308)	(551,715,265)
Accounts receivable - retention	76,556,376	(86,430,310)	100,973,985	(74,430,905)
Advance paid to subcontractors under construction contracts	(368,548,031)	(55,735,254)	(24,593,145)	(22,588,064)
Construction in progress	27,151,379	(11,011,127)	-	16,106,866
Construction supplies	999,168	4,329,358	999,168	4,329,358
Other current assets	25,085,993	(22,575,097)	14,647,001	(6,429,239)
Other non-current assets	967,480	(4,642,337)	1,012,981	(4,761,974)
<b>Increase (decrease) in operating liabilities</b>				
Trade and other payables	(88,365,560)	54,475,393	(56,882,047)	(15,099,869)
Unbilled payables	(37,382,499)	681,072,358	(547,397,146)	692,930,177
Unearned construction revenue	-	(148,931,097)	-	(148,931,097)
Accounts payable - retention	13,827,163	9,672,883	(1,365,126)	9,214,015
Advances received from customers under construction contracts	24,754,283	211,905,264	(1,127,242)	(16,647,473)
Provision for liabilities under construction projects	(9,780,877)	(22,460,001)	(6,122,488)	(8,361,511)
Other current liabilities	(31,037,515)	(3,367,598)	(19,915,428)	(9,870,915)
Provision for long-term employee benefits	(1,206,097)	(457,334)	(1,065,247)	-
<b>Cash flows from (used in) operating activities</b>	(320,169,956)	626,749,872	10,129,373	535,533,504
Cash received from withholding tax refund	14,416,694	-	14,416,694	-
Cash paid for income tax	(83,188,338)	(115,584,750)	(71,822,164)	(106,045,541)
<b>Net cash flows from (used in) operating activities</b>	(388,941,600)	511,165,122	(47,276,097)	429,488,963

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 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Cash flows from investing activities</b>				
Decrease (increase) in current investments	(360,770)	36,796	(360,770)	36,796
Decrease (increase) in restricted deposits at financial institutions	20,042,060	(1,798,877)	3,356,698	10,315,920
Increase in loans to related parties	-	-	(810,921,189)	(455,063,476)
Cash paid for investing in subsidiary	-	-	-	(300,000,000)
Cash received from dissolution of joint venture	-	103,741	-	-
Cash paid for purchase of investment in associate	(906,048,095)	-	-	-
Cash paid for purchase of other long-term investment	-	(405,225,624)	-	-
Interest income	4,659,882	7,809,611	6,733,708	16,991,839
Cash received from disposal of property, plant and equipments	791,245	75,870,781	763,207	65,624,288
Cash paid for purchase of property, plant and equipments	(150,282,645)	(303,399,162)	(150,203,815)	(281,271,301)
Cash paid for purchase of intangible assets	(6,937,874)	(1,940,165)	(6,937,874)	(1,577,965)
<b>Net cash flows used in investing activities</b>	<b>(1,038,126,197)</b>	<b>(628,542,899)</b>	<b>(957,570,035)</b>	<b>(944,943,899)</b>
<b>Cash flows from financing activities</b>				
Increase in short-term loans from financial institutions	104,254,642	-	104,254,642	-
Repayment of long-term loans	-	(30,500,000)	-	(30,500,000)
Cash received from short-term loans from related party	-	-	558,000,000	100,000,000
Repayment of short-term loans from related party	-	-	(528,000,000)	(100,000,000)
Cash received from issuance of ordinary shares	-	726,000,000	-	726,000,000
Cash paid for transaction costs from issuance of ordinary shares	-	(12,870,000)	-	(12,870,000)
Cash received from issuance of debentures	200,000,000	100,000,000	200,000,000	100,000,000
Subscription received in advance from exercise of warrants	-	7,310,526	-	7,310,526
Cash received from increase in capital due to exercise of warrants	18,478,578	37,573,666	18,478,578	37,573,666
Dividend paid	(45,635,120)	(11,535,246)	(45,635,120)	(11,535,246)
Subsidiary paid dividend to non-controlling interests of subsidiary	-	(10,642,953)	-	-
Interest expenses	(16,869,075)	(2,605,227)	(16,512,737)	(2,250,806)
Decrease in liabilities under finance lease agreements	(13,584,242)	(4,632,841)	(8,600,523)	(2,229,550)
<b>Net cash flows from financing activities</b>	<b>246,644,783</b>	<b>798,097,925</b>	<b>281,984,840</b>	<b>811,498,590</b>
Increase in translation adjustments	21,058	2,050,021	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(1,180,401,956)</b>	<b>682,770,139</b>	<b>(722,861,292)</b>	<b>296,041,654</b>
Cash and cash equivalents at beginning of the year	1,289,427,603	606,657,464	751,701,030	455,659,376
<b>Cash and cash equivalents at end of the year (Note 7)</b>	<b>109,025,647</b>	<b>1,289,427,603</b>	<b>28,839,738</b>	<b>751,701,030</b>

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





TRC Construction Public Company Limited and its subsidiaries

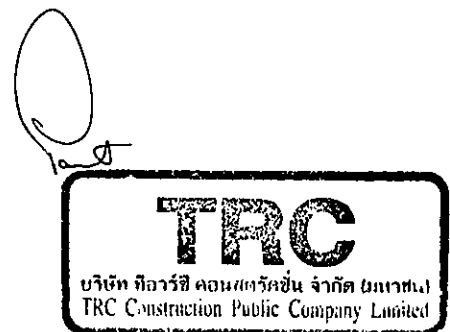
Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Supplemental cash flows information</b>				
Non-cash items consist of				
Purchase of fixed assets under financial lease	-	43,603,944	-	24,830,501
(Decrease) increase in purchase of fixed assets that have yet to be paid	(21,642,592)	17,904,367	(21,626,892)	17,968,219
Purchase of fixed assets offset against advance receivable	-	-	-	7,308,816
Transfer construction supplies to assets under construction	6,202,823	-	6,202,823	-
Interest expenses recorded as cost of project	1,531,535	190,920	1,444,945	190,920
Issuance of stock dividend	71,304,510	103,817,200	71,304,510	103,817,200
Actuarial gain (loss) on employee benefit	6,888,927	(1,835,483)	6,588,121	(1,104,941)

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 2016**

**1. General information**

TRC Construction Public Company Limited ("the Company") is a public company incorporated and domiciled in Thailand. The Company is principally engaged in construction service and its registered address is No. 8, Soi Sukhapiban 5 soi 32, Kwang Tha Raeng, Khet Bang Khen, Bangkok.

**2. Basis of preparation**

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Profession Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 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	
			2016 (%)	2015 (%)
<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



Company's name	Nature of business	Country of Incorporation	Percentage of shareholding	
			2016 (%)	2015 (%)
<u>Held by the Company's subsidiaries</u>				
CR3 and Sahakarn Joint Venture Company Limited (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	-	91.83
Hydrotek Sahakarn Joint Venture (held by Sahakarn Wisavakorn Company Limited)	Construction services	Thailand	49.00	49.00
TRC International Limited (held by TRC Investment Limited)	Holding company	Hong Kong	100.00	100.00
TRC Middle East LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00
TRC Engineering LLC (held by TRC International Limited)	Construction services	Sultanate of Oman	70.00	70.00

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company, except for two subsidiaries apply different accounting policies from the group companies, 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 2016 and 2015.
- e) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using yearly average exchange rates. The resulting differences are shown under the caption of "Exchange differences on translation of financial statements in foreign currency" in the statements of changes in shareholders' equity.
- f) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.

- g) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements present investments in subsidiaries, associate and joint venture under the cost method.
3. **New financial reporting standards**

**(a) Financial reporting standards that became effective in the current year**

During the year, the Company and subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.



## **TAS 27 (revised 2016) Separate Financial Statements**

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

At present, the management of the Company and its subsidiaries is evaluating the impact of this standard to the financial statements in the year when it is adopted.

### **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 associate and joint venture are accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries, associate and joint venture are accounted for in the separate financial statements using the cost method less provision for impairment of investments (if any).



- c) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for 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 - 30	years
Tools and equipment	5	years
Furniture, fixtures and office equipment	3 - 5	years
Motor vehicles	5	years

Depreciation is included in determining income.

No depreciation is provided on land and construction in progress.

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

#### 4.7 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



#### **4.8 Related party transactions**

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

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

#### **4.9 Long-term leases**

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

#### **4.10 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.



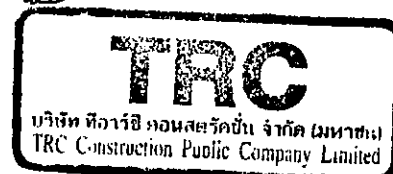


#### 4.11 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiaries also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining 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.



## 4.12 Employee benefits

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

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

### ***Post-employment benefits and other long-term employee benefits***

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

The Company, 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 and other long-term employee benefits***

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. In addition, the Company and its subsidiaries provides other long-term employee benefits plan, namely long service awards.

The obligation under the defined benefit plan 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.

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

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs

## 4.13 Provisions

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

#### 4.14 Income tax

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

##### **Current tax**

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

##### **Deferred tax**

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

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

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

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

#### 4.15 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

#### **4.16 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 judgements and estimates**

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



### **Consolidation of subsidiaries that the Company holds less than half of shares**

The management of the Company determined that Sahakarn Wisavakorn Company Limited has control over Hydrotek Sahakarn Joint Venture, even though the holding of 49% of shares and voting rights that is less than half of shares and voting rights. This is because Sahakarn Wisavakorn Company Limited is a major shareholder and has the ability to direct the significant activities. As a result, Hydrotek Sahakarn Joint Venture is deemed to be a subsidiary of the Group and has to be included in the consolidated financial statements from the date on which the Company assumed control.

### **Estimated construction project costs**

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

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

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

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

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

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

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

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



## **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement 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 judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

## **Fair value of financial instruments**

In determining the fair value of financial instruments recognised in the statement of financial position that are not actively traded and for which quoted market prices are not readily available, the management exercise judgement, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk (bank and counterparty, both) liquidity, correlation and longer-term volatility of financial instruments. Change in assumptions about these factors could affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

## **Impairment of investments**

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

## **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 judgements 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 and other long-term employee benefits

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.

## Litigations

The Company and its subsidiary have contingent liabilities as a result of litigations. The Company's management has used judgement to assess of the results of the litigation, as described in Note 36.

## 6. Related party transactions

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

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2016	2015	2016	2015	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Cost of construction services	-	-	12	8	Cost plus margin
Interest income	-	-	62	8	At rate of 3.5 - 5.0% p.a.
Interest expense	-	-	1	-	At rate of 2.0 - 2.5% p.a. (2015: 5.5% p.a.)
<u>Transactions with associated company</u>					
Construction services income	273	-	273	-	Cost plus margin
Rental income	2	2	2	2	Contract price
<u>Transactions with related parties</u>					
Construction services income	133	1,132	133	1,132	Cost plus margin
Rental income	-	1	-	1	Contract price

As at 31 December 2016 and 2015, the balances of the accounts between the Company, its subsidiaries and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b><u>Trade and other receivables - related parties (Note 8)</u></b>				
Subsidiary companies	-	-	70,338	7,180
Associated company	16,086	24	16,086	24
Joint venture	61,380	70,134	61,380	70,134
Shareholder of subsidiary	-	13,464	-	-
Total	77,466	83,622	147,804	77,338
<b><u>Unbilled receivable - related parties (Note 9)</u></b>				
Associated company	135,947	-	135,947	-
Joint venture	235,657	478,026	235,657	478,026
Total	371,604	478,026	371,604	478,026
<b><u>Account receivable - retention under construction contracts - related parties (Note 9)</u></b>				
Associated company	2,894	-	2,894	-
Joint venture	43,196	32,364	43,196	32,364
Total	46,090	32,364	46,090	32,364
<b><u>Short-term loans to related parties</u></b>				
Subsidiary companies	-	-	2,616	498,215
Total	-	-	2,616	498,215
<b><u>Long-term loans to related parties</u></b>				
Subsidiary companies	-	-	1,306,517	-
Total	-	-	1,306,517	-
<b><u>Trade and other payables - related parties (Note 20)</u></b>				
Subsidiary companies	-	-	39,359	11,168
Total	-	-	39,359	11,168
<b><u>Advances received from customers under construction contracts - related parties (Note 9)</u></b>				
Associated company	68,211	-	68,211	-
Joint venture	-	-	-	-
Total	68,211	-	68,211	-
<b><u>Short-term loan from related party</u></b>				
Subsidiary company	-	-	30,000	-
Total	-	-	30,000	-





As at 31 December 2016 and 2015, the balance of loans between the Company and those related companies and the movement are as follows:

(Unit: Thousand Baht)

Loans to	Related by	Separate financial statements				Balance as at 31 December 2016
		Balance as at 31 December 2015	Increase	Decrease	Exchange rate adjustment	
TRC Investment Limited	Subsidiary company	442,834	820,293	-	(3)	1,263,124
TRC International Limited	Subsidiary company	55,381	-	(9,372)	-	46,009
TRC Engineering LLC	Subsidiary company	56,623	-	-	-	56,623
Total		554,838	820,293	(9,372)	(3)	1,365,756
Less: Allowance for doubtful debts		(56,623)	-	-	-	(56,623)
Net		498,215	820,293	(9,372)	(3)	1,309,133

Loans to related parties carried interest at rates of 3.5% - 7.0% per annum (2015: 3.5% - 7.0% per annum) and due for repayment on demand.

(Unit: Thousand Baht)

Short-term loan from	Related by	Separate financial statements			
		Balance as at 31 December 2015	Increase	Decrease	Balance as at 31 December 2016
Sahakarn Wisavakorn Company Limited	Subsidiary company	-	558,000	(528,000)	30,000

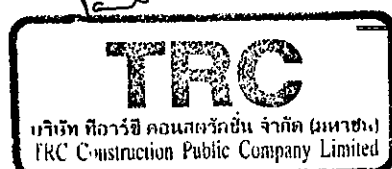
Short-term loans from related party carried interests at rates of 2.5% per annum (2015: 5.5% per annum) and due for repayment on demand.

#### Directors and management's benefits

During the years ended 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
Short-term employee benefits	35	35	34	35
Post-employment benefits	3	4	3	4
Share-based payment	-	1	-	1
Total	38	40	37	40



### Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 35.5.

### 7. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Cash	1,522	1,724	714	723
Deposits at financial institutions	67,941	659,138	28,126	450,086
Investment in mutual fund	39,563	178,566	-	892
Investment in bill of exchanges	-	450,000	-	300,000
Total	109,026	1,289,428	28,840	751,701

As at 31 December 2016, deposits in saving accounts, fixed deposits and bills of exchange carried interests between 0.10% and 0.63% per annum (2015: between 0.25% and 2.07% per annum).

### 8. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b><u>Trade accounts receivable - related parties</u></b>				
Aged on the basis of due dates				
Not yet due	71,001	66,313	71,001	66,313
Past due				
Up to 3 months	3,132	-	3,132	-
Total trade accounts receivable - related parties, net	74,133	66,313	74,133	66,313



(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b><u>Trade accounts receivable - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	293,351	530,901	183,934	436,642
Past due				
Up to 3 months	36,871	16,492	36,871	16,460
Over 12 months	13,904	18,391	-	4,383
<b>Total trade accounts receivable - unrelated parties</b>	<b>344,126</b>	<b>565,784</b>	<b>220,805</b>	<b>457,485</b>
Less: Allowance for doubtful debts	(11,928)	(16,311)	-	(4,383)
Translation adjustment	(1,976)	(2,081)	-	-
<b>Total trade accounts receivable - unrelated parties, net</b>	<b>330,222</b>	<b>547,392</b>	<b>220,805</b>	<b>453,102</b>
<b>Total trade accounts receivable - net</b>	<b>404,355</b>	<b>613,705</b>	<b>294,938</b>	<b>519,415</b>
<b><u>Other receivables</u></b>				
Advance to related parties	3,333	17,309	11,087	6,304
Interest receivable from related parties	-	-	72,011	10,448
Others	3,261	5,421	2,677	4,346
<b>Total other receivables</b>	<b>6,594</b>	<b>22,730</b>	<b>85,775</b>	<b>21,098</b>
Less: Allowance for doubtful debt	(127)	(127)	(9,427)	(5,727)
<b>Total other receivables - net</b>	<b>6,467</b>	<b>22,603</b>	<b>76,348</b>	<b>15,371</b>
<b>Total trade and other receivables - net</b>	<b>410,822</b>	<b>636,308</b>	<b>371,286</b>	<b>534,786</b>

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 390 million included in the accounts receivable balance as at 31 December 2016 (the Company only: Baht 281 million) (2015: Baht 524 million, the Company only: Baht 503 million).



9. **Unbilled receivables/advances received from customers under construction contracts**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Unbilled receivables and advances received from customers under construction contracts</b>				
Project value as per contracts	12,318,555	15,970,882	9,505,832	11,410,511
Accumulated amount recognised as revenue on percentage of completion basis	8,635,376	10,461,802	7,025,902	7,641,130
Less: Value of total billed	(7,218,145)	(9,853,194)	(5,994,915)	(6,796,225)
Translation adjustment	-	93,428	-	-
Unbilled receivables	1,762,973	1,023,023	1,122,213	937,258
Advances received from customers	(345,742)	(320,987)	(91,226)	(92,353)
<b>Total</b>	<b>1,417,231</b>	<b>702,036</b>	<b>1,030,987</b>	<b>844,905</b>
 Retention receivables as per contracts	 87,471	 164,027	 46,090	 147,064

10. **Construction supplies**

(Unit: Thousand Baht)

Consolidated / Separate financial statements						
		Reduce cost to net				
Cost		Realisable value		Construction supplies - net		
	2016	2015	2016	2015	2016	2015
Construction supplies	10,194	20,072	(3,072)	(5,748)	7,122	14,324
Total	10,194	20,072	(3,072)	(5,748)	7,122	14,324



## 11. Withholding tax deducted at source

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Year 2013	-	14,416	-	14,416
Year 2014	14,250	14,250	-	-
Year 2015	7,861	7,861	-	-
Year 2016	6,522	-	-	-
	<u>28,633</u>	<u>36,527</u>	<u>-</u>	<u>14,416</u>

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 Government Agency related.

## 12. Restricted deposits at financial institutions

These represent saving deposit and fixed deposits pledged with financial institutions to secure credit facilities and bank guarantee facilities issued by the bank on behalf of the Company and its subsidiaries, as described in Note 35.4.

## 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	
			2016	2015	2016	2015	2016	2015
Sahakorn Wisavakorn Company Limited	Construction services - basic infrastructure	Thailand	Baht 500,000,000	Baht 500,000,000	(%) 99.99	(%) 99.99	Baht 620,894,691	Baht 620,947,021
TRC Investment Limited	Holding company	The Republic of Mauritius	USD 1	USD 1	100.00	100.00	32	32
Total							620,894,723	620,947,053
Less: Allowance for loss on impairment of investment							(145,071,416)	(145,071,416)
Total investments in subsidiaries - net							<u>475,823,307</u>	<u>475,875,637</u>

The change in cost of investment in subsidiary 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	
			2016	2015	2016	2015	2016	2015
					(%)	(%)	Baht	Baht
<u>Held by Sahakarn Wisavakorn Company Limited</u>								
CR3 and Sahakarn Joint Venture Company Limited	Construction services	Thailand		Baht 6,000,000	-	91.83	-	5,509,700
Hydrotek Sahakarn Joint Venture	Construction services	Thailand	Baht 1,000,000	Baht 1,000,000	49.00	49.00	490,000	490,000
<u>Held by TRC Investment Limited</u>								
TRC International Limited	Investor	Hong Kong	HKD 10	HKD 10	100.00	100.00	33	33
<u>Held by TRC International Limited</u>								
TRC Middle East LLC	Construction services	Sultanate of Oman	Omani Rial 150,000	Omani Rial 150,000	70.00	70.00	12,322,330	12,322,330
TRC Engineering LLC	Construction services	Sultanate of Oman	Omani Rial 250,000	Omani Rial 250,000	70.00	70.00	13,654,506	13,654,506
Total							26,466,869	26,466,869
Less: Allowance for loss on impairment of investment							(25,976,836)	(13,654,506)
Total investments in subsidiaries which are held by the Company's subsidiaries - net							490,033	12,812,363

Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, and Hydrotek Public Company Limited agree that the subsidiary will be responsible for project execution of Hydrotek Sahakarn Joint Venture whereas Hydrotek Public Company Limited will not share any gain and loss as well as damage maybe arisen from this project.

On 1 December 2015, Sahakarn Wisavakorn Company Limited, which is the Company's subsidiary, registered the dissolution of CR3 and Sahakarn Joint Venture Company Limited with the Ministry of commerce and completed the liquidation process on 28 December 2015. On 14 January 2016, CR3 and Sahakarn Joint Venture Company Limited had already returned the capital to the Subsidiary.

On 10 March 2016, the Meeting No. 3/2016 of the Company's Board of Directors passed a resolution to approve the closure of TRC Middle East LLC and TRC Engineering LLC. On 31 December 2016, these subsidiaries have been in the liquidation process.



## 14. Investments in associate

### 14.1 Details of associate

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2016	2015	2016	2015	2016	2015
			(%)	(%)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)
<u>Held by TRC Investment Limited</u>								
ASEAN Potash Chaiphum Public Company Limited	Mining Industries	Thailand	23.43	-	1,261,274	-	1,231,928	-
<u>Held by TRC International Limited</u>								
ASEAN Potash Chaiphum Public Company Limited	Mining Industries	Thailand	2.79	-	100,000	-	96,407	-
Total					1,361,274	-	1,328,333	-

On 6 January 2015, TRC International Limited (TRCI), which is the Company's subsidiary in Hong Kong, increased its investment in ASEAN Potash Chaiphum Public Company Limited (APOT) by purchasing additional 250,000 ordinary shares from its shareholders at Baht 200 per share, a total of Baht 50 million.

On 16 September 2015, the Meeting No. 9/2015 of the Company's Board of Directors approved TRC Investment Limited, a subsidiary in Mauritius, to acquire additional ordinary shares of ASEAN Potash Chaiphum Public Company Limited at the aggregate of not exceeding 6.3 million shares, at price of Baht 200 per share, total value of Baht 1,260 million from Thermal Trade and Investment Limited. Subsequently, on 15 October 2015, TRC Investment Limited make the first payment for APOT's shares totaling of Baht 355 million in accordance with terms of payment stipulated in Share Sale and Purchase Agreement ("SPA"). On 30 October 2015, APOT's share certificates of 1.8 million shares were transferred to TRC Investment Limited.

During January and May 2016, TRC Investment Limited made the second through fourth payments for the 4.5 million share subscription totaling Baht 906 million. As a result, TRC Group's shareholding in APOT increased to 26.22%, consisting of 23.43% shareholding of TRC Investment Limited and 2.79% shareholding of TRC International Limited, with APOT's current paid-up capital as of 31 December 2016 of Baht 2,688 million and classifies this investment as investment in an associate.



## 14.2 Share of loss

During the years, the Company and its subsidiary has recognized its share of loss from investments in associate company in the consolidated financial statements as follows:

(Unit: Thousand Baht)		
	Share of loss from investments in associate during the year	
	2016	2015
ASEAN Potash Chaiyaphum Public Company Limited	32,941	-
Total	32,941	-

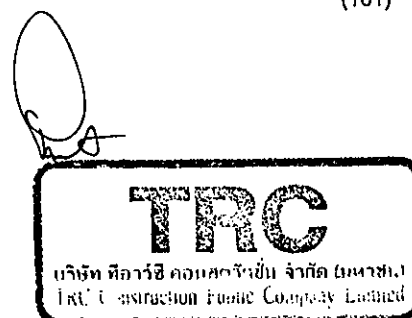
## 14.3 Summarised financial information about material associates

Summarised information about financial position

(Unit: Million Baht)	
	2016
Current assets	330
Non-current assets	5,595
Current liabilities	184
Non-current liabilities	4,020
Net assets	1,721
Shareholding percentage (%)	26.22
Share of net assets	451
Elimination entries	(7)
Goodwill	884
Carrying amounts of associates based on equity method	1,328

Summarised information about comprehensive income

(Unit: Million Baht)	
	For the year ended
	31 December 2016
Revenue	4
Profit (loss)	(101)
Other comprehensive income	-
Total comprehensive income	(101)





## 15. Investment in joint venture

Details of investment in joint venture is as follows:

(Unit: Thousand Baht)

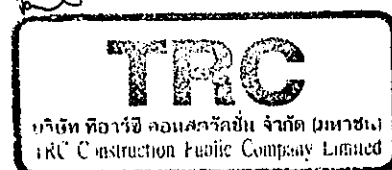
Joint venture	Nature of business	Consolidated / Separate financial statements							
		Shareholding percentage		Cost		Carrying amounts based on equity method		Share of loss from investments in joint venture during the year	
		2016	2015	2016	2015	2016	2015	2016	2015
		(%)	(%)						
<u>Held by the Company</u>									
Sinopec-TRC Joint Venture	Construction	30	30	2,376	2,376	2,376	2,376	-	-
Total				2,376	2,376	2,376	2,376	-	-

The consolidated financial statements for the year ended 31 December 2016 and 2015 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.

## 16. 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	
			2016	2015	2016	2015	2016	2015
					(%)	(%)	Baht	Baht
<u>Held by TRC Investment Limited</u>								
Asia Africa Energy Limited	Holding company	Hong Kong	-	USD 64	-	5.00	-	2,010
Rainbow Power Integrated Concept Limited	Development and investment in natural gas sector	Nigeria	-	USD 6,957	-	8.00	-	243,518
ASEAN Potash Chaiyaphum Public Company Limited	Mining industries	Thailand	-	Baht 2,060,837,300	-	8.61	-	355,225,624
<u>Held by TRC International Limited</u>								
ASEAN Potash Chaiyaphum Public Company Limited	Mining industries	Thailand	-	Baht 2,060,837,300	-	3.64	-	100,000,000
Total							-	455,471,152
Less: Allowance for loss on impairment of investment							-	(245,528)
Total other long-term investments - net							-	455,225,624



On 12 January 2016, the Meeting No. 1/2016 of the Company's Board of Directors passed the resolution to approved the write-off of investments in Asia Africa Energy Limited and Rainbow Power Integrated Concept Limited due to their long-term business suspension and a lack of further business development plan.

## 17. 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 2015	114,791	220,844	3,341	168,800	89,443	103,303	12,671	713,193
Additions	40,158	375	-	258,959	14,767	16,882	38,298	369,439
Disposals	(12,887)	(25,249)	-	(13,003)	(16,788)	(32,029)	-	(99,956)
Written-off	-	-	-	(295)	(147)	-	-	(442)
Transfer in (out)	-	15,766	-	31,066	108	-	(46,940)	-
Translation adjustment	-	423	-	1,903	1,843	1,080	-	5,249
31 December 2015	142,062	212,159	3,341	447,430	89,226	89,236	4,029	987,483
Additions	-	36	-	52,751	9,070	13,067	58,469	133,393
Disposals	-	-	-	(121)	(4)	(3,156)	-	(3,281)
Written-off	-	-	(3,341)	(4,599)	(1,962)	(17)	-	(9,919)
Transfers in (out)	-	573	-	4,234	578	-	(5,385)	-
31 December 2016	142,062	212,768	-	499,695	96,908	99,130	57,113	1,107,676
<b>Accumulated depreciation:</b>								
1 January 2015	-	20,255	3,229	133,607	48,496	52,606	-	258,193
Depreciation for the year	-	8,936	63	39,844	14,413	14,769	-	78,025
Depreciation on disposals	-	(17,709)	-	(7,158)	(16,521)	(18,742)	-	(60,130)
Depreciation on written-off	-	-	-	(251)	(120)	-	-	(371)
Translation adjustment	-	406	-	1,878	1,734	1,047	-	5,065
31 December 2015	-	11,888	3,292	167,920	48,002	49,680	-	280,782
Depreciation for the year	-	7,667	37	74,405	13,921	16,169	-	112,199
Depreciation on disposals	-	-	-	(62)	(4)	(2,854)	-	(2,920)
Depreciation on written-off	-	-	(3,329)	(3,768)	(1,897)	(5)	-	(8,999)
31 December 2016	-	19,555	-	238,495	60,022	62,990	-	381,062
<b>Net book value:</b>								
31 December 2015	142,062	200,271	49	279,510	41,224	39,556	4,029	706,701
31 December 2016	142,062	193,213	-	261,200	36,886	36,140	57,113	726,614
<b>Depreciation for the year</b>								
2015 (Baht 38 million included in cost of sales and construction services, and the balance in administrative expenses)								78,025
2016 (Baht 71 million included in cost of sales and construction services, and the balance in administrative expenses)								112,199



(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 2015	113,201	216,370	3,341	71,169	62,746	72,326	12,671	551,824
Additions	40,158	375	-	225,605	14,733	14,439	38,298	333,608
Disposals	(12,887)	(20,352)	-	(4,521)	(348)	(19,557)	-	(57,665)
Written-off	-	-	-	(274)	(117)	-	-	(391)
Transfer in (out)	-	15,766	-	31,066	108	-	(46,940)	-
31 December 2015	140,472	212,159	3,341	323,045	77,122	67,208	4,029	827,376
Additions	-	36	-	52,711	9,047	13,067	58,469	133,330
Disposals	-	-	-	(121)	(4)	(2,956)	-	(3,081)
Written-off	-	-	(3,341)	(4,555)	(1,768)	(17)	-	(9,681)
Transfers in (out)	-	573	-	4,234	578	-	(5,385)	-
31 December 2016	140,472	212,768	-	375,314	84,975	77,302	57,113	947,944
<b>Accumulated depreciation:</b>								
1 January 2015	-	16,097	3,229	48,701	27,712	30,635	-	126,374
Depreciation for the year	-	8,730	63	30,420	10,798	10,509	-	60,520
Depreciation on disposals	-	(12,939)	-	(109)	(258)	(6,466)	-	(19,772)
Depreciation on written-off	-	-	-	(235)	(94)	-	-	(329)
31 December 2015	-	11,888	3,292	78,777	38,158	34,678	-	166,793
Depreciation for the year	-	7,667	37	64,102	12,994	12,298	-	97,098
Depreciation on disposals	-	-	-	(62)	(4)	(2,654)	-	(2,720)
Depreciation on written-off	-	-	(3,329)	(3,730)	(1,708)	(5)	-	(8,772)
31 December 2016	-	19,555	-	139,087	49,440	44,317	-	252,399
<b>Net book value:</b>								
31 December 2015	140,472	200,271	49	244,268	38,964	32,530	4,029	660,583
31 December 2016	140,472	193,213	-	236,227	35,535	32,985	57,113	695,545
<b>Depreciation for the year</b>								
2015 (Baht 35 million included in cost of sales and construction services, and the balance in administrative expenses)								60,520
2016 (Baht 70 million included in cost of sales and construction services, and the balance in administrative expenses)								97,098

As at 31 December 2016, 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 153 million (The Company only: Baht 84 million) (2015: Baht 122 million, the Company only: Baht 67 million).

As at 31 December 2016, the Company and its subsidiary has tools and motor vehicles acquired under finance lease agreements, with net book value amounting to approximately Baht 34 million (The company only: Baht 21 million) (2015: Baht 45 million, the Company only: Baht 25 million).

As at 31 December 2016 and 2015, 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.

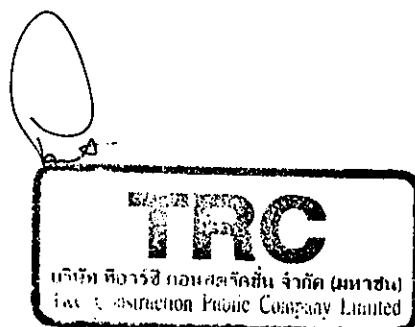
## 18. Intangible assets

The net book value of intangible assets, which is computer software, as at 31 December 2016 and 2015 is presented below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
As at 31 December 2016		
Cost	23,481	22,706
Less: Accumulated amortisation	(8,970)	(8,736)
Net book value	14,511	13,970
As at 31 December 2015		
Cost	15,094	14,319
Less: Accumulated amortisation	(7,071)	(6,914)
Net book value	8,023	7,405

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	8,023	8,832	7,405	8,520
Acquisition of computer software	8,387	1,031	8,387	669
Write-off during year - net book value at write-off date	-	(463)	-	(463)
Amortisation	(1,899)	(1,377)	(1,822)	(1,321)
Net book value at end of year	14,511	8,023	13,970	7,405



## 19. Short-term loans from financial institutions

(Unit: Thousand Baht)

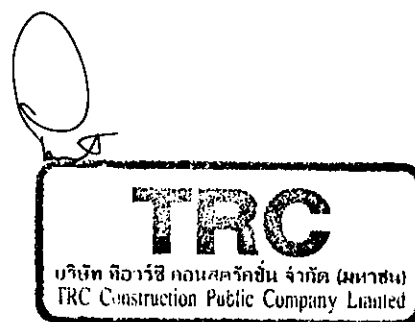
	Interest rate (% per annum)	Consolidated / Separate financial statements	
		2016	2015
Promissory note	3.30% - 3.40%	30,000	-
Trust receipt	3.36%	74,255	-
Total		104,255	-

Short-term loans from financial institutions have been secured by the transfer of right to receive from accounts receivable, as described in Note 8.

## 20. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Trade accounts payable - unrelated parties	319,886	429,239	181,645	290,841
Advances from related parties	-	-	39,356	11,168
Fixed assets and intangible assets payable	3,541	26,705	3,518	26,665
Accrued interest expense - related parties	-	-	3	-
Accrued expenses	118,025	96,840	107,190	82,998
Total trade and other payables	441,452	552,784	331,712	411,672



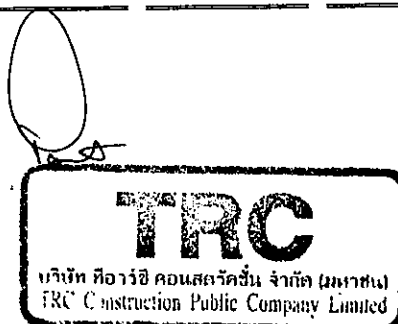
## 21. Provision for liabilities under construction projects

(Unit: Thousand Baht)

	Consolidated financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2015	28,911	244	5,168	34,323
Increase during the year	12,336	5,000	498	17,834
Decrease from occurrence of actual expense	(16,000)	(1,593)	(4,867)	(22,460)
Reversal of provisions	(7,850)	(244)	(799)	(8,893)
As at 31 December 2015	17,397	3,407	-	20,804
Increase during the year	17,000	-	-	17,000
Decrease from occurrence of actual expense	(6,573)	(3,208)	-	(9,781)
Reversal of provisions	(5,016)	-	-	(5,016)
As at 31 December 2016	22,808	199	-	23,007

(Unit: Thousand Baht)

	Separate financial statements			
	Warranties	Loss on construction	Penalties	Total
As at 1 January 2015	19,660	-	-	19,660
Increase during the year	7,000	-	498	7,498
Decrease from occurrence of actual expense	(7,863)	-	(498)	(8,361)
Reversal of provisions	(6,444)	-	-	(6,444)
As at 31 December 2015	12,353	-	-	12,353
Increase during the year	17,000	-	-	17,000
Decrease from occurrence of actual expense	(6,122)	-	-	(6,122)
Reversal of provisions	(5,016)	-	-	(5,016)
As at 31 December 2016	18,215	-	-	18,215



## 22. Debentures

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

(Unit: Thousand Baht)

Debentures	Interest rate	Terms	Due date	Consolidated / Separate financial statements	
				2016	2015
Debentures 1/2015	4.68%	2 years	8 July 2017	100,000	100,000
Debentures 1/2016	4.40%	2 years	10 March 2018	200,000	-
				300,000	100,000
Less: Current portion				(100,000)	-
Debentures - net of current portion				200,000	100,000

Details of the Company's debentures are as follows:

1. The Unsubordinated and unsecured Debentures of TRC Construction Public Company Limited. No. 1/2015, due 2017.

Name of debentures	"Debentures of TRC Construction Public Company Limited No. 1/2015, due 2017"
Amount	Baht 100 million
Term	2 years, starting from date of issuance
Issued date	8 July 2015
Interest rate	interest rate at 4.68% per annum throughout the term of the Debenture
Interest payment schedule	Quarterly on 8 January, 8 April, 8 July and 8 October, starting from 8 October 2015
Principal repayment	On the redemption date of 8 July 2017

2. The Unsubordinated and unsecured Debentures of TRC Construction Public Company Limited. No. 1/2016, due 2018.

Name of debentures	"Debentures of TRC Construction Public Company Limited No. 1/2016, due 2018"
Amount	Baht 200 million
Term	2 years, starting from date of issuance
Issued date	10 March 2016
Interest rate	interest rate at 4.40% per annum throughout the term of the Debenture
Interest payment schedule	Quarterly on 10 March, 10 June, 10 September and 10 December, starting from 10 June 2016
Principal repayment	On the redemption date of 10 March 2018



Under rights and responsibilities of debenture issuer, the Company has to comply with certain covenants and restrictions including maintenance of debt to equity ratio and debt-service coverage ratio at the rate prescribed in the agreements along with debentures' periods (debts mean interest bearing loans).

### 23. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	31,953	47,275	16,919	26,464
Less: Deferred interest	(1,933)	(3,671)	(689)	(1,634)
Total	30,020	43,604	16,230	24,830
Less: Current portion	(12,806)	(12,532)	(8,997)	(8,600)
Liabilities under finance lease agreements - net of current portion	17,214	31,072	7,233	16,230

The subsidiary have entered into the finance lease agreements with leasing companies for rental of tools and motor vehicles for use in its operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 3 and 5 years.

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

(Unit: Thousand Baht)

	As at 31 December 2016					
	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	13,961	17,992	31,953	9,545	7,374	16,919
Deferred interest expenses	(1,155)	(778)	(1,933)	(548)	(141)	(689)
Present value of future minimum lease payments	12,806	17,214	30,020	8,997	7,233	16,230





(Unit: Thousand Baht)

As at 31 December 2015

	Consolidated financial statements			Separate financial statements		
	Less than		Total	Less than		Total
	1 year	1-4 years		1 year	1-2 years	
Future minimum lease payments	14,270	33,005	47,275	9,545	16,919	26,464
Deferred interest expenses	(1,738)	(1,933)	(3,671)	(945)	(689)	(1,634)
Present value of future minimum lease payments	12,532	31,072	43,604	8,600	16,230	24,830

**24. Other current liabilities**

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Suspense output VAT	11,375	35,206	11,132	28,637
VAT payable	7,944	12,773	6,604	7,603
Others	1,750	4,414	1,264	2,962
Total	21,069	52,393	19,000	39,202

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

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

(Unit: Thousand Baht)

	Consolidated financial statements					
	2016			2015		
	Post-employment benefits	Other long-term benefits	Total	Post-employment benefits	Other long-term benefits	Total
Defined benefit obligation at beginning of year	33,953	-	33,953	25,048	-	25,048
Included in profit or loss:						
Current service cost	7,263	1,102	8,365	6,896	-	6,896
Interest cost	726	85	811	616	-	616
Past service costs	-	4,311	4,311	-	-	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(136)	-	(136)	(3,099)	-	(3,099)
Financial assumptions changes	(101)	-	(101)	2,836	-	2,836
Experience adjustments	(6,652)	-	(6,652)	2,098	-	2,098
Benefits paid during the year	-	(1,206)	(1,206)	(457)	-	(457)
Translation adjustment	-	-	-	15	-	15
Defined benefit obligation at end of year	35,053	4,292	39,345	33,953	-	33,953

(Unit: Thousand Baht)

	Separate financial statements					
	2016			2015		
	Post-employment benefits	Other long- term benefits	Total	Post-employment benefits	Other long- term benefits	Total
Defined benefit obligation at beginning of year	31,286	-	31,286	23,588	-	23,588
Included in profit or loss:						
Current service cost	6,086	923	7,009	6,031	-	6,031
Interest cost	640	73	713	562	-	562
Past service costs	-	3,746	3,746	-	-	-
Included in other comprehensive income:						
Actuarial (gain) loss arising from						
Demographic assumptions changes	(291)	-	(291)	(3,393)	-	(3,393)
Financial assumptions changes	(126)	-	(126)	2,767	-	2,767
Experience adjustments	(6,171)	-	(6,171)	1,731	-	1,731
Benefits paid during the year	-	(1,065)	(1,065)	-	-	-
Defined benefit obligation at end of year	31,424	3,677	35,101	31,286	-	31,286

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Cost of sales	6,224	3,404	5,541	2,939
Administrative expenses	7,263	4,108	5,927	3,654
Total expenses recognised in profit or loss	13,487	7,512	11,468	6,593

The Company and its subsidiaries expect to pay Baht 3 million of long-term employee benefits during the next year (the Company only: Baht 3 million) (2015: Baht 7 million, The Company only: Baht 7 million).

As at 31 December 2016, the weighted average duration of the liabilities for long-term employee benefit is 9 years (the Company only: 9 years) (2015: 8 years, the Company only: 8 years).



Key actuarial assumptions used for the valuation are as follows:

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.60 - 2.86	2.55 - 2.93	2.60	2.55
Future salary increase rate	5.00	5.00	5.00	5.00
Staff turnover rate				
(depending on age)	0.00 - 17.00	0.00 - 21.00	0.00 - 17.00	0.00 - 21.00
Gold inflation rate	3.00	-	3.00	-

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Million Baht)

	As at 31 December 2016			
	Consolidated financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.7)	3.1	(0.3)	0.3
Salary increase rate	3.0	(2.6)	-	-
Turnover rate	(2.9)	0.9	(0.3)	0.3

(Unit: Million Baht)

	As at 31 December 2016			
	Separate financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.3)	2.7	(0.2)	0.2
Salary increase rate	2.6	(2.3)	-	-
Turnover rate	(2.5)	0.8	(0.3)	0.2

(Unit: Million Baht)

	As at 31 December 2015			
	Consolidated financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.3)	2.6	-	-
Salary increase rate	2.7	(2.4)	-	-



(Unit: Million Baht)

	As at 31 December 2015			
	Separate financial statements			
	Post-employment benefits		Other long-term benefits	
	Increase 1.0%	Increase 1.0%	Increase 1.0%	Increase 1.0%
Discount rate	(2.0)	2.3	-	-
Salary increase rate	2.4	(2.1)	-	-

## 26. Share capital

Movements in the number of ordinary shares, the paid-up share capital and premium on ordinary shares are as follows:

Description	Number of shares (Thousand shares)	Amount (Thousand Baht)	Premium on ordinary shares (Thousand Baht)	Registration date with the Ministry of Commerce
<u>Registered share capital</u>				
At the beginning of the year	5,242,871	655,359		
Increase during the year	1,245,666	155,708		11 May 2016
Decrease during the year	(677,549)	(84,694)		10 May 2016
At the end of the year	5,810,988	726,373		
<u>Issued and paid-up share capital</u>				
At the beginning of the year	4,522,766	565,346	1,010,976	
Increase in capital from stock dividend	570,436	71,304	-	26 May 2016
Increase due to exercise of warrants				
ESOP-W2 No. 7	12,064	1,508	8,726	7 January 2016
ESOP-W2 No. 8	28,673	3,584	20,750	11 April 2016
ESOP-W2 No. 9	2,047	256	1,288	7 July 2016
At the end of the year	5,135,986	641,998	1,041,740	

On 27 April 2016, the Annual General Meeting of the Company's shareholders passed the following significant resolutions regarding the Company's registered share capital.

- 26.1 Paid dividend by the Company's ordinary shares up to 570.4 million shares with a par value of Baht 0.125 per share to be distributed at a rate of 1 dividend share for every 8 existing shares, equivalent to a dividend of Baht 0.015625 per share.
- 26.2 Approved a decrease in the registered capital of the Company from Baht 655.4 million to Baht 570.7 million consisting of 4,565.3 million share with a par value of Baht 0.125 each, by cancelling the ordinary shares which had not yet been issued and were exceeding to requirements for the exercise of the ESOP-W2. The Company registered the decrease of its registered capital at the Ministry of Commerce on 10 May 2016.

26.3 Approved an increase in the registered capital from Baht 570.7 million to Baht 726.4 million through the issuance of an additional 1,245.6 million ordinary shares with a par value of Baht 0.125 each, to be allocated as follows:

- Up to 570.4 million shares to be reserved for the distribution of the stock dividend.
- 675.0 million shares to be reserved for the exercise of the warrants issuance to specific investor who subscribed debentures.
- Up to 0.2 million shares to be reserved for supporting the ESOP-W2's rights adjustment due to the distribution of the stock dividend.

On 11 May 2016, the Company registered with the Ministry of Commerce the increase in its registered capital to Baht 726.4 million, or 5,811.0 million shares, and in its issued and paid-up capital to Baht 570.4 million, or 4,563.5 million shares.

## 27. 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%.

On 29 April 2015, the Annual General Meeting of the Company's shareholders for the year 2015 passed a resolution to pay a stock dividend totaling 830.5 million shares (after change in par value) and change the par value of the shares. As a result, the Company had to adjust in accordance to the condition of ESOP - W2 as detailed below.

	Exercise ratio (per 1 unit of warrants)		Exercise price (Baht/share)	
	Existing	New	Existing	New
ESOP-W2	1	5	3.03	0.606



On 27 April 2016, the Annual General Meeting of the Company's shareholders for the year 2016 passed a resolution to pay a stock dividend totaling 570.4 million shares, as discussed in Note 26.1. As a result, the Company had to adjust in accordance to the condition of ESOP - W2 as detailed below.

	Exercise ratio (per 1 unit of warrants)		Exercise price (Baht/share)	
	Existing	New	Existing	New
ESOP-W2	5	5.625	0.606	0.538667

During the year ended 31 December 2016, the Company and its subsidiary recorded expenses of the ESOP amounting to Baht 0.5 million (The Company only: Baht 0.5 million) (2015: Baht 3.8 million, the Company only: Baht 3.3 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 period are as follows:

At the beginning of the year	6,516,143	Units
Exercised No. 8	(5,734,643)	Units
Exercised No. 9	(363,875)	Units
Cancelled	(417,625)	Units
At the end of the year	-	Units

As at 31 December 2016, the Company cancelled accumulated 858,020 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.

On 30 March 2016, the eighth exercise date, the warrant-holders exercised 5,734,643 warrants to purchase 28,673,215 ordinary shares at Baht 0.606 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 11 April 2016. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 19 April 2016.

On 30 June 2016, the ninth exercise date, the warrant-holders exercised 363,875 warrants to purchase 2,046,797 ordinary shares at Baht 0.538667 each. The Company registered the above increase in its paid up share capital with the Ministry of Commerce on 7 July 2016. The Stock Exchange of Thailand approved the additional ordinary shares as a listed securities as from 12 July 2016.



## 28. 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.

### Local subsidiaries

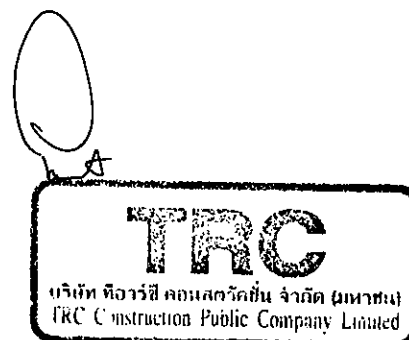
According to the Thai Civil and Commercial Code, the Company is required to set aside to a statutory reserve an amount equal to at least 5% of its net profit each time the Company pays out a dividend, until such reserve reaches 10% of its registered share capital. The statutory reserve cannot be used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

## 29. Expenses by nature

Significant expenses by nature are as follow:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Salary and wages and other employee benefits	547,752	516,382	515,684	433,762
Depreciation	112,199	78,025	97,098	60,520
Amortisation expenses	1,899	1,377	1,822	1,321
Construction materials and consumables used and subcontractors costs	2,280,959	1,952,304	1,521,056	1,574,402
Rental expenses from operating lease Agreements	98,042	94,840	95,667	85,139





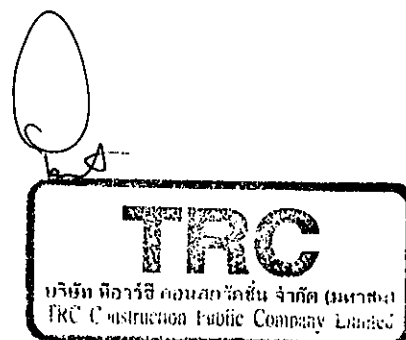
### 30. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
<b>Current income tax:</b>				
Current corporate income tax charge	94,947	100,796	89,731	98,257
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	3,391	(26,252)	(598)	(902)
<b>Income tax expense reported in the statement of income</b>	<b>98,338</b>	<b>74,544</b>	<b>89,133</b>	<b>97,355</b>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 are as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Deferred tax relating to actuarial gain or loss on long-term employee benefits	1,378	(367)	1,318	(221)
	<b>1,378</b>	<b>(367)</b>	<b>1,318</b>	<b>(221)</b>



Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rates for the years ended 31 December 2016 and 2015 are as follows.

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Accounting profit before tax	383,443	375,495	447,062	496,482
Applicable tax rate	12% and 20%	12% and 20%	20%	20%
Accounting profit before tax multiplied by applicable tax rate	75,425	74,380	89,412	99,296
Tax effect of intercompany transactions	3,059	1,481	-	-
Effects of:				
Non-deductible expenses	2,665	1,688	2,878	1,703
Additional expense deductions allowed	(3,102)	(2,274)	(3,100)	(211)
Tax exempted income	(57)	-	(57)	(3,433)
Share of loss from investment in associate	6,741	-	-	-
Unutilised tax losses	-	(7,483)	-	-
Unused tax losses which may net utilise	13,607	6,752	-	-
Total	19,854	(1,317)	(279)	(1,941)
Income tax expenses reported in the statement of income	98,338	74,544	89,133	97,355

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

(Unit: Thousand Baht)				
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
<b>Deferred tax assets</b>				
Allowance for diminution in value of inventories	614	1,150	614	1,150
Provision for liabilities under construction projects	3,202	4,161	2,243	2,470
Provision for long-term employee benefits	7,869	6,790	7,020	6,257
Unutilised tax loss	22,692	26,376	-	-
Total	34,377	38,477	9,877	9,877
<b>Deferred tax liabilities</b>				
Asset under finance lease agreements	727	58	824	104
Total	727	58	824	104

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

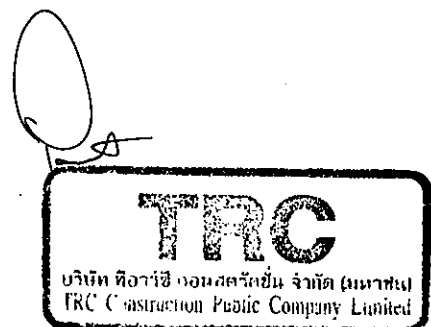
As at 31 December 2016, the Company has deductible temporary differences totaling Baht 231 million (2015: Baht 232 million), on which deferred tax assets have not been recognised as the Company believes that it may not utilise the temporary differences in the future.

As at 31 December 2016, the subsidiaries have unused tax losses totaling Omani Rial 2 million (2015: Omani Rial 2 million), on which deferred tax assets have not been recognised as the subsidiaries believe future taxable profits may not be sufficient to allow utilisation of the unused tax losses.

### **31. Earnings per share**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the distribution of the stock dividend in accordance with the resolutions of the Annual General Meeting of the Company's shareholders held on 27 April 2016, as discussed in Note 26. The number of ordinary shares of the prior period used for the calculation, as presented for comparative purposes, has been adjusted in proportion to the change in the number of shares, as if the shares comprising such changes had been issued at the beginning of the earliest period reported.

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

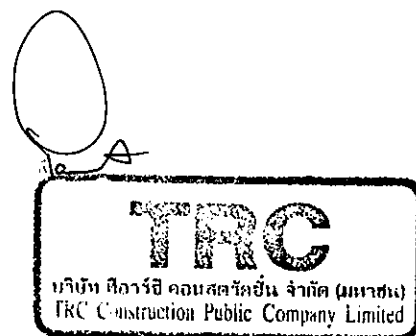


The following table sets forth the computation of basic and diluted earnings per share:

Consolidated financial statements						
For the year ended 31 December						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2016	2015	2016	2015	2016	2015	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	(Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent						
290,756	305,963	5,127,290	4,843,540	0.057	0.063	
<b>Effect of dilute potential ordinary shares</b>						
Warrants (ESOP-W2)						
-	-	6,288	68,042			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares						
290,756	305,963	5,133,578	4,911,582	0.057	0.062	

Separate financial statements						
For the year ended 31 December						
Profit for the year		Weighted average number of ordinary shares		Earnings per share		
2016	2015	2016	2015	2016	2015	
Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht	(Restated)
<b>Basic earnings per share</b>						
Profit attributable to equity holders of the parent						
357,929	399,127	5,127,290	4,843,540	0.070	0.082	
<b>Effect of dilute potential ordinary shares</b>						
Warrants (ESOP-W2)						
-	-	6,288	68,042			
<b>Diluted earnings per share</b>						
Profit of ordinary shareholders assuming the conversion of diluted potential ordinary shares						
357,929	399,127	5,133,578	4,911,582	0.070	0.081	



### 32. Dividends / stock dividends

Dividends	Approved by	Total dividends (Thousand Baht)	Dividend per share (Baht)
Dividend from operations of 2015	Annual General Meeting of the shareholders on 27 April 2016	45,635	0.010000
Stock dividend from operations of 2015	Annual General Meeting of the shareholders on 27 April 2016	71,304	0.015625
Total dividend and stock dividend paid in 2016		116,939	0.025625
Dividend from operations of 2014	Annual General Meeting of the shareholders on 29 April 2015	11,535	0.003472
Stock dividend from operations of 2014	Annual General Meeting of the shareholders on 29 April 2015	103,817	0.031250
Total dividend and stock dividend paid in 2015		115,352	0.034722

### 33. Provident fund

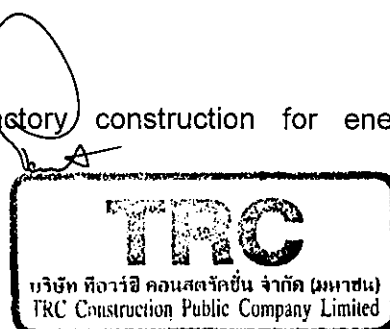
The Company, the subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, the subsidiary and their employees contributed to the fund monthly at the rate of 3% - 7% of basic salary. The fund, which is managed by TISCO Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 amounting to approximately Baht 7 million (Separate financial statements: Baht 6 million) (2015: Baht 6 million, Separate financial statements: Baht 5 million) were recognised as expenses.

### 34. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

For management purposes, the Company and its subsidiaries are organized into business units based on its products and services and have four reportable segments as follows:

- Pipeline system construction segment
- Engineering system installation and factory construction for energy and petrochemical business segment
- Civil work construction segment



- Sales and other services

No operating segments have been aggregated to form the above reportable operating segments.

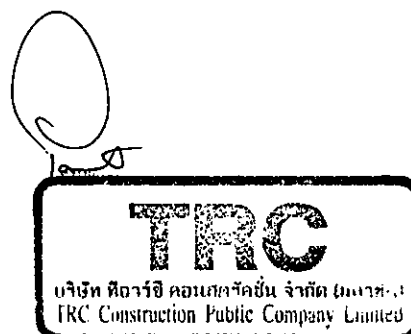
The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss and total assets and on a basis consistent with that used to measure operating profit or loss and total assets in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company's and its subsidiaries' operating segments for the year ended 31 December 2016 and 2015, respectively.

(Unit: Thousand Baht)

For the year ended 31 December 2016							
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	1,663,429	1,158,542	469,715	-	3,291,686	-	3,291,686
Revenues from associate	-	-	272,633	-	272,633	-	272,633
Revenues from joint venture	132,981	-	-	-	132,981	-	132,981
Depreciation	(58,075)	(36,103)	(19,482)	-	(113,660)	1,461	(112,199)
Administrator expense	(161,564)	(96,275)	(50,637)	-	(308,476)	-	(308,476)
<b>Segment profit (loss)</b>	<b>194,504</b>	<b>212,030</b>	<b>(19,230)</b>	<b>-</b>	<b>387,304</b>	<b>13,550</b>	<b>400,854</b>
Other income							36,395
Interest revenue							3,200
Allowance for doubtful debt							(7,030)
Interest expense							(17,034)
Share of loss from investment in associate							(32,941)
<b>Profit before income tax expense</b>							<b>383,444</b>
Income tax expense							(98,338)
<b>Profit for the year</b>							<b>285,106</b>



(Unit: Thousand Baht)

For the year ended 31 December 2015							
	Pipeline system	Engineering system	Civil work	Sales and other services	Total Segments	Adjustments and eliminations	Consolidated
Revenues from external customers	999,061	1,511,593	236,123	1,100	2,747,877	-	2,747,877
Revenues from joint venture	1,132,295	-	-	-	1,132,295	-	1,132,295
Depreciation	(36,160)	(27,327)	(15,125)	(20)	(78,632)	607	(78,025)
Administrator expense	(148,525)	(111,706)	(31,834)	(81)	(292,146)	2	(292,144)
<b>Segment profit (loss)</b>	<b>299,229</b>	<b>111,428</b>	<b>(113,562)</b>	<b>25</b>	<b>297,120</b>	<b>8,395</b>	<b>305,515</b>
Other income							63,831
Interest revenue							11,030
Allowance for doubtful debt							(127)
Interest expense							(4,754)
<b>Profit before income tax expense</b>							<b>375,495</b>
Income tax expense							(74,544)
<b>Profit for the year</b>							<b>300,951</b>

### Geographic information

The Company and its subsidiaries operated in Thailand only. As a result, all the revenues and assets as reflected in these financial statements pertain exclusively to this geographical reportable segment.

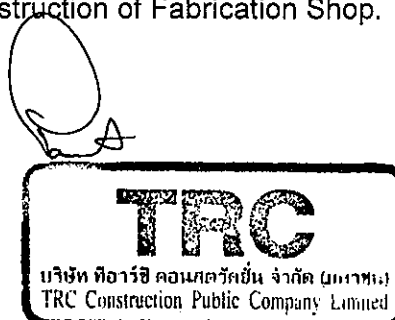
### Major customers

For the year 2016, the Company and its subsidiaries have revenue from one major customers in amount of Baht 1,368 million arising from pipeline system segment (2015: Baht 2,040 million, Baht 968 million and Baht 527 million, from three major customers, arising from pipeline system, engineering system and civil work segments).

## 35. Commitments and contingent liabilities

### 35.1 Capital commitments

As at 31 December 2016, the Company had capital commitments of approximately Baht 7 million (2015: Nil), relating to the construction of Fabrication Shop.



### 35.2 Purchase construction materials and subcontracted work commitments

As at 31 December 2016, the Company and the subsidiary have outstanding commitments of Baht 781 million and Euro 15 million in respect of purchase construction materials and subcontracted work (the Company only: Baht 168 million and Euro 8 million) (2015: Baht 1,371 million and USD 2 million, the Company only: Baht 813 million and USD 2 million).

### 35.3 Operating lease commitments

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

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

(Unit: Million Baht)

	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Payable:				
In up to 1 year	17	18	17	18
In over 1 and up to 5 years	27	39	27	38

### 35.4 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		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
Guarantee of construction contract and bidding	Baht 1,431 million			
	USD 1 million	Baht 1,634 million	Baht 1,173 million	Baht 1,314 million
	EUR 1 million	USD 4 million	USD 1 million	USD 4 million
Guarantee of advance payment bond and retention	Baht 470 million	Baht 237 million	Baht 176 million	Baht 94 million
	EUR 2 million			
Guarantee of others	Baht 8 million	Baht 9 million	Baht 2 million	Baht 6 million
Total	Baht 1,909 million			
	USD 1 million	Baht 1,880 million	Baht 1,351 million	Baht 1,414 million
	EUR 3 million	USD 4 million	USD 1 million	USD 4 million



### 35.5 Guarantees

As at 31 December 2016, the Company has commitment from guarantee of liabilities under finance lease agreements of the subsidiary totaling Baht 23 million (2015: Baht 23 million).

### 36. Litigations

- 36.1 On 6 December 2011, a government agency sent a letter to a bank asking to hold the bank guarantee of Baht 20 million that the Company deposited as the mortgage since the said agency claimed that the Company failed to perform according to the contract.

On 29 December 2011, the Company filed the abovementioned agency and its parties to the Central Administrative Court for the sentence of releasing the captioned bank guarantee with the compensation charge totally Baht 27.5 million plus the interest rate of 7.5 % per annum including any related fee from the next day of filing date until completion of payment since the Company considered that such a claim was not caused by the Company's fault on the contrary, the Company could not perform according to the contract due to the law of restricted areas.

On 20 May 2015, the Central Administrative Court had rendered judgement and ordered the government agency to return the Company's Baht 20 million bank guarantee dated 31 August 2007 to the Company under the condition that both the Company and government agency jointly shared the responsibility to pay the total of Baht 10 million plus the interest rate of 7.5 % per annum from the next day of filing date (December 29, 2011) until completion of payment or within 60 days starting from the date of final judgement whereas all remaining parts to be dismissed.

On 19 June 2015, the government agency made an appeal to the Central Administrative Court and later on 16 October 2015, the Company made an appeal clarification to the court and for ease of reference as of 31 December 2016 and 2015, the Company has already recorded the contingent liabilities of Baht 20 million maybe arisen in the financial statement.

- 36.2 On 24 May 2011, a private company (litigant) filed the case to the Commercial Court against the subsidiary claiming that the subsidiary defaulted the contract with recover damage of Baht 17.5 million plus the interest rate of 7.5 % per annum starting from the filing date until completion of payment.



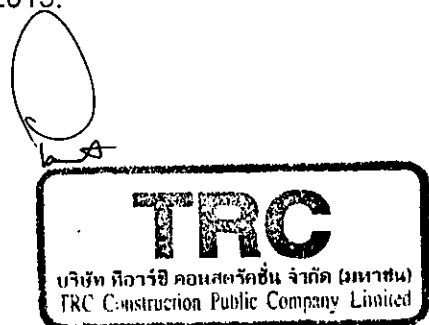
On 21 September 2011, the subsidiary submitted the clarification statement to the Commercial Court by refusing the accusation of the litigant and requested the court for dismissal and also to order the litigant to pay the completed work charge of Baht 10.9 million, according to the contract, to the subsidiary.

On 21 July 2014, the Commercial Court made a sentence to have the subsidiary to pay to the litigant the penalty charge of Baht 11.01 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment and cost of execution of Baht 0.1 million for the litigant.

Due to having the fact for litigation, the subsidiary then submitted an appeal for the Civil Court's judgement to the court since both parties had made an agreement to terminate the contract in a form of compromise agreement causing an effect to both parties to be responsible for its own benefit and have no further claim against each other as a result of any breach of a statutory obligation. Therefore, this proved that the plaintiff had waived any objection and both parties can restrain the dispute.

On 8 July 2015, the subsidiary submitted a request to place the mortgage as per the Civil Court's judgement to waive the judgement execution and the court later ordered on 21 July 2015 that the subsidiary had placed the mortgage as per the report dated 8 July 2015 consisting of a deposit account book and confirmation letter of deposited amount of Baht 15.4 million at Kasikorn Bank Plc. and the certificate of utilization of land (Nor Sor 3) located at Nongkradorn Sub-district, Muang Nakhonsawan District, Nakhonsawan Province, totally 7 plots of 102 rai, 9 ngan and 289 square wah with the certificate of land appraisal issued by Nakhonsawan Land Office dated 3 July 2015, totally Baht 3.1 million. The court therefore restrained the judgement execution temporarily until the Appeal Court shall issue an order for the request to suspend the execution of the sentence.

On 20 October 2015, the Appeal Court sentenced to vacate judgement of the Civil Court to dispose of the case in order for both plaintiff and defendant to settle their dispute through institutional arbitration and the executing officer later issued the withdrawal order of sequestration on 28 October 2015.



On 12 November 2015, the court ordered to return the mortgage and pay the appeal fee of Baht 0.2 million including the related fee of Baht 0.3 million to the subsidiary. On 19 November 2015, the litigant submitted a petition whereas on 28 January 2016, the subsidiary also submitted a petition to the Supreme Court, respectively. On 13 September 2016, the Supreme Court rendered judgement to dismiss the lawsuit since the Commercial Court had no authority to consider and also advised the plaintiff to proceed the dispute through institutional arbitration. Since the mentioned suit is not yet finalised. The subsidiary believed that the subsidiary's the fact and the matter of law can defend against the Party. Therefore, the subsidiary has not yet recognised provision for contingent liabilities in the financial statements.

- 36.3 On 4 December 2007, the subsidiary filed a suit to the Central Administrative Court against a government agency (litigant) in order for payment of a penalty charge of Baht 13.4 million for termination of construction contract by deducting the advance payment of Baht 7.7 million as per the contract and the total of penalty charge to be paid Baht 6.1 million plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment. However, the litigant submitted its pleading to the court on 20 August 2008 claiming that the amount of the penalty charge was overrated and the third resolution of the Compensation Committee was made on 16 July 2008 to order the government agency to pay the compensation of Baht 0.8 million to the subsidiary whereas ordered the subsidiary to return the amount of Baht 6.8 million to the government agency, respectively.

After that, several amendments to the petition and pleadings of both parties were made.

On 20 April 2010, the litigant submitted its latest amended pleadings to the Central Administrative Court about the fee of the advance payment bank guarantee of Baht 0.1 million and the litigant asked the court for dismissal and order the subsidiary to return the litigant the advance amount of Baht 7.7 million in order to proceed as per the construction contract.

The subsidiary submitted its latest amended pleadings to the court on 24 January 2012 requesting the court to render judgement ordering the litigant to bring the compensation amount of Baht 19.4 million to be deducted by the amount of Baht 7.7 million advanced to the subsidiary to proceed as per the construction contract as well as paying the penalty charge of Baht 12.5 million to the subsidiary plus the interest rate of 7.5% per annum starting from the filing date until the completion of payment.

The litigant submitted its refusal pleadings and asked the court for dismissal and returning of the aforementioned advance payment amount as well.

On 31 July 2012, the court rendered judgement ordering the subsidiary to receive Baht 3.3 million and also return Baht 4.4 million to the litigant. The subsidiary then submitted its appeal for the judgement to the Supreme Administrative Court on 29 August 2012.

Since this case remains under the consideration, the subsidiary has not yet been recorded in financial statements.

36.4 On 24 April 2008, a private company and its partner (litigant) filed suit to the Administrative Court of First Instance against the Company and its partner on violation against the contract and sued for damages of Baht 6 million plus the interest rate of 7.5% per annum starting from the filing date until completion of payment.

On 29 May 2012, the court rendered judgement of dismissal but later on 20 June 2013, the litigant appealed to the Supreme Administrative Court and on 9 August 2013, the Company submitted an amendment of appeal requesting for the dismissal.

Since this case remains under the consideration of the Supreme Administrative Court and since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in financial statements.

36.5 On 14 September 2015, the plaintiff (the litigant) filed a lawsuit against a government agency and 8 co-defendants to the Administrative Court for compensation of damages from loss of income of Baht 87.49 million. The Company is sued as the fifth defendant on 11 March 2016 and then on 28 October 2016, submitted an objection against the plaintiff's request to waive the court fee.

On 12 January 2017, the Company has just submitted the statement of defence to the court and the court ordered the Company to submit the additional statement within 30 days.

The status and amicus curiae brief are under consideration and determination of appointed date of sentence of the Administrative Court. Since the Company's management has confidence that the Company will not gain any significant loss (if any) from this litigation, any provision of liabilities then have not yet been recorded in the financial statements.

### 37. Fair value hierarchy

As at 31 December 2016 and 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

	(Unit: Million Baht)			
	Consolidated Financial Statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment in mutual fund	-	39.6	-	39.6
<b>Liabilities for which fair value are disclosed</b>				
<b>Derivatives</b>				
Foreign currency forward contracts	-	3.7	-	3.7
	(Unit: Million Baht)			
	Separate Financial Statements			
	As at 31 December 2016			
	Level 1	Level 2	Level 3	Total
<b>Liabilities for which fair value are disclosed</b>				
<b>Derivatives</b>				
Foreign currency forward contracts	-	3.0	-	3.0
	(Unit: Million Baht)			
	Consolidated Financial Statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment in mutual fund	-	178.6	-	178.6
	(Unit: Million Baht)			
	Separate Financial Statements			
	As at 31 December 2015			
	Level 1	Level 2	Level 3	Total
<b>Assets measured at fair value</b>				
Investment in mutual fund	-	0.9	-	0.9

### 38. Financial instruments

#### 38.1 Financial risk management

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

## Credit risk

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

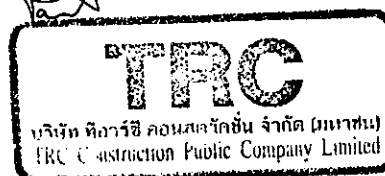
## Interest rate risk

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

As at 31 December 2016 and 2015, Significant financial assets and liabilities classified by type of interest rates are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

Consolidated financial statements						
As at 31 December 2016						
	Fixed interest rates		Floating	Non- interest	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years	interest rate	bearing		
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	65	44	109	0.10 - 0.63
Trade and other receivables	-	-	-	411	411	-
Accounts receivable - retention under construction contracts	-	-	-	87	87	-
Restricted deposits at financial institutions	1	-	15	-	16	0.37 - 1.30
	1	-	80	542	623	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	104	-	-	-	104	3.30 - 3.36
Trade and other payables	-	-	-	441	441	-
Accounts payable – retention under construction contracts	-	-	-	51	51	-
Liabilities under finance lease agreements	13	17	-	-	30	4.50 - 5.03
Debenture	100	200	-	-	300	4.40 - 4.68
	217	217	-	492	926	



(Unit: Million Baht)

## Consolidated financial statements

As at 31 December 2015

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
<b>Financial Assets</b>						
Cash and cash equivalents	450	-	838	1	1,289	0.25 - 2.07
Trade and other receivables	-	-	-	636	636	-
Accounts receivable - retention under construction contracts	-	-	-	164	164	-
Restricted deposits at financial institutions	16	-	20	-	36	0.10 - 2.38
	<u>466</u>	<u>-</u>	<u>858</u>	<u>801</u>	<u>2,125</u>	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	553	553	-
Accounts payable – retention under construction contracts	-	-	-	37	37	-
Liabilities under finance lease agreements	13	31	-	-	44	4.50 - 5.03
Debenture	-	100	-	-	100	4.68
	<u>13</u>	<u>131</u>	<u>-</u>	<u>590</u>	<u>734</u>	

(Unit: Million Baht)

## Separate financial statements

As at 31 December 2016

	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate (% per annum)
	within 1 year	1 - 5 years				
<b>Financial Assets</b>						
Cash and cash equivalents	-	-	28	1	29	0.10 - 0.63
Trade and other receivables	-	-	-	371	371	-
Accounts receivable - retention under construction contracts	-	-	-	46	46	-
Loans to related parties	3	1,306	-	-	1,309	3.50 - 7.00
	<u>3</u>	<u>1,306</u>	<u>28</u>	<u>418</u>	<u>1,755</u>	
<b>Financial liabilities</b>						
Short-term loans from financial institutions	104	-	-	-	104	3.30 - 3.36
Trade and other payables	-	-	-	332	332	-
Accounts payable - retention under construction contracts	-	-	-	25	25	-
Short-term loan from related party	30	-	-	-	30	2.50
Liabilities under finance lease agreements	9	7	-	-	16	4.50 - 5.03
Debenture	100	200	-	-	300	4.40 - 4.68
	<u>243</u>	<u>207</u>	<u>-</u>	<u>357</u>	<u>807</u>	



(Unit: Million Baht)

Separate financial statements						
As at 31 December 2015						
	Fixed interest rates		Floating interest rate	Non- interest bearing	Total	Effective interest rate
	within 1 year	1 - 5 years				(% per annum)
<b>Financial Assets</b>						
Cash and cash equivalents	300	-	451	1	752	0.25 - 1.50
Trade and other receivables	-	-	-	535	535	-
Accounts receivable - retention under construction contracts	-	-	-	147	147	-
Short - term loans to related parties	498	-	-	-	498	3.50 - 7.00
Restricted deposits at financial institutions	-	-	3	-	3	0.25 - 2.38
	798	-	454	683	1,935	
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	412	412	-
Accounts payable - retention under construction contracts	-	-	-	26	26	-
Liabilities under finance lease agreements	9	16	-	-	25	4.50 - 5.03
Debenture	-	100	-	-	100	4.68
	9	116	-	438	563	

### Foreign currency risk

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

As at 31 December 2016 and 2015, the balances of financial assets and liabilities denominated in foreign currencies 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	
	2016	2015	2016	2015	2016	2015
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	3,757	5,734	109	1,194	35.8307	36.0886
Euro	8,478	-	167	309	37.7577	39.4388





Foreign currency	Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	as at 31 December		as at 31 December		as at 31 December	
	2016	2015	2016	2015	2016	2015
	(Thousand)	(Thousand)	(Thousand)	(Thousand)	(Baht per 1 foreign currency unit)	
US dollar	3,773	5,750	109	1,194	35.8307	36.0886
Euro	-	-	167	309	37.7577	39.4388
Omani Rial	25	25	-	-	93.0425	93.7365

As at 31 December 2016, foreign exchange contracts outstanding are summarised below.

Consolidated financial statement					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
Euro	5	-	37.89 - 39.27	-	March 2017 - July 2017

Separate financial statement					
Foreign currency	Bought amount	Sold amount	Contractual exchange rate		Contractual maturity date
			Bought	Sold	
	(Million)	(Million)	(Baht per 1 foreign currency unit)		
Euro	4	-	37.89 - 39.27	-	March 2017 - July 2017

### 38.2 Fair values of financial instruments

The methods and assumptions used by the Company in estimating the fair value of financial instruments are as follows:

- For financial assets and liabilities which have short-term maturity, including cash and cash equivalents, trade and other receivables, accounts receivable/payable - retention, loans to/from, trade and other payables, liabilities under finance lease agreements, their carrying amounts in the statement of financial position approximate their fair value.
- For fixed rate debenture, their fair value is estimated by discounting expected future cash flow by the current market interest rate of the debenture with similar terms and conditions. The fair values of debentures are estimated to approximately the amounts presented in the statements of financial position.



- c) For derivatives, their fair value has been determined by using a discounted future cash flow model and a valuation model technique. Most of the inputs used for the valuation are observable in the relevant market, such as spot rates of foreign currencies, yield curves of the respective currencies.

During the current year, there were no transfers within the fair value hierarchy.

The estimated fair value of the derivatives is as follows:

	(Unit: Million Baht)	
	As at 31 December 2016	
	Fair value	
	Consolidated	Separate
	financial statements	financial statements
	Gain (loss)	Gain (loss)
Derivatives		
Foreign currency forward contracts	(3.7)	(3.0)

### 39. Capital management

The primary objective of the Company's capital management is to ensure that it has an appropriate capital structure to support its business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 0.86:1 (2015: 0.89:1) and the Company's was 0.51:1 (2015: 0.71:1).

### 40. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 22 February 2017.

