

# 2018 2561

ANNUAL REPORT  
AND SUSTAINABILITY  
REPORT

ENERGY  
ECO  
MATERIALS



POWERING  
SUSTAINABLE  
GROWTH

PADEANG INDUSTRY PUBLIC COMPANY LIMITED





# ► Content

## ANNUAL REPORT AND SUSTAINABILITY REPORT 2018



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# ► OUR VISION

■ ■ **TO BE A LEADER IN  
DEVELOPING, DRIVING  
AND GROWING  
SUSTAINABLE  
BUSINESSES IN  
SOUTHEAST ASIA** ■ ■

Driven by innovation and balanced concerns, we maximize added value for our clients, with respect to our people, our ecosystems and the environment.

We support the communities in which we operate and give the best possible return to our shareholders.







## ▶ ABOUT PDI

**Padaeng Industry Public Company Limited, or PDI,** was founded on April 10, 1981 and introduced at the Stock Exchange of Thailand with a registered capital of 3,013,333,330 Baht. The Company had produced high quality zinc for over 30 years.

- **In 2014,** PDI reassessed its business structure in anticipation of a shift towards Green Business, with the objective to increase eco-efficiency and to foster sustainable growth. The Company is structured around three businesses: PDI Energy - providing energy from renewable sources; PDI Materials - providing added value materials from recycled metals; and PDI Eco - providing waste management solutions for complex industrial waste.
- **In 2016,** PDI closed Mae Sod Mine due to depletion and ceased conventional zinc business by the end of 2017. PDI has marked substantial success with the investment in the first Solar Farm in Japan and Thailand in late of 2016, and also has had progress of the various investment projects in three new businesses: Energy, Materials and Eco.

# OVERALL BUSINESS OPERATION OF THE COMPANY

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED

Shares : 226,000,100

Par Value (Baht/Share) : 10

Registered Capital (Baht) : 3,013,333,330

Paid-up Capital : (75%) 2,260,001,000 Baht

Type of Business : Energy, Materials and Eco



### PADAENG PROPERTIES CO., LTD.

Shares : 3,200,000

Par Value (Baht/Share) : 25

Registered Capital (Baht) : 80,000,000

Paid-up Capital : (100%) 80,000,000 Baht

Shareholders : PDI 99.99%

Type of Business : Land development and Real Estate with IEAT

### PDI ENERGY CO., LTD.

Shares : 3,500,000

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 350,000,000

Paid-up Capital : (28.59%) 100,050,000 Baht

Shareholders : PDI 99.99%

Type of Business : Renewable energy operations

### PDI ECO CO., LTD.

Shares : 500,000

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 50,000,000

Paid-up Capital : (25%) 12,500,000 Baht

Shareholders : 99.99%

Type of Business : Waste management operations

### TON SANGKASI PTE.,LTD.

(Incorporate in Singapore)

Shares : 10,000

Par Value (SGD/Share) : 1

Registered Capital (SGD) : 10,000

Paid-up Capital : (100%) 10,000 SGD

Shareholders : PDI 100%

Type of Business : Mineral exploration, prospecting of base metals and Other holding companies

### PDI MATERIALS CO., LTD.

Shares : 2,000,000

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 200,000,000

Paid-up Capital : (100%) 200,000,000 Baht

Shareholders : PDP 99.99%

Type of Business : Distribution base metals and other by-products

### PDI TAK ECO CO., LTD.

Shares : 300,000

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 30,000,000

Paid-up Capital : (100%) 30,000,000 Baht

Shareholders : PDI 51%, DOWA (Japan) 49%

Type of Business : Waste management operations

### SYMBIOR ELEMENTS PTE. LTD.

(Incorporate in Singapore)

Shares : 7,896,800

Par Value (USD/Share) : 1

Registered Capital (USD) : 7,896,800

Paid-up Capital : (100%) 7,896,800 USD

Shareholders : TS100%

Type of Business : Holding company for renewable assets and activities in Asia

### PDI-CRT CO., LTD.

Shares : 8,900,000

Par Value (Baht/Share) : 10

Registered Capital (Baht) : 89,000,000

Paid-up Capital : (100%) 89,000,000 Baht

Shareholders : PDI Materials 60%, CRT (Norway) 40%

Type of Business : Recycle materials

### PDI ASIA SOLAR CO., LTD.

Shares : 100,000

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 10,000,000

Paid-up Capital : (25%) 2,500,000 Baht

Shareholders : PDI Energy 99.99%

Type of Business : Renewable energy operations (Solar)

51%

### ATC ENVIRO CO., LTD.

Shares : 4,352,600

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 435,260,000

Paid-up Capital : (100%) 435,260,000 Baht

Shareholders : SEL 99.99%

Type of Business : Renewable energy operations (Solar)

99.99%

### PDI MAE RAMAT CO., LTD.

Shares : 1,050,000

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 105,000,000

Paid-up Capital : (99.99%) 105,000,000 Baht

Shareholders : PDI Energy 99.99%

Type of Business : Renewable energy operations (Solar)

99.99%

### P.P. SOLAR (NONG-NO) CO., LTD.

Shares : 340,000

Par Value (Baht/Share) : 100

Registered Capital (Baht) : 34,000,000

Paid-up Capital : (100%) 34,000,000 Baht

Shareholders : SEL 99.99%

Type of Business : Renewable energy operations (Solar)

99.94%



# MESSAGE FROM THE BOARD OF DIRECTORS

## Business Transformation

2018 was very significant for Padaeng Industry Public Company Limited (PDI), as it was the year of transformation from the zinc business to new business activities. 90% of the Company's main source of income still came from the zinc trading business while the remaining 10% was from investment in the renewable energy business. Last year, PDI's net loss was 42 Million Baht, mainly due to the decrease in income from the reduced sale of zinc metal and the reduced LME zinc price against rising sales and service costs. At the same time, PDI still had to acknowledge 54 Million Baht in expenses for forest rehabilitation after the termination of its zinc business as per the Royal Forest Department's new regulations.

## Speedy Improvement in PDI's Operations with Three Strategies towards Profitable Businesses

PDI is in the process of improving its business operations and structure so that it will become profitable again in 2019. Three strategies will be used to drive its businesses: 1. Efficient management of expense reduction, 2. Careful consideration of various assets and sale of assets not in use, and 3. Search for business investment projects both in Thailand and overseas that are controllable and yield stable returns. The Company will focus on investing in renewable energy, environmental management, and recycled material businesses. It will also consider buying interesting businesses for investment.



## Ceasing Zinc Business Permanently and Moving towards New Sustainable Businesses

In 2018, PDI engaged in zinc trading by importing zinc metal to meet local demand after ceasing conventional zinc operations at the end of 2017. However, with extensive domestic market competition, more choices for customers, and lower world zinc prices during the past year, the zinc trading business's performance did not meet PDI's expectations. After careful consideration, the Board of Directors decided to cease zinc business activities permanently from the end of the first quarter of 2019.

Ceasing zinc business activities had no effect on PDI's performance nor its stakeholders, including customers, partners, and shareholders. The Board's decision on this matter was communicated in advance to the concerned parties. Ceasing zinc business activities enabled the Company to have more working capital and create opportunities for investment in renewable energy and other businesses. The staff whose employment was terminated will be well taken care of and will receive fair compensation from the Company.



### **Energy Business Generating Stable Income and Profit**

Although ceasing zinc business activities, PDI gained significant income and profit from the PDI Energy Group. At present, a total of 50 megawatts have been generated by its solar farms in both Thailand and Japan. Their performance proved to be better than expected. All of PDI's solar farms have at least a 19 year contract to sell electricity to its customers. In addition, the operation improvement of all solar farms in the PDI Energy Group enable the Company to fully generate income from selling electricity than expected.

### **Management of Assets from the Zinc Business for Maximum Benefits**

The sale of existing unused assets from the zinc business, including land in Rayong Province, is being considered for PDI's maximum benefit. A conclusion is expected in the middle of 2019 and this will be another additional income generation channel for the Company. As a result, PDI will be in a better financial position. This new source of profit combined with previously accumulated profits will allow PDI to have enough cash for investment in various new projects in the future. However, this requires careful implementation and investment management.

### **Organizational Restructuring in Order to Drive the Business to Success**

For efficient operation, PDI restructured its organization and adjusted its manpower in line with the new businesses. The Company continues to develop its personnel to their maximum potential to be ready for changes and supporting new sustainable business expansion.

### **Respect for the Court's Decision and Willingness to Comply with the Verdict**

Regarding the cadmium case in which a group of villagers in the Mae Tao Basin in Mae Sot District of Tak Province filed a suit against PDI and Tak Mining Co., Ltd., last year the Supreme Court released the judgment on the first case from a total of five cases. According to the verdict, PDI and Tak Mining Co., Ltd. have to co-share the compensation for damages to 144 out of 207 plaintiffs, who possess Mae Sot Hospital's Cadmium Project card, at a total of 11 Million Baht along with 7.5% interest per year. The Company had fully paid the compensation to plaintiffs in November 2018.

PDI respects the Supreme Court's decision and is ready to comply with the verdict even though the Company is confident that its mining operations in the past followed



the environmental measures specified in the laws and regulations issued by the government. The Company also paid close attention and gave full cooperation to all parties concerned in solving the villagers' problems since the beginning of its operations. PDI had set a reserve for this matter; therefore, there was no effect on its routine business operations.

### **Mine Rehabilitation Mission Accomplished and All Land Returned to the Royal Forest Department**

In 2018, PDI completed the important mission of rehabilitating the mine environment to its original natural state after PDI had totally ceased its mining operations. In addition, the Company returned all land to the Royal Forest Department at the end of August last year. This mine land will be developed into the Learning Promotion Project for Environmental Conservation and Restoration.

### **Adherence to Sustainable Development Business Operations**

Despite its organizational restructuring, PDI has operated its business with integrity and for the benefit of its shareholders and society in general. The Company strongly believes that business sustainability is based on responsibility to its stakeholders; social, economic and environmental balance; business ethics, and good governance. All of these will help create values for the Company and our society in general.

As a registered company certified by the Private Sector Collective Action against Corruption, or CAC, PDI has implemented policies and measures against corruption as announced earlier. The Company has also supported the CAC projects by implementing the No Gift Policy in order to minimize opportunities for giving and receiving bribes.

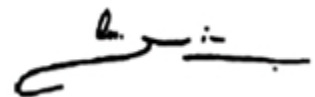
### **Risk Management to Prevent and Reduce Impact on Our Businesses**

Amidst this fast-changing environment coupled with obstacles and other various risk factors, without suitable and sufficient risk management, PDI's business operations may have been affected. Last year, after careful consideration, the Board of Directors decided to appoint the Risk Management Committee to minimize the Company's risks that may impact its performance, financial stability, environment, and community as well as its reputation. The Committee will supervise the

operating units to continuously analyze, evaluate, and minimize risks. The Company will also audit the risk management report at least once per quarter in order to follow up on any significant risks. This will ensure that PDI has sufficient and suitable risk management.

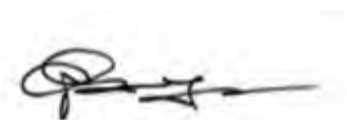
### **New Business Investment in 2019 to Generate Income and Profit Replacing the Zinc Business**

2019 will be another challenging year for PDI in terms of major business change from a primary zinc business operator to a holding company which aims at new business investment expansion, particularly in renewable energy. The main goal is to generate income and profit by replacing the zinc business which was terminated last year and to revive the business amidst various obstacles, including the slow economic environment and many risk factors. However, as a company which has operated its business professionally for a long time under the leadership of the Board of Directors and the management, combined with full support from its shareholders, stakeholders, and PDI's capable personnel, we are highly confident that we will be able to lead our Company into a new chapter of stable and sustainable business growth. On behalf of PDI's Board of Directors and management, we would like to sincerely thank all our shareholders and stakeholders for your continued support.



**Arsa Sarasin**

Chairman of the Board of Directors



**Sadawut Taechaubol**

Executive Committee Chairman  
and Acting Managing Director

# KEY FIGURES



## Key Figures and Ratios

Consolidated

End of the Year		2018	2017	2016
Total revenues	(Million Baht)	5,027.05	6,357.19	5,340.94
Gross profit	(Million Baht)	295.54	1,362.25	944.71
Net profit (loss)	(Million Baht)	(41.76)	905.28	477.77
Net profit (loss) per share	(Baht)	(0.18)	4.01	2.11
Net profit (loss) per total revenue	%	(0.83)	14.24	8.95
Total asset	(Million Baht)	7,018.91	7,408.65	5,592.51
Total liabilities	(Million Baht)	2,315.67	2,324.22	1,575.50
Total shareholders' equity	(Million Baht)	4,703.24	5,084.43	4,017.01
Return on assets	%	(0.58)	13.93	8.93
Return on equity	%	(0.85)	19.89	12.58
Return on capital employed	%	1.02	30.87	18.91
Debt to equity ratio	(Times)	0.49	0.46	0.39
Book value per share	(Baht)	20.81	22.50	17.77
Dividend per share	(Baht)	No dividend payment	1.50	1.00

## Revenue Structure

Products or Services	2018		2017		2016	
	Million Baht	% of Total Revenues	Million Baht	% of Total Revenues	Million Baht	% of Total Revenues
Zinc Metal	4,543	90.37	6,026	94.79	5,148	96.39
Renewable Energy	331	6.58	143	2.25	1	0.02
Others	153	3.05	188	2.96	192	3.59
<b>Total Revenues</b>	<b>5,027</b>	<b>100.00</b>	<b>6,357</b>	<b>100.00</b>	<b>5,341</b>	<b>100.00</b>



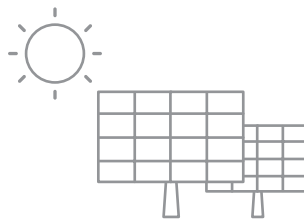
# HIGHLIGHTS OF THE YEAR

## 2018

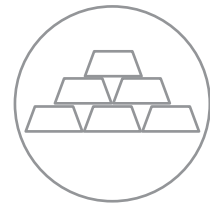
Transformation from zinc business to new sustainable businesses



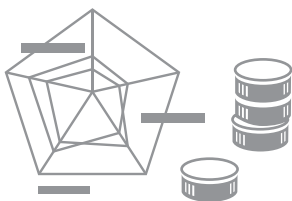
Profited from normal operations amount of 12MB before one-time item of provision for forestry restoration compensation after the cessation of zinc operations of 54MB resulted in a consolidated net loss of 42MB



Second 11-MW "Nogata" solar farm in Japan commenced operation in March 2018, increasing the total capacity to 50 MW across Thailand and Japan



Decided to cease zinc trading business under "PDI Metals" to focus on renewable energy business and other businesses to generate sustainable and higher returns in the long term and move away from volatile business



Renewable energy business started to contribute a significant portion of the revenues and profits in 2018



Dispose existing assets used in zinc business to reduce maintenance cost and to free up capital for new investments



Mine rehabilitation mission accomplished and all mine areas returned to the Department of Royal Forest

# CORPORATE STRATEGIES

**PDI's corporate goals for 2019 have been clearly set to revive its performance and create profit for the Company. This will be achieved by 3 main strategies as follows:**

## 1.



Efficient cost reduction through careful operation and investment management within the approved budget

## 2.



Management and sale of various existing assets from the zinc business which are not in use. The income from the sales will support new investments in the future.

## 3.



Search for new business investments that are manageable and profitable both in Thailand and overseas. During the initial period, the focus will be investments in renewable energy businesses.

**PDI will make every attempt to achieve its corporate goals. Its major plans and projects are:**

- To use new accounting and financial management system so that various costs and expenses can be efficiently controlled
- To improve the operation of all Solar Farms in the PDI Energy Group for maximum production efficiency and compliance with the ISO standard
- To provide operation and maintenance services for the Group's power plants in order to save expenses, and to carry out the feasibility studies of providing these services to other companies outside the Group
- To terminate zinc metal trading business within the first quarter of 2019 according to the plan without any conflicts
- To remove various equipment and machinery as per the plan to close Rayong and Tak Plants
- To submit application and obtain relevant permits for PDI Tak Eco Project



In 2019, PDI has fully become a holding company. It has invested in the power production group of companies and related businesses. It has also co-invested with its business alliance in various high potential projects both locally and internationally and will continue to look forward to invest in the new projects.



# INTEGRATED SUSTAINABILITY REPORT



## About the Report

PDI has improved the disclosure and the annual report on sustainability to ensure its accuracy and consistency. The purpose of the report is to allow PDI's stakeholders to know about PDI's performance. The sustainable development report is combined with the annual report and it covers economic, social and environmental performance between January 1 to December 31, 2018. The latest information and the activities in 2019 which are being implemented are also reported. The scope of this report is based on the business relationships, readiness of information and impact on PDI's operations mainly on zinc and renewable energy businesses.

This report was audited and approved by an outside organization, while the financial statements and information on environment were sent to the government units concerned and were in line with the criteria of the Stock Exchange of Thailand (SET). PDI published this report in both Thai and English in a printed format as well as an electronic file appearing on its website at [www.padaeng.com](http://www.padaeng.com). For a printed report, please contact the Investor Relations, Padaeng Industry Public Company Limited, No. 191/18-25, CTI Tower, 26<sup>th</sup> floor, Ratchadaphisek Road, Klong Toei, Bangkok 10110, Tel: 0 2695 9499, Fax: 0 2695 9495 or e-mail at [ir@padaeng.co.th](mailto:ir@padaeng.co.th).



## Sustainable Development

PDI still holds on to its commitment to stakeholders by operating business with social, environmental and economic balance. At the same time, The Company strictly adheres to business ethics and good governance in order to create values for the organization and society under the "PDI Way". The Company's vision is to become the development leader driving and growing business with sustainability both in Southeast Asia and internationally. PDI will conduct business by using innovation and creating a balance in its investment in each business group to achieve business growth through profitable and sustainable investments.

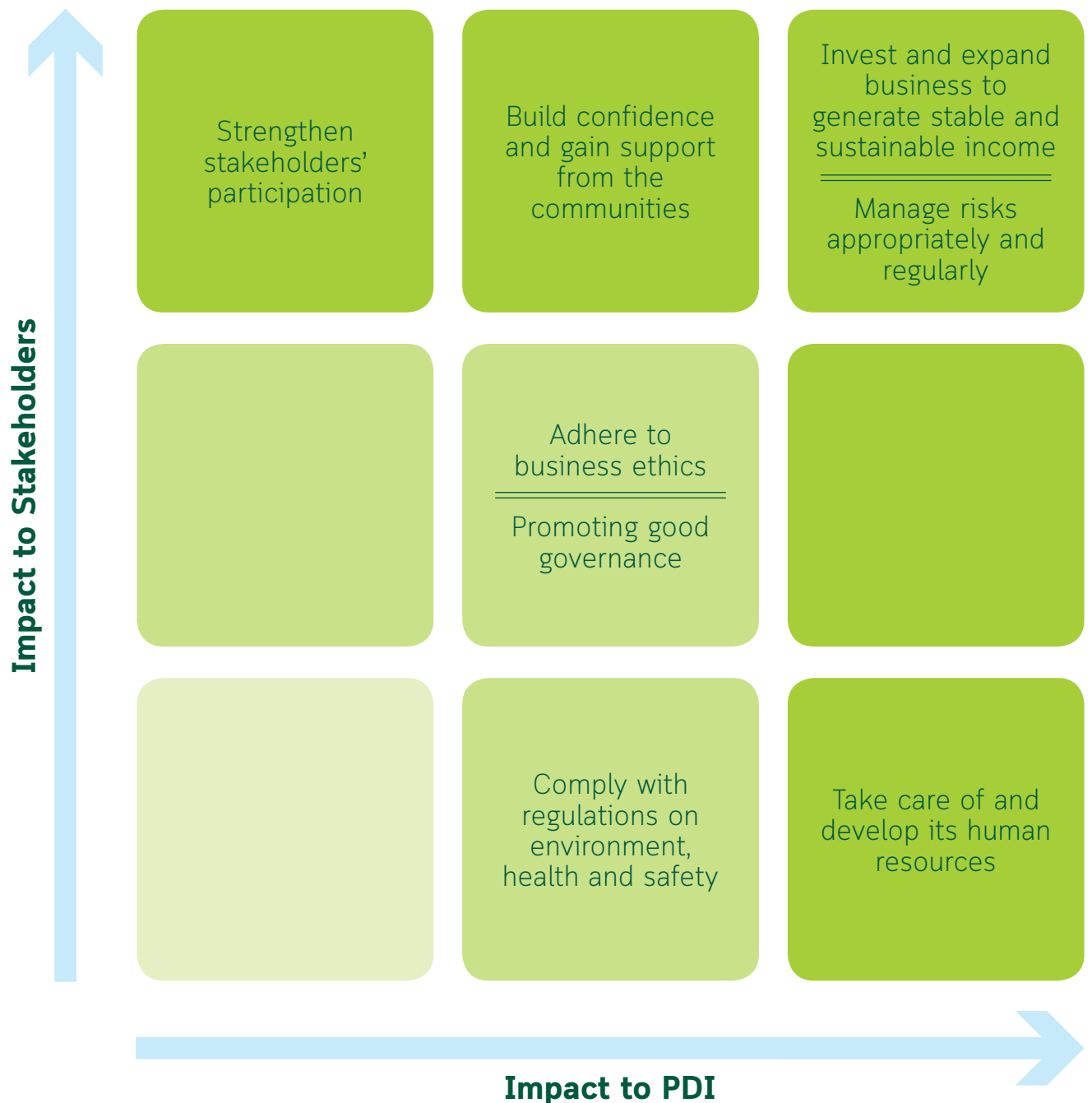
PDI has specified 4 approaches to sustainable business operations. They are: **1) Economic approach** - creating value and growth for the organization and responding to the overall economic and social development through cost management and the ability to generate profit from its assets and investment capital under careful, regular risk management, **2) Social approach** - gaining recognition and support from its stakeholders mainly through communication, understanding and participation, **3) Environmental approach** - minimizing the impact from production and business operation through investment only in clean energy businesses or businesses with social and environmental responsibility, **4) Good Governance approach** - operating with transparency, fairness and the ability to be audited while adhering to business ethics and fighting against all kinds of corruption.



## Sustainable Development Topics

PDI will cease its zinc business at the end of the first quarter of 2019 and will move mainly towards new renewable energy business. It will operate as a holding company and invest in groups of companies that operate power generation and related businesses. It will also co-invest with its alliance in various high potential projects both in Thailand and overseas. For efficiency and agility, the company has restructured its organization and internal management in line with the business changes in order to become an organization with sustainable growth.

PDI's management has reviewed the organization's major items that may impact its stakeholders in all three dimensions: social, environmental and economic. The results are as follows:



## Stakeholders' Expectation and Participation

Group of Stakeholders	Expectations	Participation Channels
<b>1. Employees</b>	<ul style="list-style-type: none"> <li>Receiving fair benefits and welfare</li> <li>Job security and career opportunity</li> <li>Training and human resources development</li> </ul>	<ul style="list-style-type: none"> <li>Holding meetings for executives to meet employees twice a year. At these meetings, the highest level executive is the one who gives important information to the staff directly.</li> <li>Disseminating corporate news via various communication channels such as e-mails and Intranet</li> <li>Holding regular meetings in each unit</li> <li>Creating training and human resources development plans</li> </ul>
<b>2. Customers</b>	<ul style="list-style-type: none"> <li>Delivering quality products and services</li> <li>Providing other services that promote and develop customers' potential</li> <li>Supporting customers' activities</li> </ul>	<ul style="list-style-type: none"> <li>Visiting customers when appropriate</li> <li>Communicating with customers via various communication</li> <li>Conducting customers' satisfaction survey</li> </ul>
<b>3. Partners, Local Communities, Government Units, NGOs, Press</b>	<ul style="list-style-type: none"> <li>Operating business with its partners fairly</li> <li>Disclosing factual information in a timely manner</li> <li>Participating in the improvement of the communities' quality of life, particularly in education</li> <li>Operating business with safety and environment protection</li> </ul>	<ul style="list-style-type: none"> <li>Organizing activities to improve the quality of life of the communities in the surrounding area</li> <li>Holding press conferences</li> <li>Issuing press releases and pamphlets to publicize corporate news</li> <li>Organizing company visits</li> </ul>
<b>4. Shareholders, Investors, Financial Institutions, Analysts</b>	<ul style="list-style-type: none"> <li>Providing reasonable short and long-term investment returns and creating sustainable business growth</li> <li>Managing with transparency by disclosing information on business performance</li> <li>Encouraging minor shareholders' participation</li> </ul>	<ul style="list-style-type: none"> <li>Organizing an annual general shareholders' meeting</li> <li>Holding quarterly analysts' meetings</li> <li>Presenting information on PDI's performance to investors periodically</li> <li>Organizing company visits</li> <li>Publishing and disseminating annual reports along with sustainability reports</li> <li>Communicating via PDI's website</li> <li>Reporting its performance to the Stock Exchange of Thailand (SET)</li> <li>Participating in the SET's Investors' Relations activities such as SET in the City and Opportunity Day</li> </ul>



## Sustainability Progress Update

Project	Target	2018 Performance	2019 Plan
<b>Economic Dimension</b>			
<b>1. New Investments</b>	<ul style="list-style-type: none"> <li>Focus on renewable energy businesses and others that yield stable and sustainable returns</li> <li>Obtain an investment return rate of 10-15% where income can be acknowledged immediately</li> </ul>	<ul style="list-style-type: none"> <li>Started operation of the second solar farm in Japan with 11-megawatt capacity, called Nogata, in the first quarter of 2018</li> <li>Improved the operation efficiency of PDI Energy Group's solar farms</li> <li>Developed better understanding with the communities and proceeded with the EHIA for PDI Tak Eco Project</li> </ul>	<ul style="list-style-type: none"> <li>Search and conduct the feasibility studies of new investment projects in line with the sustainable growth strategy, with appropriate returns compared with the risks</li> <li>Implement quality management system at all PDI Energy Group's power plants and obtain ISO certificate</li> <li>Proceed with EHIA to obtain a permit for PDI's Tak Eco Project</li> </ul>
<b>2. Zinc Business</b>	<ul style="list-style-type: none"> <li>Maintain profit in the zinc business until the conventional zinc production is terminated</li> </ul>	<ul style="list-style-type: none"> <li>Operated zinc trading business</li> </ul>	<ul style="list-style-type: none"> <li>Cease zinc trading business by end of first quarter of 2019</li> <li>Manage existing unused assets for maximum benefits</li> </ul>
<b>3. New Business Risk Management</b>	<ul style="list-style-type: none"> <li>Assess and manage business risks appropriately and sufficiently</li> </ul>	<ul style="list-style-type: none"> <li>Set up a Risk Management Committee to manage risks that may impact PDI's business performance, financial stability, environment, communities and reputation within Risk Appetite</li> </ul>	<ul style="list-style-type: none"> <li>Manage business risks appropriately</li> </ul>
<b>Environmental Dimension</b>			
<b>1. Environmental Rehabilitation Plan after Mine Closure</b>	<ul style="list-style-type: none"> <li>Implement and complete the mine closure and environmental rehabilitation plan</li> </ul>	<ul style="list-style-type: none"> <li>Returned all the mining area to the Royal Forest Department in August 2018</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor and follow up on the quality of environment from 2018 to 2021</li> </ul>
<b>2. Management of Environment, Health and Safety</b>	<ul style="list-style-type: none"> <li>Continue to conduct business with environmental measures in line with the regulations</li> </ul>	<ul style="list-style-type: none"> <li>Implemented the environmental measures as per the government's requirements and laws</li> <li>Started to remove some of the equipment and machinery of Rayong Plant</li> </ul>	<ul style="list-style-type: none"> <li>Remove the equipment and machinery of Rayong and Tak Plants</li> </ul>

Project	Target	2018 Performance	2019 Plan
<b>Social Dimension</b>			
<b>1. Human Resources Management</b>	<ul style="list-style-type: none"> <li>Increase knowledge in new businesses</li> </ul>	<ul style="list-style-type: none"> <li>Restructured the organization in line with business changes</li> </ul>	<ul style="list-style-type: none"> <li>Recruit and develop personnel on a continual basis to support new business operations</li> <li>Communicate internally on a continual basis and increase employees' participation</li> </ul>
<b>2. Community Participation</b>	<ul style="list-style-type: none"> <li>Participate in the communities' environmental activities and improve their quality of life</li> </ul>	<ul style="list-style-type: none"> <li>Disseminated information on PDI's investment projects to the communities on a continual basis</li> <li>Conducted activities that promote community participation</li> </ul>	<ul style="list-style-type: none"> <li>Implement activities in order to gain recognition and support of PDI's investment projects from the communities</li> </ul>
<b>3. Anti-Corruption</b>	<ul style="list-style-type: none"> <li>Implement anti-corruption measures seriously and continually as approved by the Private Sector Collective Action Against Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Monitored the implementation of various activities as per the anti-corruption measures</li> <li>Supported and participated in the activities of the Private Sector Collective Action Against Corruption</li> </ul>	<ul style="list-style-type: none"> <li>Continue to monitor the implementation of various activities as per the anti-corruption measures</li> </ul>
<b>4. Supply Chain Management</b>	<ul style="list-style-type: none"> <li>Operate business as per PDI's sustainable Code of Conduct for Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Publicized and operated business as per the Code of Conduct for Suppliers</li> </ul>	<ul style="list-style-type: none"> <li>Conduct assessment of suppliers' sustainability on a continual basis</li> </ul>

## ► PDI's Management Objectives for Sustainability

### Economy

- Invest in new businesses to create sustainable income and profit
- Improve and maintain the efficiency of PDI's power plants for better power generation
- Utilize existing assets for maximum benefit or for new investment projects

### Environment

- Manage environment, health and safety as per the laws and international standards

### Society

- Maintain good working environment
- Comply with anti-corruption policy
- Comply with business ethics and good governance
- Maintain strong involvement with all groups of stakeholders
- Gain recognition and support for PDI's investment projects from the communities



# SOCIETY



## Human Resources Management

PDI realizes that our employees are a major driver towards the Company's goal of sustainable growth, especially during the business transformation period in 2018. The Company, therefore, restructured the organization in line with the Company's new businesses. PDI has not only allocated appropriate personnel for this particular mission and plan, but also has taken good care of them based on fair treatment and respect for the rights of the individual. PDI has provided the Company's staff with career opportunities, a participative work environment, skill improvement, and continued learning while they are working with the Company.

Last year, PDI carried out its mission, and the progress is shown below :

1.



Restructuring the organization and line of command in line with PDI's new businesses for more agility and efficiency

2.



Closure of Mae Sod Office, Tak Province in August 2018

3.



Reducing the manpower of Rayong Office in order to remove some parts of the plant and sell the assets that are not in use by the middle of 2019

4.



Maintaining a number of staff at Tak Plant to prepare for environmental rehabilitation and utilization of the existing assets in 2019

5.



Searching for qualified personnel to support its new businesses

PDI paid a total of 134.5 MB in compensation to its staff in 2018. This included salary, bonus, provident fund, shift allowance, overtime pay, various welfare and benefits, compensation for employment termination as a result of business change, compensation for retirement, etc. Additionally, PDI's subsidiaries paid 0.5 MB

As of 2018, the Company and its subsidiaries had a total of 75 staff. In 2019, the Company will cease zinc trading business under the name of PDI Metals at the end of the first quarter onwards. The Company will reduce staff in this business unit, however, the Company plans to increase the manpower of the subsidiaries, particularly in the renewable energy businesses.

The transformation from the conventional zinc business to new businesses- particularly renewable energy, which is now PDI's main business-compelled the Company to recruit more capable and specialized staff. Currently, more staff from the new generation joined with PDI. At the same time, employees' benefits and welfare have been reviewed so that they will be attractive and consistent with the labor market. The purpose is to retain these employees with the organization for a long time.

During the transformation period PDI needed to control the operating costs to match the revenue from its new businesses. As a result, the Company adjusted the work process and carefully managed personnel expenses while considering business competitiveness. The Company also realized the importance of human resources development particularly in learning about new businesses. As a result, the Company allocated budget for personnel development and assigned PDI's staff to attend courses related mainly to the new businesses, accounting and finance standards, as well as investment laws. This will enable PDI's staff to adjust their management concept and practice in line with the rapid changes.



## Safety and Occupational Health

In line with the previously announced safety, occupational health, and environment policies and guidelines, PDI has provided an appropriate and safe work environment for PDI's employees. These policies and guidelines cover contractors, customers, visitors, and others who work on its premises.

Last year, the Rayong and Tak Plants did not carry out any production activities. The contractors cleaned the plants and removed all of the machinery instead. PDI ensured that all of the contractors' work strictly followed all safety measures and environmental management guidelines as specified by law. Individual protection equipment, tools, and machinery with appropriate standards were well-prepared for maximum safety in every step of the work.

As for the head office, which is located in a high-rise building, the Company's safety and work environment were assessed and improved to the standard level. In addition, the importance of fire prevention and fire fighting was also emphasized through assessments, fire prevention campaigns, fire drills, fire evacuation, and fire relief. PDI also made sure that there was no material nor activity that might cause fire. Moreover, health examination for PDI's employees continued to be held every year.



## Participation in Community and Social Development

PDI has continued to be responsible for the societies and communities around the Company's work sites. The implementation of various projects and activities which have responded to the needs of the communities during the past 38 years reflects this strong commitment. Each year, a budget is allocated to support education, public health, religion, tradition and culture, public interests and career development in order to make the communities stronger and independent for sustainable growth in line with the Company's vision and policy on social responsibility.



In recent years, PDI has made major business changes and the Company is still in the first stage of operating its new business. This has resulted in some budget and manpower limitation. However, the Company continues to move forward and fully support various community projects and activities through the Community Relations Team of PDI and the Company's subsidiaries, PDI Energy and PDI Tak Eco. Help has been provided to people in those communities facing difficulty in living their life and carrying out their work. For example, heavy machinery along with personnel were brought in to dredge the public irrigation canals in the agricultural area to prepare water for the dry season, religious sites and schools were repaired as requested by the various communities, and water trucks as well as fire engines were sent out to help the villagers in the surrounding area. PDI still continues to support community education and attend community activities as deemed

appropriate. This includes donating educational supplies, providing prizes for Children's Day, making donations and offering candles to temples during the Buddhist Lent.

Visiting various communities in order to hear their opinions and needs as well as to create better understanding of the Company's new projects particularly PDI Tak Eco's industrial waste management project implementation in Tak Province which is still PDI's priority and is on-going. This work is in line with the plan to produce the EHIA Report which will take some time as some communities are concerned with the Projects related to industrial waste. PDI realizes well that to implement this Project successfully, all communities and stakeholders must be explained the facts that such business cause no harm to the community but would rather boost the local economy for them to give their full support.



## Supply Chain Management

PDI adheres to the Code of Conduct for Suppliers which has been distributed to all of its partners. The Code covers important points related to business ethics, social responsibility, the environment, occupational health and safety, human rights, and anti-corruption.

The permanent termination of the zinc business has greatly reduced the number of partners. As for the Company's new businesses, its affiliates, and joint ventures, PDI's Central Purchasing Unit oversees and supervises the supply chain policy based on the announced Code of Conduct. In addition, the Company closely manages partners' risks that may impact PDI's businesses economically, socially, and environmentally.





# ENVIRONMENT







## Sustainable Environmental Management Approach

PDI is committed to protecting the environment in every step of its operation. This includes effective use of resources, efficient reduction of energy consumption, air and water quality management, waste management, recycling, and reuse of materials. It also covers ecological and community environmental management as well as the selection of the best technology available for use in its new investment projects in order to protect and reduce the impact or damage on the community and environment.

## Performance

Even though PDI ceased all of its zinc operations at the end of 2017, since then it has assessed possible risks and impact on the environment according to the government's rules and regulations. As a result, most of last year's environmental work at the Zinc Smelting Plant in Tak Province involved cleaning and maintaining the equipment and machinery in the plant and the surrounding area to prepare for future removal. PDI still continues to strictly follow the corrective and preventive measures regarding environmental impact as specified in the Environmental Impact Assessment Report (EIA Report).

As for the Roaster in Rayong Province, the equipment and machinery have been in the process of being removed by outside contractors since November 2018. It is expected to be completed by April 2019. This removal follows the removal plan which includes the risk assessment and the environmental impact corrective and preventive measures approved by the related government units. These measures cover all of the community's concerns on the environment.

PDI assigned its professional engineers and safety officers to closely supervise the contractors' works. It also specified that sufficient, high-standard individual protection equipment must be prepared in advance, and that the work must be done strictly in accordance with safety and environmental management measures as specified under law.

Reducing energy usage at the Head Office is another important matter. Consideration was made on reducing unnecessary work space to save expenses and energy consumption reduction campaigns, which persuaded staff to turn off their computer and the lights as well as pull out plugs when not in use, were launched. As a result, in 2018 energy and electricity expenses were reduced by over 10% compared to the year prior.

Wasteful resources have also been reduced continuously; for example, by using both sides of printing paper. In addition, the information technology system which includes various application programs and solutions has been used to increase efficiency and save time. Staff have been encouraged to use IT solutions in their work, such as to request purchase approval, to request leave, to request payment, or to file their documents.

## Greenhouse Effect Reduction

Last year's termination of all zinc production means the termination of greenhouse gases released by PDI. These gases were mainly caused by the consumption of power and heat energy from various fuels in the zinc smelting process. In 2017, only 65,000 tons of carbon dioxide equivalent were released into the air.

PDI began its renewable energy business in 2016 under the PDI Energy Group. Currently, PDI has 9 solar farms in Thailand and Japan with a total capacity of 50 megawatts. These solar farms have helped reduce greenhouse gases when compared with power generation using fossil fuels. This is because solar farms use sunshine as the source of energy, with no combustion to cause any greenhouse gases. The power generation by PDI's solar farms helped reduce the release of carbon dioxide by 41,109 tons.

## Mine Rehabilitation Mission Accomplished

In 2018, PDI completed the rehabilitation of Mae Sod Mine's environment as planned and returned the area to the Royal Forest Department last August. The total area of Mae Sod Mine was 2,078 rai divided into 435 rai for the non-mining area, or 21% of the total project site of which PDI needed to preserve the original nature. The remaining 79% or 1,643 rai was the mining area which required rehabilitation after the termination of mining activities. PDI began environmental rehabilitation work in 1993 and the work was completed in 2018. A budget of 114 Million Baht from the Padaeng Mine Rehabilitation Development Fund was used to support this work.

To reduce soil erosion and improve soil quality before planting perennials according to His Majesty King Bhumibol's initiative, vetiver grass was used to protect the soil. From the start of the rehabilitation work to 2018, PDI planted about 200,000 perennials and approximately 25 million bunches of vetiver grass. This number has made Mae Sod Mine, one of the largest sources of vetiver grass in Thailand. The mine now serves as a model case study for using vetiver grass in environmental rehabilitation work. As a result, Mae Sod Mine has been awarded an outstanding green mine or many consecutive years and also received the King of Thailand's Certificate of Excellence regarding the promotion and use of vetiver grass system from the Chaipattana Foundation. The success of this environmental rehabilitation project helped lower carbon dioxide output by 2,415 tons per rai per year.

PDI is very proud of its success in the environmental rehabilitation of Padaeng Mine, which was in operation for 15 years until the mining area was returned to the country as natural green forest. The Company is highly grateful to His Majesty King Bhumibol who in 2003 told Mr. Arsa Sarasin, the Chairman of PDI, to conserve the environment, rehabilitate the mine back to its original natural forest condition, and develop it into an eco-tourism spot which would help create jobs for the people in the community and become a nature learning center in the future.

At present, the mining area is being developed into a royally initiated project under the name of the Learning Promotion Project for Environment Conservation and Restoration.





The Royal Forest Department is the main implementor while the Office of the Royal Development Projects Board acts as a coordinator among all the parties concerned in order to achieve the following objectives:

- 1) Training Center for Natural Resources Conservation
- 2) Doi Padaeng Zinc Mine Museum
- 3) Elderly Rehabilitation Center
- 4) Wild Orchid and Local Plant Conservation Center
- 5) Vetiver Grass Development and Promotion Center for Soil and Water Conservation
- 6) Eco-Tourism and Entertainment Center

In the previous year, PDI also constructed Jedi Phra That Doi Padaeng (or Doi Padaeng Relics Pagoda) on the hill once used as the place to store soil from mining. The Pagoda designed by the Office of Fine Arts 6 in Sukhothai was presented to the Royal Forest Department and the Local Government Organization as the moral center of the people in the community. Doi Padaeng Zinc Mine Museum is in the process of construction at the moment.



### **Monitoring Environmental Quality after Mine Closure from 2018 to 2021**

Despite the completion of the environmental rehabilitation mission, PDI still continues to monitor the quality of the environment as per the terms and conditions specified in the Post Evaluation Report (or PE Report) and the Environmental Impact Assessment Report (or EIA Report). As for 2018 to 2021, PDI assesses only the important items that may have significant impact on the environment based on the past 10 years' assessment results. These items include: 1) Soil surface quality of Mae Tao and Mae Ku Streams, 2) Underground water quality in and outside the mining area, 3) Quality of water released from the last sediment pond, 4) Quality of water in the last sediment pond (if it is not released outside). This assessment is conducted twice a year during the dry and rainy seasons. The results of the previous assessment were in the standard criteria.





# ECONOMY



## ► Zinc Trading Business

PDI's main income in 2018 still came from the zinc trading business under PDI Metals by importing zinc to serve its customers in Thailand after ceasing conventional zinc operations at the end of 2017. The total sale of zinc metal was 42,376 tons, lower than budget.

Even though customers have long trusted the quality of the goods imported from internationally renowned partners or suppliers and the technical service PDI is renowned for, the zinc metal trading business performance was not as expected. This was due to severe domestic competition as well as last year's fluctuating zinc price. At the beginning of the year, the price rose to 3,618 USD per ton, but later declined continuously, with a yearly average price of 2,842 USD per ton. In addition, PDI's policy is to focus on renewable energy and other businesses with higher sustainable returns. As a result, the Company decided to terminate the zinc metal trading business in the first quarter of 2019.

PDI made negotiations with its partners and those involved and reached major trading agreements. The implementation of these agreements will not have any impact on the Company's performance nor its stakeholders. In fact, it will enable PDI to free up working capital, creating investment opportunities in energy businesses and other areas.



## ► Renewable Energy Business

PDI started to operate its renewable energy business in 2016 under PDI Energy business group. PDI's first 2.27-megawatt solar farm called Nanao in Japan was operational in early October 2016. Within the same year, the Company purchased PDI Mae Ramat Solar Farm with a 6.3-megawatt capacity to expand its business investment. This farm became PDI's first solar farm in Thailand.

PDI is determined to expand its business into renewable energy both in Thailand and overseas. At present, the total capacity of the Company's commercially operational solar farms equals 50 megawatts, composing of 37 megawatts for solar farms in Thailand and 13 megawatts in Japan.



In 2018, the operation of all solar farms in the PDI Energy Group went smoothly and was better than originally targeted. This resulted from the efficient operation improvement and the use of ISO 9001:2015 quality management system. Two out of seven of PDI's solar farms in Thailand have received the above-mentioned international certification. The remaining five will follow in 2019.

The energy purchasing agreement of all of PDI's solar farms is still valid for at least 19 years and will generate stable income and profit as well as continuous returns to the shareholders. In 2018, income from PDI's solar farm amounted to 7% of the total income.

In 2019, well qualified personnel have been prepared to provide operation and maintenance services for the Group's solar farms. These services include the management of the solar farms for efficient energy generation in order to save millions of Baht per year in maintenance costs. In the future, the Company plans to provide operation and maintenance services for both the Group's solar farms as well as those of other companies as another channel of income generation. PDI will also expand its business into other types of renewable energy as the opportunity arise.

## Customer Relations Management and Responsibility

To manage its relations with various groups of customers, PDI's representatives regularly visit their customers in order to exchange ideas on products and services. Its representatives also participate in customers' activities as appropriate to maintain good relationships and promote education to improve the customers' potential.

PDI provides opportunities for customers to make complaints about its products and services through various channels. They can make direct complaints to the sales and marketing unit by phone, e-mail, or PDI's website. In 2018, there was no complaint.

Keeping customers' confidentiality is very important and specified in PDI's code of ethics. Marketing information, as well as orders and details of services provided to customers, will be kept confidential. Information can be accessed through an authorized person only in order to prevent loss, theft, and misuse of customers' information.





## Overview of Financial and Company Performance

*Note: The following management review is based on a formulation of accounts which may not have been audited. The purpose of presenting the accounts in such a format is to disclose the results in a way more useful to the reader than that of the comprehensively regulated financial statements.*



### Overview of Company Performance in 2018

Due to depletion of Mae Sod Mine's reserves, the Company stopped its mining activities in 2016 and ceased the conventional zinc business end 2017. Whilst sustaining part of the zinc related activities under a metal trading business. Subsequently, on November 6, 2018, the Board of Directors of the Company had resolved the resolution to the Company shall cease metals trading business at the end of the first quarter of 2019.

The Company reassessed its business structure to move towards Green Businesses targeting renewable energy, materials recycling and eco management. To pursue its business strategy, 36 MW solar farms in Thailand have been acquired in 2016 and 2017. In 2018, the revenues from renewable energy are starting to contribute a significant portion of the profits. The portion of each segment and growth of revenue are as follows;

Products or Services	2018		2017		2016	
	Million Baht	% of Total Revenues	Million Baht	% of Total Revenues	Million Baht	% of Total Revenues
Zinc Metal	4,543	90.37	6,026	94.79	5,148	96.39
Renewable Energy	331	6.58	143	2.25	1	0.02
Others	153	3.05	188	2.96	192	3.59
<b>Total Revenues</b>	<b>5,027</b>	<b>100.00</b>	<b>6,357</b>	<b>100.00</b>	<b>5,341</b>	<b>100.00</b>

Unit: Million Baht

Consolidated Financial Statements	For The Years Ended December 31,	
	2018	2017
<b>Revenues</b>	<b>5,027.05</b>	<b>6,357.19</b>
Revenue from Sales And Services	4,543.70	6,025.78
Revenue from Sales Electricity	330.85	143.28
Other Income	152.50	188.13
<b>Expenses</b>	<b>(5,056.20)</b>	<b>(5,356.66)</b>
Cost of Sales and Services	(4,413.12)	(4,755.33)
Cost of Sales Electricity	(165.89)	(51.48)
Selling Expenses	(25.22)	(60.19)
Operating and Administrative Expenses	(375.23)	(467.36)
Finance Costs	(76.74)	(22.30)
Share of Profit (Loss) of Investment In Joint Ventures	(11.51)	5.35
<b>Income (Loss) Before Tax</b>	<b>(40.66)</b>	<b>1,005.88</b>
<b>Income Tax Expense</b>	<b>(1.10)</b>	<b>(100.60)</b>
<b>Net Profit (Loss) for the Years</b>	<b>(41.76)</b>	<b>905.28</b>

For the year ended December 31, 2018, the Group announces a consolidated net loss of 41.76MB, compared to a net profit of 905.28MB for the previous year.

Sales and services of the year 2018 reached 4,874.55MB, a decrease of 21% from 6,169.06MB in year 2017, of which 90% contributed from zinc trading business and 7% from renewable energy and 3% from others business. The decrease is mainly from a drop in total sales volumes of zinc. As a result of the ceasing of the zinc operations, the sales volumes of imported metals increased to 90% of the total sales in year 2018, marking a complete make-over into PDI's Metals business. On top, the continuous decrease in LME Zinc price in 2018 had a major impact on the sales and services income in 2018.

Total expenses of year 2018 reached 5,056.20MB, a decrease of 6% from 5,356.66MB in year 2017. The main reasons for the substantial difference are as follows:

- Costs of goods sold decreased by 5% to 4,579.01MB in year 2018 from 4,806.81MB in year 2017. This is because the Company had lower cost of goods sold from its zinc production in 2017 compared to higher cost of goods sold from imported zinc in 2018.
- Selling and Administrative express decreased by 24% to 400.45MB in year 2018 from 527.55MB in year 2017, This is due to restructuring and continuously minimizing operations and administrative express though out year 2018.
- The recognition of a provision of forestry restoration compensation after the cessation zinc operation as stipulated by law and new regulations imposed by the Department of Royal Forest of 53.57MB.
- Finance costs increased by 54.44MB in year 2018, mainly from energy projects of the Group.

## Statements of Financial Position

### Assets

As at December 31, 2018, total assets of the Group amounting 7,018.91MB decreased in amount of 389.74MB or 5.26% compared to the prior year amounting 7,408.65MB

Change of total assets of the Group are as follows;

Unit: Million Baht

Assets	2018	%	2017	%
Cash and cash equivalents	886.66	12.63	1,035.01	13.97
Short-term and long-term investments	1,233.95	17.58	1,024.07	13.82
Trade and other current receivables	300.86	4.29	483.59	6.53
Inventories	504.63	7.19	567.47	7.66
Property, plant and equipment and intangible assets	3,288.15	46.85	3,428.09	46.27
Others	804.66	11.46	870.42	11.75
<b>Total Assets</b>	<b>7,018.91</b>	<b>100.00</b>	<b>7,408.65</b>	<b>100.00</b>

1. Cash and cash equivalents as at December 31, 2018, amounting 886.66MB decreased in amount of 148.35MB or 14.33% compared to the prior year. Cash and cash equivalents of the Group consisted of cash on hand, cash at banks and highly liquid short-term investments.
2. Short-term and long-term investments as at December 31, 2018, amounting 1,233.95MB increased in amount of 209.88MB or 20.49% compared to the prior year.

Unit: Million Baht

Details of Investments	2018	2017
<b>Short-Term Investments</b>		
Derivatives	176.05	209.68
Unit trusts	32.81	70.17
Listed securities	204.29	216.80
Listed securities (Foreign)	45.74	47.02
Fixed deposit	100.00	-
Bill of exchange	70.00	-
<b>Long-Term Investments</b>		
General investments	605.06	480.40
<b>Total Investments</b>	<b>1,233.95</b>	<b>1,024.07</b>

Investments of the Group consisted of derivatives, unit trust, listed securities which are marketable securities, fixed deposit and bill of exchange. The Group fully recognized allowance for diminution in value of investment according to the accounting standards. Long-term investments were general investments which invest into 13 Megawatts solar farms in Japan.



3. Trade and other current receivables as at December 31, 2018, amounting 300.86MB decreased in amount of 182.73MB or 37.79% compared to the prior year. Due to the Company ceased the conventional zinc business end 2017. Whilst sustaining part of the zinc related activities under a metal trading business. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred. As at December 31, 2018 and 2017, there were no allowance for doubtful accounts.
4. Inventories as at December 31, 2018, amounting 504.63MB decreased in amount of 62.84MB or 11.07% compared to the prior year. Due to the Company ceased the conventional zinc business end 2017. Whilst sustaining part of the zinc related activities under a metal trading business.
5. Property, plant and equipment and intangible assets as at December 31, 2018, amounting 3,288.15MB decreased in amount of 139.94MB or 4.08% compared to the prior year mainly came from depreciation and amortization expenses that is calculated on the straight line basis over the useful life following the Group accounting policy.
6. Other assets as at December 31, 2018, amounting 804.66MB decreased in amount of 65.76MB or 7.56% compared to the prior year from normal operating activities of the Group.

## Liabilities

As at December 31, 2018, total liabilities of the Group amounting 2,315.67MB decreased in amount of 8.56MB or 0.01% compared to the prior year amounting 2,324.22MB

Change of total liabilities of the Group are as follows;

Unit: Million Baht

Liabilities	2018	%	2017	%
Loans from financial institutions	1,277.57	55.17	1,293.26	55.65
Trade and other current payables	532.82	23.01	481.67	20.72
Provisions	287.66	12.42	293.13	12.61
Deferred tax liabilities	203.35	8.78	205.25	8.83
Others	14.27	0.62	50.91	2.19
<b>Total Liabilities</b>	<b>2,315.67</b>	<b>100.00</b>	<b>2,324.22</b>	<b>100.00</b>

1. Loans from financial institutions as at December 31, 2018, amounting 1,277.57MB decreased in amount of 15.69MB or 1.21% compared to the prior year that was long term loans of subsidiaries with financial institutions.
2. Trade and other current payables as at December 31, 2018, amounting 532.82MB increased in amount of 51.15MB or 10.62% compared to the prior year from metal trading business.
3. Provisions as at December 31, 2018, amounting 287.66MB decreased in amount of 5.47MB or 1.87% compared to the prior year from provisions for restoration and rehabilitation expenses, provisions for cadmium legal case and provisions for employee benefit.
4. Deferred tax liabilities as at December 31, 2018, amounting 203.35MB decreased in amount of 1.90MB or 0.93% compared to the prior year from revaluation surplus on assets.
5. Other liabilities as at December 31, 2018, amounting 14.27MB decreased in amount of 36.64MB or 71.97% compared to the prior year from normal operating activities of the Group.

## Shareholder's Equity

As at December 31, 2018, shareholder's equity of the Group amounting 4,703.24MB decreased in amount of 381.19MB or 7.50% compared to the prior year amounting 5,084.43MB due to dividend payment amounting 338.98 MB and the performance of the Group.

## Liquidity

### Cash Flows from Operating Activities

For the year ended December 31, 2018, the Group has net cash flows provided by operating activities amounting 333.32MB compared to net cash flows provided by operating activities amounting 1,719.00MB in year 2017. Due to the continuous decrease in LME Zinc price in 2018 and decreased of current assets and current liabilities especially inventories and accounts payable.

### Cash Flows from Investing Activities

For the year ended December 31, 2018, the Group has net cash flows used in investing activities amounting 126.26MB compared to net cash flows provided by investing activities amounting 920.63MB in year 2017 mainly came from business expansion of solar farm power plants, was 1,112.51MB during 2017 and continually operated as planned in 2018.

### Cash Flows from Financing Activities

For the year ended December 31, 2018, the Group has net cash flows used in financing activities amounting 355.38MB for dividend payments from net profit of the prior year amounting 338.98MB

## Summary

The Group is known for its financial strength and high liquidity. As of December 31, 2018, it possessed cash and cash equivalents amounting to 886.66MB or 12.63 percent of the Group's total assets. In addition, its current ratio was 3.82 times, with the gross profit ratio being 6.06 percent, and the ratio of debt to shareholders' equity coming to 0.49 times.

The year of 2018 needs to be evaluated as the early stage into the transition of the Group to new sustainable business. To speed up its return to profitability the Group will:

- Carefully screen its assets and sell those that are no longer useful. In doing so expenses will be reduced and cash will be generated to invest in new M&A targets.
- Further manage down its OPEX to minimize spending.
- Continue its quest for new projects with controllable risks and sustainable returns, in and beyond Thailand, targeting area's in Energy, Eco and Materials. M&A targets in any other area, when encouraging, will be considered as well.

## Risk Factors

### Ceasing of Zinc Trading Business

On November 6, 2018, the PDI Board of Directors approved to cease zinc trading business (PDI Metals) at the end of Q1-2019. Due to the fact that the international Zinc price has been declining, together with higher competition in the domestic market, resulting in the performance of metals trading business not being in line with the expectation. Consequently, the Company will focus on renewable energy business and other businesses that generated sustainable higher returns in the long term.

However, on this action plan, there will be no impact on the Company's performance. Furthermore, there will be more working capital to create investment opportunities and the Company could thoroughly focus on renewable energy and other businesses.

### Risks of New Businesses

PDI aims to mitigate risks of its new business, by balancing between new projects and mergers & acquisitions. This ensures PDI can maintain acceptable revenue and profit generation to ensure a sound financial foundation for future investment growth in its three main business segments: Materials, Eco and Energy. PDI will align its risk assessment for each specific business, with the investment opportunity potential and the risk appetite level for the expected return. Moreover, PDI will always manage risk to ensure the lowest impact to the surrounding environment and communities.

### Major Risks for the Solar Power Plants: Production Disruption

Solar power plants produce and sell electricity power to the one sole key customer being the Provincial Electricity Authority (PEA). The key risk is the production disruption due to the internal and external factors and may result in the unstable of the Company's income. For the external factors are PEA's electricity post and their equipment breakdown due to the unexpected event such as the disaster and accident. For the internal factors is the production disruption due to the solar power plant's equipment breakdown and the natural disaster i.e. the lightning and flood. Consequently, PDI aims to mitigate such risks by providing regular preventive maintenance plan, the efficient drainage



system and the lightning protection system. However, PDI has studied the likelihood of flood in each area of solar power plants and found that low risk of the flood occurrence. Also, PDI provide the insurance to cover the natural disaster.

### Risks from the Underproduction of the Solar Power Plant

Solar power plant depends crucially on solar irradiance. In recent years, Thailand and Japan faces climate variability. When the solar irradiance is low, the production of the power plants of the Company could be under production. This could affect the Company income. However, PDI has studied the light intensity in each area to ensure high light intensity for the power plants in each project.

### Currency Exposure (Japanese Yen)

In recent years, PDI started investment in Japan and required Japanese Yen for purchasing business and project development. Consequently, PDI has risks in Japanese Yen exposure. This could affect gain and loss on exchange rate. However, PDI has acquired Japanese Yen loans to meet the requirement of investment in Japan to mitigate exchange rate risk. PDI also monitors exchange rate movement to set up the appropriate financial tools to prevent the risks.





# **2018 Board of Directors and Sub - Committees**



## Arsa Sarasin

82 Years Old

**Chairman**  
(Authorized Director)



### Education

- Honorary Doctoral Degree in Political Science (International Affair), Thammasat University, Thailand
- B.A. (Business Administration), Boston University, USA

### Training at Thai Institute of Directors Association

- Role of Chairman Program (RCP), 2013
- Finance for Non-Finance Directors (FND), 2008
- Audit Committee Program (ACP), 2007
- Director Accreditation Program (DAP), 2003

### Current Position in Listed Companies

- 2018 - Present Independent Director, Bangkok Dusit Medical Services Public Company Limited
- Aug 2018 - Present Member of the Corporate Governance Committee, Siam Makro Public Company Limited
- 2015 - Present Chairman of Board of Director/Independent Director, Dusit Thani Public Company Limited
- 1999 - Present Chairman, Siam Makro Public Company Limited
- 1998 - Present Chairman, Padaeng Industry Public Company Limited

### Other Current Position

- Nov 2018 - Present Chairman, Bualuang Foundation
- Oct 2018 - Present Chairman, The Queen's Gallery Foundation
- 2014 - Present Chairman, Education and Public Welfare Foundation
- 2014 - Present Chairman, Mitsubishi Electric Thai Foundation
- 2013 - Present Chairman, Mitsubishi Elevator Asia Co., Ltd.
- 2005 - Present Vice Chairman, Thai Tapioca Development Institute
- 2004 - Present Chairman of Advisor, Thai-Laos Association
- 2004 - Present Chairman of the Board of Governors, Amata Spring Country Club
- 2003 - Present Director, Thai Pure Drinks Company Limited
- 1995 - Present Chairman, Amata City Company Limited
- 1993 - Present Chairman, Thai Asia Pacific Brewery Company Limited
- Dec 1988 - Present Chairman, Padaeng Zinc Foundation

### Working Experience

- 2015 - Mar 2018 Chairman of the Corporate Social Responsibility Committee for Sustainable Development, The Siam Cement Public Company Limited
- 2001 - Mar 2018 Director/Member of the Governance and Nomination Committee, Siam Cement Public Company Limited
- 2007 - Aug 2016 Independent Director, Siam Makro Public Company Limited
- 2013 - May 2016 Vice Chairman/Chairman of the Remuneration and Nominating Committee/Chairman of the Corporate Governance Committee, Charoen Pokphand Foods Public Company Limited
- 2006 - 2016 Chairman, Maesod Clean Energy Company Limited
- 2000 - 2012 His Late Majesty King Bhumibol Adulyadej's Principal Private Secretary
- 1995 - 2008 Vice Chairman of the Board of Directors/Advisor, Bangkok Bank Public Company Limited
- 1995 - 2004 Director, Vinythai Public Company Limited
- 1994 - 2004 Chairman of the Thai-Laos Association
- 1992 - 1998 Chief Executive Officer, Padaeng Industry Public Company Limited
- 1991 - 1992 The Minister of Foreign Affairs
- 1986 - 1988 Thai Ambassador to the USA
- 1982 - 1986 The Permanent Secretary of The Ministry of Foreign Affairs
- 1977 - 1980 Thai Ambassador to Belgium & Chief of Mission to the European Community

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : November 23, 1987**

## Sadawut Taechaubol

66 Years Old

► **Director / Acting Managing Director /  
Executive Committee Chairman**  
(Authorized Director)



### Education

- Honorable Degree (Business Administration), Kensington University, California, USA
- Commerce Diploma, Davis School, Brighton, UK
- B.A. (Political Science), Ramkhamhaeng University, 2002

### Training at Thai Institute of Directors Association

- Corporate Governance for Capital Market Intermediaries (CGI), Class 14/2016
- Director Accreditation Program (DAP), Class 66/2007

### Other Training

- Global Business Leader Program (GBL), Class 2/2017, Lead Business Institute
- Energy Literacy for the World Program, Class 7 (TEA 7), 2016, Thailand Energy Academy
- Capital Market Academy, Class 12, 2011, The Stock Exchange of Thailand

### Current Position in Listed Companies

- Dec 1, 2018 - Present Acting Managing Director, Padaeng Industry Public Company Limited
- 2015 - Present Director/Executive Committee Chairman, Padaeng Industry Public Company Limited
- 2014 - Present Chairperson/Chairperson of the Executive Board of Directors, Country Group Holdings Public Company Limited
- 2012 - Present Director/Chairperson of the Executive Board of Directors, MFC Asset Management Public Company Limited

### Other Current Position

- Nov 23, 2017 - Present Advisor to the Minister of Labor
- 2015 - Present Director, EDP Enterprise Company Limited
- 2015 - Present Director, Asia Zone Ventures Company Limited
- 2015 - Present Director, BBT Enterprise Company Limited
- 2013 - Present Executive Directors, China Overseas Exchange Association
- 2010 - Present Chairperson, Thai Chamber of Commerce & Industry
- 2010 - Present Chairperson, Sing Sian Yee Pao Company Limited
- 2006 - Present Director of Baan Rai Taechaubol Company Limited
- 1994 - Present Chairperson, Country Group Company Limited

### Working Experience

- 2010 - Sep 2017 Vice Chairman of Country Group Development Public Company Limited
- 2009 - Jan 2017 Director/Chairman of the Executive Board of Directors, Country Group Securities Public Company Limited
- 2004 - 2013 Director of Landmark Development Group Company Limited
- 2009 - 2012 Director/Executive Director, MFC Asset Management Public Company Limited
- 2007 - 2009 Chief Executive Officer/President, Country Group Securities Public Company Limited

### % Share Possession : None

**Family Relation among the Managers : Mr. Tommy Taechaubol's father**

**Date of the First Appointment : November 10, 2015**



## Tommy Taechaubol

35 Years Old

### Director / Executive Committee Member / Nomination & Remuneration Committee Member

#### Education

- Master of Business Administration (MBA) (with distinction), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Commerce, Finance Major (with distinction), The University of New South Wales, Australia
- Bachelor of Laws, The University of New South Wales, Australia

#### Training at Thai Institute of Directors Association

- Corporate Governance for Capital Market Intermediaries (CGI), Class 13/2016
- Director Accreditation Program (DAP), Class 88/2011

#### Other Training

- Real Estate Development RE-CU, Class 40, The Real Estate Executive Association of Chulalongkorn University

#### Current Position in Listed Companies

- 2015 - Present Director/Executive Committee Member/Nomination and Remuneration Committee Member, Padaeng Industry Public Company Limited
- 2014 - Present Director/Investment Committee Member/Chief Executive Officer, Country Group Holdings Public Company Limited
- 2014 - Present Advisor to the Executive Committee, MFC Asset Management Public Company Limited

#### Other Current Position

- 2006 - Present Director, Bann Rai Taechaubol Company Limited
- 2005 - Present Director, Country Group Company Limited

#### Working Experience

- 2010 - Dec 2017 Chairman of Executive Committee, Sing Sian Yee Pao Company Limited
- 2012 - Jan 2017 Director, Country Group Securities Public Company Limited
- 2011 - 2014 First Executive Vice President (Business Development Division), MFC Asset Management Public Company Limited
- 2006 - 2011 Director, Country State Company Limited

% Share Possession : None

Family Relation among the Managers : Mr. Sadawut Taechaubol's son

Date of the First Appointment : May 7, 2015



## Prapa Puranachote

64 Years Old

### Director / Executive Committee Member (Authorized Director)

#### Education

- Master of Business Administration (MBA), The National Institute of Development Administration (NIDA)
- Bachelor of Arts, Journalism and Mass Communication Program, Thammasat University

#### Training at Thai Institute of Directors Association

- Director Certification Program (DCP), Class 148/2011

#### Other Training

- Advanced Master of Management Program, AMM, NIDA
- Global Business Leader Program (GBL), 2017, Lead Business Institute
- Energy Literacy for the World Program, Class 6 (TEA 6), Thailand Energy Academy
- Thammasat Leadership Program (TLP 2), Thammasat University Alumni Relations Office



- Chief Executive Program, Class 14 (CMA 14), Capital Market Academy
- Advanced Certificate Course in Public Economics Management for Executives, Class 7, King Prajadhipok's Institute

#### Current Position in Listed Companies

- 2015 - Present Director/Executive Committee Member, Padaeng Industry Public Company Limited
- 2011 - Present Director/Executive Director/Member of the Risk Management Committee/ Member of the Good Corporate Governance Committee/President, MFC Asset Management Public Company Limited

#### Working Experience

- 2015 - 2018 Independent Director/Audit Committee, Ratchaburi Electricity Generating Holding Public Company Limited
- 2004 - 2011 Senior Executive Vice President/Chief of Provident Fund Division, Krung Thai Asset Management Public Company Limited
- 2002 - 2004 Senior Executive Vice President/Chief of Business Development & Marketing Division, Krung Thai Asset Management Public Company Limited

% Share Possession : None

Family Relation among the Managers : None

Date of the First Appointment : June 29, 2015

## Wimol Chatameena

59 Years Old

### ► Director

#### Education

- Master's Degree: Development Economics, National Institute of Development Administration (NIDA)
- Bachelor's Degree: Economics, Thammasat University

#### Training at Thai Institute of Directors Association

- Director Certification Program (DCP), Class 288/2016

#### Current Position in Listed Company

- 2016 - Present Director, Padaeng Industry Public Company Limited

#### Other Current Position

- 2016 - Present Deputy Director-General of Fiscal Policy Office, Ministry of Finance

#### Working Experience

- 2013 - 2016 Executive Director of Fiscal Policy Bureau, Fiscal Policy Office
- 2012 - 2013 Executive Director of Financial Benefit Protection System Bureau, Fiscal Policy Office
- 2011 - 2012 Executive Director of Legal Affairs Bureau, Fiscal Policy Office
- 2009 - 2011 Senior Expert on Fiscal Policy Instrument, Fiscal Policy Office

% Share Possession : None

Family Relation among the Managers : None

Date of the First Appointment : February 18, 2016



## Karel Vinck

80 Years Old

### ► Independent Director / Audit Committee Member

#### Education

- Master's Degree in Electrical and Mechanical Engineering, Katholieke Universiteit Leuven (KUL), Belgium
- Master of Business Administration, Cornell University, USA

#### Training at Thai Institute of Directors Association

- None



**Current Position in Listed Company**

- 2000 - Present Independent Director/Audit Committee Member, Padaeng Industry Public Company Limited

**Current Position**

- 2008 - Present Director, La Monnaie Opera House, Belgium
- 2008 - Present Senior Advisor, Roland Berger Consultants, Germany
- 2006 - Present Coordinator European Commission ERTMS, for Railway Transport
- 2005 - Present Director, Tessenderlo Chemicals, Belgium

**Working Experience**

- 2007 - 2016 Director, Nyrstar N.V., Belgium
- 2010 - 2013 Chairman of BAM (Antwerp Mobility Program), Belgium
- 2002 - 2005 Chief Executive Officer, NMBS/SNCB (Belgian Railways), Belgium
- 2000 - 2002 Chairman, Sibelco, Belgium
- 1995 - 2008 CEO&Chairman, Umicore, Belgium
- 1988 - 1994 CEO, Bekaert, Belgium

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : July 13, 2000**

## Vinai Vamvanij

78 Years Old

**Independent Director / Audit Committee  
Chairman / Nomination and Remuneration  
Committee Member**  
(Authorized Director)

**Education**

- Professional Accountancy, CPA, Australia

**Training at Thai Institute of Directors Association**

- Boardroom Success through Financing and Investment, Class 2/2017
- Board Nomination & Compensation Program (BNCP), Class 1/2017
- The Power of Culture: From Performance Culture to Winning Culture, 2016
- Board that Make a Difference (BMD), Class 1/2016
- Advance Audit Committee Program 2013
- Creating a Strategic Direction
- DCP Refresher Course
- Audit Committee Program 2007
- Chartered Director Class 2007
- Director Certification Program (DCP), 2001
- Chairman 2000

**Other Training**

- Simplified Strategic Planning, Kexxel Group
- Anti-Bribery & Anti-Corruption, Deloitte Touch Tohmatsu Jaiyos Audit Co., Ltd.

**Current Position in Listed Company**

- 1998 - Present Independent Director/Audit Committee Chairman/ Nomination & Remuneration Member, Padaeng Industry Public Company Limited

**Current Position**

- 2015 - Present IOD Chartered Directors, Thai Institute of Directors Association
- 2006 - Present Director, Palang Sophon Company Limited
- 2000 - Present Director, Continental Petrochemical (Thailand) Company Limited

**Working Experience**

- 2001 - 2011 Independent Director/Audit Committee, Christiani & Nielsen (Thai) Public Company Limited
- 2000 - 2001 Executive Director, Thonburi Automotive Assembly Plant Company Limited



- 1992 - 2000 President, Eternal Petrochemical Company Limited
- 1989 - 1997 Chief Executive Officer, Aquastar Group

**% Share Possession : 0.0035**

**Family Relation among the Managers : None**

**Date of the First Appointment : November 6, 1998**

## Aswin Kongsiri

73 Years Old

### ► Independent Director / Nomination and Remuneration Committee Chairman / Audit Committee Member

#### Education

- B.A. (Hons.) in Philosophy, Politics and Economics, Oxford University, England

#### Training in Thai Institute of Directors Association

- Chairman Forum 'Digital Transformation - A must for all companies', 2018
- Board Matters and Trends (BMT 6/2018)
- Collective Action Against Corruption Conference 1/2018
- Independent Director Forum 1/2018: Tough Boardrooms Situations - Independents Share Lessons Learned
- Audit Committee Forum 2017: The Audit Committee's Role in Compliance and Ethical Culture Oversight
- Chartered Director & Fellow Member Event 1/2017: Story Telling
- Nomination Director Event: Nomination Committee Best Practice Guideline
- Director Briefing 2/2017: Directing in the Year of the Rooster: Hot Issues and Outlook for 2017
- Chairman Forum 2016: Corporate Governance VS Corporate Performance: Duty or Choice?
- Director Certification Program (DCP), Class 11/2001
- Chairman 2000, Class 5/2001

#### Other Training

- Banff School of Advanced Management, Alberta, Canada
- Ernst&Young Center for Board Matters: Critical Insights for Board and Audit Committee
- CG Forum 1/2016 Ethics: Corporate Governance, The Stock Exchange of Thailand
- The National Defence Course for the Joint State-Private Sectors, Class 6, National Defence College

#### Current Position in Listed Companies

- 2005 - Present Independent Director/Chairman of Nominating and Corporate Governance Committee/ Chairman of Risk Management Committee, Bangkok Aviation Fuel Services Public Company Limited
- 1999 - Present Independent Director/Chairman of Audit Committee, OHTL Public Company Limited (Mandarin Oriental Hotel)
- 1991 - Present Independent Director/Nomination and Remuneration Committee Chairman/ Audit Committee Member, Padaeng Industry Public Company Limited
- 1994 - Present Chairman (since 2007)/Independent Director, Ch.Karnchang Public Company Limited
- 1993 - Present Independent Director/Chairman of Audit Committee, Thai Reinsurance Public Company Limited

#### Other current position

- 2010 - Present Chairman, Thai Orix Leasing Company Limited

#### Working experience

- 2008 - 2018 Chairman, Ton Poh Thailand Fund
- 2011 - 2014 Member, Monetary Policy Committee, Bank of Thailand
- 2010 - 2012 Governor, The Stock Exchange of Thailand
- 2010 - 2012 Chairman, Thoresen Thai Agencies Public Company Limited
- 2001 - 2012 Vice Chairman, Electricity Generating Public Company Limited
- 2010 - 2011 Chairman, Krungthai-AXA Life Insurance Company Limited
- 2009 - 2010 Director/Executive Director, Krung Thai Bank Public Company Limited
- 2006 - 2009 Assembly Member, The National Legislative Assembly
- 2003 - 2007 Independent Director, Thai Rating and Information Service Company Limited



- 1999 - 2003 Director/Executive Director, Siam Commercial Bank Public Company Limited
- 1990 - 1998 President, the Industrial Finance Corporation of Thailand
- 1981 - 1998 Director, Padaeng Industry Public Company Limited

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : April 10, 1981**

## Dr. Kurujit Nakornthap

63 Years Old

### Independent Director / Executive Committee Member



#### Education

- Ph.D. in Petroleum Engineering, University of Oklahoma, USA
- M.S. in Petroleum Engineering, University of Oklahoma, USA
- B.S. (with Special Distinction) in Petroleum Engineering, University of Oklahoma, USA

#### Training at Thai Institute of Directors Association

- Collective Action Against Corruption Conference (C-Conference), Class 1/2014
- R-CF-Chairman Forum (R-CF), Class 2/2013
- Role of Compensation Committee (RCC), Class 12/2011
- Audit Committee Program (ACP), Class 32/2010
- Director Accreditation Program (DAP), Class 64/2007

#### Other Training

- Bhumipalung Phandin Course for Executives Class 2, 2013, Chulalongkorn University
- Systematic Problem Solving and Decision Making (SPSDM), 2012, Office of the Civil Service Commission in cooperation with ACI Consultants Co., Ltd.
- Energy Literacy for the World Class 1, 2012, Thailand Energy Academy
- Training Course for Executive Class 13, 2011-2012, Capital Market Academy
- The 2nd Training Course on Administrative Justice for Executives, 2011, Office of the Administrative Courts of Thailand
- Training Course on Leadership for Change, Class 2, 2011, Right Livelihood Foundation, Matichon Publishing Group
- Top Executive Program in Commerce and Trade (TEPCoT), Class 3, 2010, Commerce Academy, University of the Thai Chamber of Commerce
- National Defence Course Class 51, 2008-2009, National Defence College
- Civil Service Executive Program: Visionary and Moral Leadership, Class 46, 2005, Office of the Civil Service Commission
- Senior Executive Programme (SEP 60), 2006, The London Business School, United Kingdom

#### Current Position in Listed Companies

- 2017 - Present Independent Director, Global Power Synergy Public Company Limited
- 2016 - Present Independent Director/Executive Committee Member, Padaeng Industry Public Company Limited

#### Other Current Position

- 2018 - Present Executive Director (Secretary), Petroleum Institute of Thailand
- 2017 - Present Chairman, Thailand Greenhouse Gas Management Organization (Public Organization: TGO)
- 2015 - Present Member of The Council of State (Juridical Council)
- 2015 - Present Co-Chairman (Thailand), Malaysia-Thailand Joint Authority (MTJA)
- 2016 - Present Member of University Council, Khon Kaen University

#### Working Experience

- 2015 - 2017 Member of The National Reform Steering Assembly, Thailand
- 2014 - 2017 Chairman of the Board of Director, Thai Oil Public Company Limited
- Feb - Oct 2016 Member, National Research Council of Thailand
- Oct 2014 - Sep 2015 Member of The National Research Council of Thailand (NRCT)
- Jun - Sep 2015 Permanent Secretary, Ministry of Energy
- Oct 2014 - Jun 2015 Deputy Secretary, Ministry of Energy

- 2011 - 2015 Chairman of the Board of Directors, Ratchaburi Electricity Generating Holding Public Company Limited
- 2011 - 2014/2015 Director/Chairman of the Board of Directors, Electricity Generating Authority of Thailand
- Jul - Sep 2014 Director-General, Department of Mineral Fuels, Ministry of Energy
- 2010 - 2014 Deputy Secretary, Ministry of Energy
- 2007 - 2014 Director, Esso (Thailand) Public Company Limited
- 2008 - 2010 Director-General, Department of Mineral Fuels, Ministry of Energy

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : April 25, 2016**

## Dr. Chokchai Aksaranan

76 Years Old

**Independent Director /  
Executive Committee Member /  
Risk Management Committee Chairman**

### Education

- Ph.D. (Chemical Engineering), University of New Brunswick, Canada
- MSc. E (Chemical Engineering), University of New Brunswick, Canada
- B.Sc. (Hons) Chemical Engineering, Chulalongkorn University

### Training at Thai Institute of Directors Association

- Audit Committee Program (ACP), 2008
- Director Certification Program (Refresh), 2008
- Director Accreditation Program (DAP), 2006

### Other Training

- Chief Executive Program, Class 10 by Capital Market Academy (CMA), The Stock Exchange of Thailand
- National Defence College, Public-Private Sector Program, Class 311, The National Defence College, The National Defence Studies Institute, Ministry of Defence

### Current Position in Listed Companies

- 2017 - Present Independent Director/Executive Committee Member/Risk Management Committee Chairman, Padaeng Industry Public Company Limited
- 2010 - Present Vice Chairman/Chairman of the Audit Committee/Independent Director, MFC Asset Management Public Company Limited

### Other Current Position

- 2011 - Present Chairman, Thai Samsung Life Insurance Public Company Limited
- 2009 - Present Chairman, Bangkok Industrial Gas Company Limited
- 2006 - Present Chairman, Thai Ethoxylate Company Limited

### Working Experience in the Listed Company

- Sep 2014 - Oct 2015 Acting Chairman, MFC Asset Management Public Company Limited
- 2007 - 2010 Independent Director/Chairman of Audit Committee, PTT Exploration and Production Public Company Limited
- 2007 - 2010 Chairman of the Executive Board, Siam City Bank Public Company Limited
- 2005 - 2011 Independent Director/Chairman of Audit Committee, PTT Aromatics and Refining Public Company Limited
- 2005 - 2011 Chairman, Saha Patana Inter-Holding Public Company Limited
- 2002 - 2010 Chairman of the Executive Board, Vinythai Public Company Limited
- 1994 - 1998 Director, Krungthai Bank Public Company Limited

### Working Experience in the Non-Listed Company

- 2002 - 2007 Chairman, Bangkok Commercial Asset Management Company Limited
- 1999 - 2002 Director, Asset Management Corporations
- 1996 - 1999 Board of Director, Export-Import Bank of Thailand (EXIM Bank)
- 2008 - 2015 Assistance Professor, Faculty of Science, Chulalongkorn University





**Other Past Experience**

- Chairman of the Federation of Thai Industries
- Chairman of the ASEAN Chamber of Commerce and Industry (ASEAN CCI)
- Member of the National Legislative Assembly
- Member of the Senate
- Member of the Constitution Drafting Assembly 2007

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : April 25, 2017**

## THE DIRECTOR WHO RETIRED IN THE YEAR 2018

**Francis Vanbellen** 61 Years Old (Until 30 November 2018)  
**Director / Managing Director / Executive Director Member /**  
**Risk Management Committee Member** (Authorized Director)

**Education**

- Master's Degree in Chemical Engineering, Catholic University Leuven (KUL), Belgium
- Master of Business Administration, Vlerick Management School, Ghent, Belgium

**Training at Thai Institute of Directors Association**

- Director Certification Program (DCP), 2013

**Other Training**

- Process Management, Harvard, Cambridge, USA
- Strategic Innovation Management, Insead, Fontainebleau, France
- Business Excellence Assessment, EFQM, Brussels, Belgium
- Multicultural Leadership, Ashridge, London, UK

**Position in Listed Companies**

- 2012 - Nov 30, 2018 Director/Managing Director/ Executive Committee Member/ Risk Management Committee Member, Padaeng Industry Public Company Limited

**Other Position**

- 2014 - Present Vice-President, Belgian-Luxembourg/Thai Chamber of Commerce, Thailand

**Working Experience**

- 2018 - Nov 30, 2018 Director of the Board, Ton Sangkasi Pte. Ltd., Singapore
- 2017 - Nov 30, 2018 Director of the Board, Symbior Elements Pte. Ltd., Singapore
- 2016 - Nov 30, 2018 Chairman of the Board, PDI Tak Eco Co., Ltd.
- 2015 - Nov 30, 2018 Chairman of the Board, PDI Energy Co. Ltd.
- 2015 - Nov 30, 2018 Chairman of the Board, PDI Eco Co. Ltd.
- 2015 - Nov 30, 2018 Chairman of the Board, PDI-CRT Co. Ltd.
- 2014 - Nov 30, 2018 Chairman of the Board, PDI Materials Co. Ltd.

- 2012 - 2016 Director, Maesod Clean Energy Co. Ltd.
- 2012 - 2016 Director, GMM Quartz NV, Antwerp, Belgium
- 2012 - 2015 Director, Puthap Co. Ltd.
- 2011 - 2015 Chairman of the Supervisory Board, GMM Quartz, Berlin, Germany
- 2011 - 2015 Director, OMM, Aydin, Turkey
- 2011 - 2012 Managing Director, GMM Quartz NV, Antwerp, Belgium
- 2001 - 2011 Plant Manager, Umicore Precious Metals Refining Operations, Hoboken, Belgium
- 2000 - 2001 Head of Department Precious Metals Operations, Umicore, Hoboken, Belgium
- 1998 - 2000 Head of Department Knowledge & Supply Chain Management, Umicore, Hoboken, Belgium
- 1996 - 1998 Head of Department Human Resources & Business Excellence, Umicore, Brussels, Belgium
- 1994 - 1996 Manager Total Quality Management, Umicore, Hoboken, Belgium
- 1990 - 1994 Manager Precious Metals Refinery, Umicore, Hoboken, Belgium
- 1988 - 1990 Manager Raw Materials Sampling, Umicore, Hoboken, Belgium
- 1981 - 1988 Manager Special Metals Refinery, Umicore, Hoboken, Belgium

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : April 26, 2012**

**Effective Date of Retirement : December 1, 2018**



# Executives



## Arsa Sarasin

82 Years Old

**Chairman**  
(Authorized Director)



### Education

- Honorary Doctoral Degree in Political Science (International Affair), Thammasat University, Thailand
- B.A. (Business Administration), Boston University, USA

### Training at Thai Institute of Directors Association

- Role of Chairman Program (RCP), 2013
- Finance for Non-Finance Directors (FND), 2008
- Audit Committee Program (ACP), 2007
- Director Accreditation Program (DAP), 2003

### Current Position in Listed Companies

- 2018 - Present Independent Director, Bangkok Dusit Medical Services Public Company Limited
- Aug 2018 - Present Member of the Corporate Governance Committee, Siam Makro Public Company Limited
- 2015 - Present Chairman of Board of Director/Independent Director, Dusit Thani Public Company Limited
- 1999 - Present Chairman, Siam Makro Public Company Limited
- 1998 - Present Chairman, Padaeng Industry Public Company Limited

### Other Current Position

- Nov 2018 - Present Chairman, Bualuang Foundation
- Oct 2018 - Present Chairman, The Queen's Gallery Foundation
- 2014 - Present Chairman, Education and Public Welfare Foundation
- 2014 - Present Chairman, Mitsubishi Electric Thai Foundation
- 2013 - Present Chairman, Mitsubishi Elevator Asia Co., Ltd.
- 2005 - Present Vice Chairman, Thai Tapioca Development Institute
- 2004 - Present Chairman of Advisor, Thai-Laos Association
- 2004 - Present Chairman of the Board of Governors, Amata Spring Country Club
- 2003 - Present Director, Thai Pure Drinks Company Limited
- 1995 - Present Chairman, Amata City Company Limited
- 1993 - Present Chairman, Thai Asia Pacific Brewery Company Limited
- Dec 1988 - Present Chairman, Padaeng Zinc Foundation

### Working Experience

- 2015 - Mar 2018 Chairman of the Corporate Social Responsibility Committee for Sustainable Development, The Siam Cement Public Company Limited
- 2001 - Mar 2018 Director/Member of the Governance and Nomination Committee, Siam Cement Public Company Limited
- 2007 - Aug 2016 Independent Director, Siam Makro Public Company Limited
- 2013 - May 2016 Vice Chairman/Chairman of the Remuneration and Nominating Committee/Chairman of the Corporate Governance Committee, Charoen Pokphand Foods Public Company Limited
- 2006 - 2016 Chairman, Maesod Clean Energy Company Limited
- 2000 - 2012 His Late Majesty King Bhumibol Adulyadej's Principal Private Secretary
- 1995 - 2008 Vice Chairman of the Board of Directors/Advisor, Bangkok Bank Public Company Limited
- 1995 - 2004 Director, Vinythai Public Company Limited
- 1994 - 2004 Chairman of the Thai-Laos Association
- 1992 - 1998 Chief Executive Officer, Padaeng Industry Public Company Limited
- 1991 - 1992 The Minister of Foreign Affairs
- 1986 - 1988 Thai Ambassador to the USA
- 1982 - 1986 The Permanent Secretary of The Ministry of Foreign Affairs
- 1977 - 1980 Thai Ambassador to Belgium & Chief of Mission to the European Community

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : November 23, 1987**



## Sadawut Taechaubol

66 Years Old

► **Director / Acting Managing Director /  
Executive Committee Chairman**  
(Authorized Director)



### Education

- Honorable Degree (Business Administration), Kensington University, California, USA
- Commerce Diploma, Davis School, Brighton, UK
- B.A. (Political Science), Ramkhamhaeng University, 2002

### Training at Thai Institute of Directors Association

- Corporate Governance for Capital Market Intermediaries (CGI), Class 14/2016
- Director Accreditation Program (DAP), Class 66/2007

### Other Training

- Global Business Leader Program (GBL), Class 2/2017, Lead Business Institute
- Energy Literacy for the World Program, Class 7 (TEA 7), 2016, Thailand Energy Academy
- Capital Market Academy, Class 12, 2011, The Stock Exchange of Thailand

### Current Position in Listed Companies

- Dec 1, 2018 - Present Acting Managing Director, Padaeng Industry Public Company Limited
- 2015 - Present Director/Executive Committee Chairman, Padaeng Industry Public Company Limited
- 2014 - Present Chairperson/Chairperson of the Executive Board of Directors, Country Group Holdings Public Company Limited
- 2012 - Present Director/Chairperson of the Executive Board of Directors, MFC Asset Management Public Company Limited

### Other Current Position

- Nov 23, 2017 - Present Advisor to the Minister of Labor
- 2015 - Present Director, EDP Enterprise Company Limited
- 2015 - Present Director, Asia Zone Ventures Company Limited
- 2015 - Present Director, BBT Enterprise Company Limited
- 2013 - Present Executive Directors, China Overseas Exchange Association
- 2010 - Present Chairperson, Thai Chamber of Commerce & Industry
- 2010 - Present Chairperson, Sing Sian Yee Pao Company Limited
- 2006 - Present Director of Baan Rai Taechaubol Company Limited
- 1994 - Present Chairperson, Country Group Company Limited

### Working Experience

- 2010 - Sep 2017 Vice Chairman of Country Group Development Public Company Limited
- 2009 - Jan 2017 Director/Chairman of the Executive Board of Directors, Country Group Securities Public Company Limited
- 2004 - 2013 Director of Landmark Development Group Company Limited
- 2009 - 2012 Director/Executive Director, MFC Asset Management Public Company Limited
- 2007 - 2009 Chief Executive Officer/President, Country Group Securities Public Company Limited

### % Share Possession : None

**Family Relation among the Managers : Mr. Tommy Taechaubol's father**

**Date of the First Appointment : November 10, 2015**

## Thanachote Rungsitivat

31 Years Old

### Risk Management Committee Member / Deputy Managing Director

#### Education

- Master of Science (Finance), International Program, Thammasat University
- Bachelor of Economics, Monetary and Financial Economics, Thammasat University, First Class Honors and gold Medal

#### Training at Thai Institute of Directors Association

- Director Accreditation Program (DAP), 2017
- Corporate Governance for Capital Market Intermediaries (CGI), 2017

#### Certificate

- Chartered Financial Analyst (CFA)
- Financial Risk Manager (FRM)

#### Current Position

- Aug 7, 2018 - Present Risk Management Committee Member, Padaeng Industry Public Company Limited
- Jul 1, 2018 - Present Deputy Managing Director, Padaeng Industry Public Company Limited
- 2016 - Present Director, Country Group Securities Public Company Limited

#### Work Experience:

- 2015 - Jul 1, 2018 Executive Vice President, Investment Division, Country Group Holdings Public Company Limited.
- 2014 - 2015 First Vice President, Corporate Client Solution, Investment Banking Group, CIMB Thai Bank Public Company Limited
- 2010 - 2014 Vice President, Standard Chartered Bank (Thai) Public Company Limited

% Share Possession : None

Family Relation among the Managers : None

Starting Date : July 1, 2018



## Weena Suksawasdi Na Ayuthaya

49 Years Old

### Risk Management Committee Member / Executive Vice President - Finance

(The person taking the highest responsibility in finance and accounting)

#### Education

- MBA in Finance, University of Missouri-Kansas City, USA
- MBA in Business Administration, Assumption University, Bangkok
- Bachelor of Accountancy, Chulalongkorn University, Bangkok

#### Training at Thai Institute of Directors Association

- Director Certification Program (DCP), 2011
- Director Accreditation Program (DAP), 2010

#### Other Training

- New Transfer Pricing Law, TFRS 15 and Draft TFRS 16 Leases, Year 2018, Deloitte ToucheTohmatsu Jaiyos Audit Co., Ltd.
- Strategic Financial Leadership Program (SFLP) 2018, Thai Listed Companies Association

#### Current Position

- Aug 7, 2018 - Present Risk Management Committee Member, Padaeng Industry Public Company Limited
- Jul 9, 2018 - Present Executive Vice President - Finance, Padaeng Industry Public Company Limited



**Working Experience**

- 2012 - 2016 Associate Director, RHB Securities (Thailand) PCL
- 2009 - 2012 First Vice President, CIMBTHAI Bank PCL
- 2004 - 2009 First Vice President, CIMB Securities (Thailand) Co. Ltd.
- 2001 - 2004 Business Analyst, National Science and Technology Development Agency (NSTDA)

**% Share Possession : None****Family Relation among the Managers : None****Starting Date : July 9, 2018**

## Chitchai Thaveepanich

57 Years Old

### ► Secretary to the Nomination and Remuneration Committee / Executive Vice President - Corporate Services

**Education**

- Master Degree in Business Administration, Western Michigan University, USA

**Training at Thai Institute of Directors Association**

- Board Nomination and Compensation Program (BNCP) No.3/2018
- Successful Formulation & Execution the Strategy (SFE), Class 25/2015
- Director Certification Program (DCP), Class 208/2015

**Other Training**

- HCM 2017 Conference "How to prepare leader for a VUCA World, Thai Listed Companies Association
- Thailand HR Forum 2017, Personnel Management Association of Thailand
- Advanced Communication Skills: Communicating Difficult Messages, 2016
- CSR: Global Reporting Initiative (GRI: G4), 2014
- Business Excellence Model, Belgium, 2013
- Business Communication Skill, 2013
- CSR for Corporate Sustainability, 2012

**Current Position**

- 2018 - Present Secretary to the Nomination and Remuneration Committee, Padaeng Industry Public Company Limited
- 2017 - Present Executive Vice President- Corporate Services, Padaeng Industry Public Company Limited

**Working Experience**

- 2014 - 2017 Corporate Vice President-Human Resources, Padaeng Industry Public Company Limited
- 2013 - 2014 Vice President-Human Resources & Corporate Communication, Padaeng Industry Public Company Limited
- 2002 - 2013 Vice President - Human Resources & Corporate Administration, Padaeng Industry Public Company Limited
- 1997 - 2002 Assistant Vice President - Human Resources & Corporate Administration, Padaeng Industry Public Company Limited

**% Share Possession : None****Family Relation among the Managers : None****Starting Date : June 1, 1988**



## Manoch Jaroonvuthitham

53 Years Old

### ► Executive Vice President - Operations

#### Education

- Bachelor Degree of Engineering in Metallurgy, Chulalongkorn University

#### Training

- Advanced Communication Skills: Communicating Difficult Messages, 2016
- CSR: Global Reporting Initiative (GRI: G4), 2014
- Business Excellence Model, 2013
- Senior Executive Program 2013, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Zinc College 2010, Canada
- International Symposium on Lead and Zinc Processing, South Africa, 2008
- Training for Zinc Conversion Project, Germany, 1994

#### Current Position

- 2017 - Present Executive Vice President - Operations, Padaeng Industry Public Company Limited

#### Working Experience

- 2014 - 2017 Executive Vice President - Tak Operations, Padaeng Industry Public Company Limited
- 2008 - 2013 Vice President - Production, Padaeng Industry Public Company Limited
- 1996 - 2008 Senior Manager - Leaching & Purification, Padaeng Industry Public Company Limited

% Share Possession : None

Family Relation among the Managers : None

Starting Date : June 16, 1988



## EXECUTIVES WHO RETIRED/RESIGNED IN THE YEAR 2018

### ► Francis Vanbellen 61 Years Old (Until 30 November 2018) Director / Managing Director / Executive Director Member / Risk Management Committee Member (Authorized Director)

#### Education

- Master's Degree in Chemical Engineering, Catholic University Leuven (KUL), Belgium
- Master of Business Administration, Vlerick Management School, Ghent, Belgium

#### Training at Thai Institute of Directors Association

- Director Certification Program (DCP), 2013

#### Other Training

- Process Management, Harvard, Cambridge, USA
- Strategic Innovation Management, Insead, Fontainebleau, France
- Business Excellence Assessment, EFQM, Brussels, Belgium
- Multicultural Leadership, Ashridge, London, UK

#### Position in Listed Companies

- 2012 - Nov 30, 2018 Director/Managing Director/ Executive Committee Member/ Risk Management Committee Member, Padaeng Industry Public Company Limited

#### Other Position

- 2014 - Present Vice-President, Belgian- Luxembourg/Thai Chamber of Commerce, Thailand

#### Working Experience

- 2018 - Nov 30, 2018 Director of the Board, Ton Sangkasi Pte. Ltd., Singapore
- 2017 - Nov 30, 2018 Director of the Board, Symbior Elements Pte. Ltd., Singapore
- 2016 - Nov 30, 2018 Chairman of the Board, PDI Tak Eco Co., Ltd.

- 2015 - Nov 30, 2018 Chairman of the Board, PDI Energy Co. Ltd.
- 2015 - Nov 30, 2018 Chairman of the Board, PDI Eco Co. Ltd.
- 2015 - Nov 30, 2018 Chairman of the Board, PDI-CRT Co. Ltd.
- 2014 - Nov 30, 2018 Chairman of the Board, PDI Materials Co. Ltd.
- 2012 - 2016 Director, Maesod Clean Energy Co. Ltd.
- 2012 - 2016 Director, GMM Quartz NV, Antwerp, Belgium
- 2012 - 2015 Director, Puthep Co. Ltd.
- 2011 - 2015 Chairman of the Supervisory Board, GMM Quartz, Berlin, Germany
- 2011 - 2015 Director, OMM, Aydin, Turkey
- 2011 - 2012 Managing Director, GMM Quartz NV, Antwerp, Belgium
- 2001 - 2011 Plant Manager, Umicore Precious Metals Refining Operations, Hoboken, Belgium
- 2000 - 2001 Head of Department Precious Metals Operations, Umicore, Hoboken, Belgium
- 1998 - 2000 Head of Department Knowledge & Supply Chain Management, Umicore, Hoboken, Belgium
- 1996 - 1998 Head of Department Human Resources & Business Excellence, Umicore, Brussels, Belgium
- 1994 - 1996 Manager Total Quality Management, Umicore, Hoboken, Belgium
- 1990 - 1994 Manager Precious Metals Refinery, Umicore, Hoboken, Belgium
- 1988 - 1990 Manager Raw Materials Sampling, Umicore, Hoboken, Belgium
- 1981 - 1988 Manager Special Metals Refinery, Umicore, Hoboken, Belgium

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment : April 26, 2012**

**Effective Date of Retirement : December 1, 2018**

## **Sakorn Suriyabhivadh** 38 Years Old (*Until 30 April 2018*) **Deputy Managing Director**

### **Education**

- MBA., the University of Texas at Austin, USA
- Bachelor, Accounting, Chulalongkorn Business School

### **Certification**

- CPA (Thailand)
- Financial Adviser

### **Training at Thai Institute of Directors Association**

- Director Certification Program (DCP), 247/2017

### **Last Position**

- 2018 - Apr 30, 2018 Deputy Managing Director, Padaeng Industry Public Company Limited

### **Working Experience**

- 2016 - 2017 Corporate Vice President-Business Development, Padaeng Industry Public Company Limited
- 2015 - 2016 Senior Vice President, JVS Financial Advisory
- 2007 - 2014 Deputy Head-Investment Banking, Kasikorn Bank Public Company Limited
- 2001 - 2004 Senior Assistant Audit, PricewaterhouseCooper ABAS

**% Share Possession : None**

**Family Relation among the Managers : None**

**Period of Employment : June 16, 2016 - April 30, 2018**

## Woratip Rerkpiboon

53 Years Old (Until August 15, 2018)

### Financial Advisor to the Managing Director

#### Education

- Master Degree in Business Administration (Financial Management), National Institute of Development Administration (NIDA)

#### Training at Thai Institute of Directors Association

- Director Certification Program (DCP), 2014

#### Other Training

- Mergers & Acquisitions Workshop, 2017
- Tax Planning for Corporate Executives, The Federation of Thai Industries
- Deloitte Forum 2017: Practical Issues in Financial Reporting Standards and Taxation
- TFRS for SMEs and 2017 Tax Law, Tax Auditor Association of Thailand, 2017
- New Financial Reporting Standard, Federation of Accounting Professions, 2016
- Money Laundering, Faculty of Commerce and Accountancy Alumni Association of Chulalongkorn University, 2016
- Strategic CFO, Class 2, The Stock Exchange of Thailand, 2016
- Tax and Accounting Update, Tax Auditor Association of Thailand, 2016
- Financial Reporting Update, 2015
- CSR: Global Reporting Initiative (GRI: G4), 2014
- Business Excellence Model, 2013

#### Last Position

- Jul 9, 2018 - Aug 15, 2018 Financial Advisor to the Managing Director, Padaeng Industry Public Company Limited

#### Working Experience

- 2017 - 2018 Executive Vice President - Finance, Padaeng Industry Public Company Limited
- 2014 - 2017 Corporate Vice President - Finance, Padaeng Industry Public Company Limited
- 2013 - 2014 Vice President - Finance, Accounting & IT, Padaeng Industry Public Company Limited
- 2012 - 2013 Vice President - Finance and Accounting, Padaeng Industry Public Company Limited
- 2006 - 2012 Senior Manager - Treasury, Padaeng Industry Public Company Limited

% Share Possession : None

Family Relation among the Managers : None

Period of Employment : January 16, 2001 - August 15, 2018

## Chaya Hasdiseve

56 Years Old (Until January 31, 2018)

### Executive Vice President - Commercial

#### Education

- Master Degree of Management in Finance, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Master Degree of Agricultural Economics Sciences, Kasetsart University

#### Training at Thai Institute of Directors Association

- Director Certification Program (DCP), 2014

#### Other Training

- Advanced Communication Skills: Communicating Difficult Messages, 2016
- CSR: Global Reporting Initiative (GRI: G4), 2014
- Business Excellence Model, 2013
- Business Communication Skill, 2013
- Strategic Procurement Fraud, Singapore, 2012
- Zinc College 2001, Peru
- London Metal Exchange 2001

#### Last Position

- 2014 - Jan 31, 2018 Executive Vice President - Commercial, Padaeng Industry Public Company Limited

#### Working Experience

- 2013 - 2014 Vice President - Commercial, Padaeng Industry Public Company Limited
- 2006 - 2013 Vice President - Procurement, Padaeng Industry Public Company Limited
- 2004 - 2006 Assistant Vice President - Procurement, Padaeng Industry Public Company Limited

% Share Possession : None

Family Relation among the Managers : None

Period of Employment : April 1, 1993 - January 31, 2018



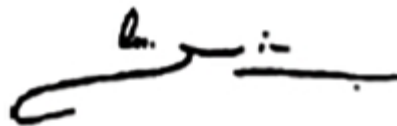
## Report on the Board of Directors' Responsibilities for Financial Statements

### Dear Shareholders;

The Board of Directors is responsible for the financial statements of the Company and its subsidiaries, which have been prepared in accordance with financial reporting standards under the Accounting Act B.E. 2543, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Board considers the accounting policies pursued to be appropriate, and that they have been applied consistently with adequate disclosure of important information in the notes to the financial statements. The Company's external auditor has reviewed and audited the financial statements and expressed an unqualified opinion in the auditor's report.

The Board has appointed an Audit Committee consisting of independent directors to provide effective and efficient oversight of the financial statements, internal control system and internal audit. The Audit Committee's statement is reported in this Company's annual report.

In 2018, the Board is confident that the Company and its subsidiaries have provided accurate and reliable financial statements in accordance with generally accepted accounting principles and ensured the adequate disclosure of information as well as engaged qualified external and internal auditors with the highest level of independence to enhance the efficiency and effectiveness of auditing and internal control system.



**Arsa Sarasin**

Chairman

February 22, 2019

## Audit Committee's Report

### Dear Shareholders;

At present, the Audit Committee is comprised of three Independent Directors: Mr. Vinai Vamvanij, as the Chairman, Mr. Aswin Kongsiri and Mr. Karel Vinck. The Audit Committee performed its duties as assigned by the Board of Directors in accordance with the Charter of Audit Committee as well as proposing the appointment of external auditors for the year 2019.

In 2018, the Audit Committee met 4 times with the external auditor, the internal auditor and the Management to review the consolidated and company financial statements, which were prepared in accordance with the Thai Financial Reporting Standards (TFRS) and the International Financial Reporting Standards (IFRS), so as to ensure full compliance with the laws and the regulations of the SEC and SET as well as with the generally accepted accounting principles of Thailand before being submitted to the Board of Directors for approval. Additional meetings were held with the external auditor without the Management being present, so as to independently discuss the information in the financial statements.

The Audit Committee also discussed with the internal auditor and the Management to assess the Company's internal controls system. The Audit Committee is of the opinion that the conduct of those business operations were deemed appropriate and without any significant weaknesses being found in their internal controls systems.

In addition to internal audits and controls, due to the everchanging business environment, PDI implemented changes in its business structure through entering into new businesses after ceasing its conventional zinc business by 2017 and also ceasing its zinc trading business at the end of Q1/2019. PDI aimed at mitigating the risks of its new businesses by achieving a balance between starting up new projects and mergers & acquisitions of existing businesses. This is to ensure that PDI can maintain an acceptable revenues stream and also profit generation so as to achieve a sound financial foundation for future investments growth; as well as to mitigate any risks relating to the Solar Power Plants. However, the Risk Management Committee (RMC) has been assigned to oversee the Management in its risk analysis, assessment and management activities on a regular basis, as well as to review the risk management reports at least once every Quarter, in order to ensure that the organization has adequate and appropriate risk management measures in place.

In order to ensure that PDI has implemented effective internal controls and anti-corruption practices, in 2015, PDI declared its intent to become a member of the Private Sector Collective Action Coalition Against Corruption (CAC); whereby the Company was then certified by the CAC, on March 9, 2017, as having in place adequate anti-corruption policies and practices, and received the formal CAC Membership Certificate on June 28, 2017.

Additionally, the Audit Committee has also overseen the issue of related party transactions, so as to prevent any conflict of interest that might arise from such transactions.

In summary, during 2018, the Audit Committee has fully discharged its responsibilities as set out in the Charter of the Audit Committee, has harnessed the required knowledge and skills to deliver positive results; and possessed an adequate degree of independence in its oversight of the conduct of businesses operations by the Company and its Subsidiaries.

As such, the Audit Committee is of the opinion that the Company and its Subsidiaries have provided accurate and reliable financial statements in accordance with generally accepted accounting principles and has ensured adequate disclosures of information. In conducting connected transactions or transactions that may lead to conflicts of interest, the Company has enforced strict compliance with the SET regulations and applicable laws; as well as have fully adhered to the relevant rules and procedures relating to the conduct of its business operations. Moreover, the Company has implemented adequate and effective risk management measures and good corporate governance practices; as well as has engaged qualified external and internal auditors, with the highest level of independence, so as to enhance both the appropriateness and effectiveness of its auditing and internal control systems.

The Audit Committee has recommended to the Board of Directors to propose to the Shareholders Meeting the appointment of: Mr. Wonlop Vilaivaravit Certified Public Accountant (Thailand) No. 6797; and/or Mr. Chavala Tienpasertkij Certified Public Accountant (Thailand) No. 4301; and/or Mr. Permsak Wongpatcharapakorn Certified Public Accountant (Thailand) No. 3427; and/or Mr. Suwatchai Meakhaamnouychai Certified Public Accountant (Thailand) No. 6638 of Deloitte Touche Tohmatsu Jaiyos Audit Co.Ltd. to conduct the audit of the financial statements for the Company and its Subsidiaries for the year 2019.



**Vinai Vamvanij**

Chairman of the Audit Committee

February 22, 2019



# FINANCIAL STATEMENTS



## REPORT OF THE INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

### TO THE SHAREHOLDERS AND BOARD OF DIRECTORS PADAENG INDUSTRY PUBLIC COMPANY LIMITED

#### Opinion

We have audited the consolidated financial statements of Padaeng Industry Public Company Limited and its subsidiaries (the "Group") and the separate financial statements of Padaeng Industry Public Company Limited (the "Company"), which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of profit or loss and other comprehensive income, changes in shareholders' equity, and cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of Padaeng Industry Public Company Limited and its subsidiaries and of Padaeng Industry Public Company Limited as at December 31, 2018, and financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards ("TFRSs").

#### Basis for Opinion

We conducted our audit in accordance with Thai Standards on Auditing ("TSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements section of our report. We are independent of the Group in accordance with the Federation of Accounting Professions' Code of Ethics for Professional Accountants together with the ethical requirements that are relevant to the audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



## Key Audit Matters

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

Key Audit Matters	Audit Responses
<p><b>Revenue recognition</b></p> <p>Revenue recognition is relevant to the reported performance of the Company. There is a potential to misstate the allocation of revenue between periods in order to influence reported results. There is opportunity through management override to misstate the allocation of revenue between periods in order to influence reported results. In addition, there is also the risk of error. There is therefore a risk that revenue is materially under- or over-stated.</p> <p>Accounting policy for revenue recognition was disclosed in Note 3.16 to the financial statements.</p>	<p><b>Key audit procedures were included:</b></p> <ul style="list-style-type: none"> <li>• Understanding the Company's revenue recognition process and related internal control procedures.</li> <li>• Evaluating the design and implementation of the Company's key internal controls and testing the operating effectiveness of such key internal controls on the revenue recognition.</li> <li>• Substantive testing consisted as follows: <ul style="list-style-type: none"> <li>- Performing test of details on a sample of sales transaction during the year and near the end of accounting periods by inspecting delivery documents, delivery terms, volumes and prices.</li> <li>- Performing test of details of credit notes issued after year-end.</li> <li>- Examining material journal entries that were posted to revenue accounts and examining with supporting evidence to ensure correctness.</li> </ul> </li> </ul>

## Other Information

Management is responsible for the other information. The other information comprises information in the annual report, which is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and the management of the Company.



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

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

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

## Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

As part of an audit in accordance with TSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We 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 we identify during our audit.

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

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



**Bangkok**

February 22, 2019

**Wonlop Vilaivaravit**

Certified Public Accountant (Thailand)

Registration No. 6797

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Financial Position

As At December 31, 2018

UNIT : BAHT					
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5.1	886,659,189	1,035,010,463	672,484,221	786,088,399
Short-term investments	6	628,893,182	543,677,635	628,893,182	543,677,635
Trade and other current receivables	7	300,863,425	483,585,139	226,173,040	406,488,688
Current portion of long-term loan to other party	8	52,500,000	52,500,000	52,500,000	52,500,000
Inventories	9	504,634,430	567,469,757	503,344,082	565,817,609
Value added tax receivables		75,157,561	79,941,940	755,504	595,550
Non-current assets held for sale	10	632,330	185,559,837	632,330	185,559,837
Other current assets	11	347,553,618	325,390,700	347,390,688	324,909,702
Total current assets		2,796,893,735	3,273,135,471	2,432,173,047	2,865,637,420
NON-CURRENT ASSETS					
Deposits at financial institutions with restriction in use	19	71,362,312	89,956,345	-	-
Advances to related parties	34.3	-	-	457,850	364,500
Advances to joint ventures	34.3	-	252,520	-	-
Investments in subsidiaries	34.1	-	-	192,796,625	192,796,625
Investments in joint ventures	34.2	44,381,371	55,893,462	15,300,000	15,300,000
Long-term investments	12	605,057,701	480,389,912	-	-
Long-term loan to other party	8	-	52,500,000	-	52,500,000
Loans to related parties	34.3	-	-	2,131,649,899	2,272,663,020
Property, plant and equipment	13	2,443,375,433	2,540,692,864	549,247,033	557,334,472
Investment property	10	185,530,653	958,833	185,530,653	958,833
Intangible assets	14	844,775,628	887,395,437	2,653,793	82,327
Goodwill	4	26,482,501	26,482,501	-	-
Other non-current assets	15	1,048,811	992,312	59,531,647	20,109,648
Total non-current assets		4,222,014,410	4,135,514,186	3,137,167,500	3,112,109,425
TOTAL ASSETS		7,018,908,145	7,408,649,657	5,569,340,547	5,977,746,845

Notes to the financial statement form an integral part of these statements



## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Financial Position (Continued)

As At December 31, 2018

UNIT : BAHT					
	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Short-term loan from financial institutions	17	-	140,702,205	-	-
Trade and other current payables	18	532,822,574	481,668,886	510,116,940	462,629,524
Income tax payable		-	29,365,043	-	29,182,042
Current portion of long-term loans from financial institutions	19	148,610,160	103,696,560	-	-
Current portion of provisions for restoration and rehabilitation expenses	20	36,099,483	118,649,727	36,099,483	118,649,727
Other current liabilities		14,269,820	21,550,262	14,256,603	21,135,973
Total current liabilities		731,802,037	895,632,683	560,473,026	631,597,266
NON-CURRENT LIABILITIES					
Long-term loans from financial institutions	19	1,128,961,965	1,048,860,060	-	-
Provisions for cadmium legal case	36	80,613,750	95,729,375	80,613,750	95,729,375
Provisions for restoration and rehabilitation expenses	20	135,640,570	35,452,481	135,640,570	35,452,481
Provisions for employee benefit	21	35,302,614	43,295,009	35,226,544	43,218,939
Deferred tax liabilities	16	203,345,290	205,253,476	94,383,290	96,291,476
Total non-current liabilities		1,583,864,189	1,428,590,401	345,864,154	270,692,271
TOTAL LIABILITIES		2,315,666,226	2,324,223,084	906,337,180	902,289,537

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Financial Position (Continued)

As At December 31, 2018

UNIT : BAHT					
	Note	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
LIABILITIES AND SHAREHOLDERS' EQUITY					
(CONTINUED)					
SHAREHOLDERS' EQUITY					
Share capital					
Authorized share capital					
Ordinary shares 301,333,333 shares at par value of Baht 10 each	24	3,013,333,330		3,013,333,330	
Ordinary shares 226,000,000 shares at par value of Baht 10 each	24		2,260,000,000		2,260,000,000
Issued and paid-up share capital					
Ordinary shares 226,000,100 shares of Baht 10 each, fully paid - up		2,260,001,000		2,260,001,000	
Ordinary shares 226,000,000 shares of Baht 10 each, fully paid - up			2,260,000,000		2,260,000,000
Premium on share capital		602,415,900	602,413,600	602,415,900	602,413,600
Retained earnings					
Appropriated legal reserve		226,000,000	226,000,000	226,000,000	226,000,000
Unappropriated		1,247,292,738	1,618,250,056	1,202,734,397	1,604,124,855
Exchange differences on translating financial statement		(4,319,789)	(5,155,936)	-	-
Revaluation surplus on assets		373,133,009	382,918,853	373,133,009	382,918,853
Actuarial loss on defined benefit plan		(1,280,939)	-	(1,280,939)	-
TOTAL EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY					
		4,703,241,919	5,084,426,573	4,663,003,367	5,075,457,308
TOTAL SHAREHOLDERS' EQUITY					
		4,703,241,919	5,084,426,573	4,663,003,367	5,075,457,308
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY					
		7,018,908,145	7,408,649,657	5,569,340,547	5,977,746,845

Notes to the financial statement form an integral part of these statements

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Profit or Loss and Other Comprehensive Income

For The Year Ended December 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
REVENUES					
Revenue from sales and services	27	4,543,697,818	6,025,783,064	4,525,724,118	6,010,768,746
Revenue from sales of electricity	27	330,849,033	143,281,578	-	-
Gain from sales of investment in joint venture		-	40,815,199	-	-
Gain from sales of fixed assets		26,370,560	23,794,030	26,370,560	23,794,030
Gain on short-term investment		-	2,105,426	-	2,105,426
Gain on exchange rate		22,250,521	-	12,424,175	-
Other income		103,882,378	121,407,424	151,776,382	134,516,333
Total revenues		5,027,050,310	6,357,186,721	4,716,295,235	6,171,184,535
EXPENSES					
Cost of sales and services		(4,413,123,206)	(4,755,332,835)	(4,401,744,603)	(4,715,590,899)
Cost of sales of electricity		(165,885,085)	(51,478,893)	-	-
Selling expenses		(25,224,688)	(60,194,173)	(25,224,688)	(59,585,779)
Operating and administrative expenses		(330,096,209)	(442,660,677)	(315,568,351)	(417,591,477)
Loss on short-term investment		(45,133,185)	-	(45,133,185)	-
Loss on exchange rate		-	(24,696,825)	-	(10,029,768)
Finance costs		(76,737,038)	(22,297,586)	-	(272,887)
Total expenses		(5,056,199,411)	(5,356,660,989)	(4,787,670,827)	(5,203,070,810)
Share of profit (loss) of investment in joint ventures on equity method	34.2	(11,512,091)	5,354,018	-	-
Profit (loss) before income tax expense		(40,661,192)	1,005,879,750	(71,375,592)	968,113,725
Income tax expenses	16	(1,103,510)	(100,601,456)	(822,250)	(100,175,242)
Net profit (loss) for the years		(41,764,702)	905,278,294	(72,197,842)	867,938,483



## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Profit or Loss and Other Comprehensive Income (Continued) For The Year Ended December 31, 2018

UNIT : BAHT

	Notes	CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
		2018	2017	2018	2017
<b>Other comprehensive income (loss)</b>					
Items that will be reclassified					
subsequently to profit or loss					
Exchange differences on translating financial statement		836,147	28,001	-	-
Items that will not be reclassified					
subsequently to profit or loss					
Actuarial loss on defined benefit plan	21	(1,280,939)	-	(1,280,939)	-
Difference from revaluation surplus on assets - net	5.2	-	388,109,342	-	388,109,342
		(1,280,939)	388,109,342	(1,280,939)	388,109,342
<b>Total comprehensive income (loss) for the years</b>		(42,209,494)	1,293,415,637	(73,478,781)	1,256,047,825
<b>Net profit (loss) for the years attributable to:</b>					
Owners of the Parent		(41,764,702)	905,278,294	(72,197,842)	867,938,483
Non-controlling interests		-	-	-	-
		(41,764,702)	905,278,294	(72,197,842)	867,938,483
<b>Total comprehensive income (loss)</b>					
<b>for the years attributable to:</b>					
Owners of the Parent		(42,209,494)	1,293,415,637	(73,478,781)	1,256,047,825
Non-controlling interests		-	-	-	-
		(42,209,494)	1,293,415,637	(73,478,781)	1,256,047,825
<b>Earnings (loss) per share</b>					
Basic earnings (loss) per share (Baht)	29	(0.18)	4.01	(0.32)	3.84
Diluted earnings (loss) per share (Baht)	29	(0.18)	4.01	(0.32)	3.84

Notes to the financial statement form an integral part of these statements

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Changes in Shareholders' Equity

For The Year Ended December 31, 2018

Notes	CONSOLIDATED FINANCIAL STATEMENTS								UNIT : BAHT
	Equity Attributable to owners of the Parent								
	Issued and paid-up share capital	Premium on share capital	Exchange differences on translating financial statement	Revaluation surplus on assets	Actuarial on defined benefit plan	Appropriated legal reserve	Unappropriated	Total owners of the Parent	
									Total shareholders' equity
Balance as at January 1, 2017	2,260,000,000	602,413,600	(5,183,937)	-	-	226,000,000	933,778,717	4,017,008,380	4,017,008,380
Dividends paid	-	-	-	-	-	-	(225,997,444)	(225,997,444)	(225,997,444)
Transfer to retained earnings from surplus on assets	-	-	-	(5,190,489)	-	-	5,190,489	-	-
Total comprehensive income	-	-	28,001	388,109,342	-	-	905,278,294	1,293,415,637	1,293,415,637
Balance as at December 31, 2017	2,260,000,000	602,413,600	(5,155,936)	382,918,853	-	226,000,000	1,618,250,056	5,084,426,573	5,084,426,573
Balance as at January 1, 2018	2,260,000,000	602,413,600	(5,155,936)	382,918,853	-	226,000,000	1,618,250,056	5,084,426,573	5,084,426,573
Increased ordinary shares	1,000	2,300	-	-	-	-	-	3,300	3,300
Dividends paid	-	-	-	-	-	-	(338,978,460)	(338,978,460)	(338,978,460)
Transfer to retained earnings from surplus on assets	-	-	-	(9,785,844)	-	-	9,785,844	-	-
Total comprehensive loss	-	-	836,147	-	(1,280,939)	-	(41,764,702)	(42,209,494)	(42,209,494)
Balance as at December 31, 2018	2,260,001,000	602,415,900	(4,319,789)	373,133,009	(1,280,939)	226,000,000	1,247,292,738	4,703,241,919	4,703,241,919

Notes to the financial statement form an integral part of these statements

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Changes in Shareholders' Equity

For The Year Ended December 31, 2018

	Notes	SEPARATE FINANCIAL STATEMENTS							UNIT : BAHT	
		Issued and paid-up share capital	Premium on share capital	Other component of shareholders' equity			Retained earnings			Total shareholders' equity
				Revaluation surplus on assets	Actuarial on defined benefit plan	Appropriated legal reserve	Unappropriated			
<b>Balance as at January 1, 2017</b>		2,260,000,000	602,413,600	-	-	226,000,000	956,989,553	4,045,403,153		
Dividends paid	25	-	-	-	-	-	(225,993,670)	(225,993,670)		
Transfer to retained earnings from surplus on assets		-	-	(5,190,489)	-	-	5,190,489	-		
Total comprehensive income		-	-	388,109,342	-	-	867,938,483	1,256,047,825		
<b>Balance as at December 31, 2017</b>		2,260,000,000	602,413,600	382,918,853	-	226,000,000	1,604,124,855	5,075,457,308		
<b>Balance as at January 1, 2018</b>		2,260,000,000	602,413,600	382,918,853	-	226,000,000	1,604,124,855	5,075,457,308		
Increased ordinary shares	24	1,000	2,300	-	-	-	-	3,300		
Dividends paid	25	-	-	-	-	-	(338,978,460)	(338,978,460)		
Transfer to retained earnings from surplus on assets		-	-	(9,785,844)	-	-	9,785,844	-		
Total comprehensive loss		-	-	-	(1,280,939)	-	(72,197,842)	(73,478,781)		
<b>Balance as at December 31, 2018</b>		2,260,001,000	602,415,900	373,133,009	(1,280,939)	226,000,000	1,202,734,397	4,663,003,367		

Notes to the financial statement form an integral part of these statements

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Cash Flows

For The Year Ended December 31, 2018

UNIT : BAHT				
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Profit (loss) before income tax expense	(40,661,192)	1,005,879,750	(71,375,592)	968,113,725
Adjustments for:				
Depreciation and amortization expenses	147,141,590	156,660,869	11,360,664	89,713,406
Unrealized loss (gain) on foreign currency	(443,217)	32,959,427	4,871,542	(103,706)
Unrealized loss on short-term investment	7,604,714	16,817,433	7,604,714	16,817,432
Provisions for restoration and rehabilitation expenses (reversal)	53,387,294	(54,837,547)	53,387,294	(54,837,547)
Allowance of slow-moving and obsolete stocks (reversal)	(1,946,861)	27,716,497	(1,946,861)	27,716,497
Allowance for diminution of inventories (reversal)	-	(20,571,056)	-	(20,571,056)
Gain from sales of property, plant and equipment	(26,370,560)	(23,794,030)	(26,370,560)	(23,794,030)
Loss from write-off of property, plant and equipment	1,283,589	-	360,025	-
Allowance for fixed assets impairment (reversal)	(101,164)	24,387,273	(101,164)	24,387,273
Allowance diminution in value of investment in subsidiary (reversal)	-	-	-	(246,700)
Gain from sales of investment in joint venture	-	(40,815,198)	-	-
Share of loss (profit) from investment in joint ventures	11,512,091	(5,354,018)	-	-
Provisions for cadmium legal case expenses	4,222,563	23,395,973	4,222,563	23,395,973
Provisions for employee benefit	14,720,360	9,743,680	14,720,360	9,743,680
Finance costs	76,737,038	22,297,586	-	272,887
Interest income	(19,143,020)	(15,417,228)	(69,030,781)	(40,296,262)
Gain (loss) from operating activities before changes in operating assets and liabilities	227,943,225	1,159,069,411	(72,297,796)	1,020,311,572

Notes to the financial statement form an integral part of these statements



## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Cash Flows (Continued)

For The Year Ended December 31, 2018

	UNIT : BAHT			
	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES (CONTINUED)</b>				
(Increase) decrease in operating assets				
Trade and other current receivables	185,568,642	(131,407,548)	181,384,787	(91,764,767)
Inventories	64,782,188	1,281,324,660	64,420,388	1,281,324,660
Value added tax receivables	4,784,379	21,428,351	(159,955)	9,856,806
Other current assets	(24,812,088)	80,668,303	(24,741,021)	71,917,805
Deposits at financial institutions with restriction in use	18,594,033	(89,956,345)	-	-
Advance to related party	-	-	(93,350)	-
Advance to joint ventures	252,520	61,420	-	61,420
Other non-current assets	(56,499)	29,270,482	2,467,837	13,025,875
Increase (decrease) in operating liabilities				
Trade and other current payables	22,114,275	(43,600,603)	52,226,674	(47,009,778)
Other current liabilities	22,093,932	(157,733,464)	(6,879,370)	(140,918,242)
Provision for cadmium legal case paid during the year	(19,338,188)	(1,891,598)	(19,338,188)	(1,891,598)
Provisions for restoration and rehabilitation expenses paid during the year	(35,749,449)	(128,958,745)	(35,749,449)	(128,958,745)
Provisions for employee benefit paid during the year	(23,993,694)	(132,869,550)	(23,993,694)	(132,869,550)
<b>Cash received from operating activities</b>	<b>442,183,276</b>	<b>1,885,404,774</b>	<b>117,246,863</b>	<b>1,853,085,458</b>
Interest paid	(76,477,899)	(22,279,781)	-	(272,887)
Income tax paid	(32,386,070)	(144,125,746)	(31,912,479)	(143,556,119)
<b>Net cash flows provided by operating activities</b>	<b>333,319,307</b>	<b>1,718,999,247</b>	<b>85,334,384</b>	<b>1,709,256,452</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash paid for short-term investments	(92,820,261)	(16,791,922)	(92,820,261)	(32,511,404)
Cash received from acquisition	-	156,064,744	-	-
Cash paid for investments in a jointly controlled entities	-	(21,660,000)	-	-
Cash received from sales of investments in joint venture	-	59,062,500	-	59,062,500
Cash paid for long-term investment	(122,652,751)	-	-	-
Cash paid for acquisition	-	(1,112,506,340)	-	-
Cash paid for loans to related parties	-	-	(124,000,000)	(1,241,606,310)
Cash received from loan to related parties	-	-	256,000,000	-
Cash received from loan to other party	52,500,000	-	52,500,000	-
Interest received	18,375,944	15,379,097	27,762,524	23,476,686
Cash paid for purchase of property, plant and equipment and intangible assets	(8,458,092)	(30,364,274)	(6,152,710)	(19,908,627)
Cash received from sale of property, plant and equipment	26,797,564	30,190,461	26,775,405	29,770,439
<b>Net cash provided by (used in) investing activities</b>	<b>(126,257,596)</b>	<b>(920,625,734)</b>	<b>140,064,958</b>	<b>(1,181,716,716)</b>

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Statements of Cash Flows (Continued)

For The Year Ended December 31, 2018

	UNIT : BAHT			
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Cash received from increased ordinary shares	3,300	-	3,300	-
Cash paid for short-term loans from financial institutions	(140,702,205)	(211,324,105)	-	(205,006,310)
Cash paid for long-term loans from financial institutions	(153,610,160)	(51,848,280)	-	-
Cash received for long-term loans from financial institutions	277,902,900	-	-	-
Cash paid for long-term loan from other party	-	(142,255,392)	-	-
Dividends paid	(338,978,460)	(225,997,444)	(338,978,460)	(225,993,670)
<b>Net cash used in financing activities</b>	<b>(355,384,625)</b>	<b>(631,425,221)</b>	<b>(338,975,160)</b>	<b>(430,999,980)</b>
Effects from changes in exchange rate for cash and cash equivalents	(28,360)	33,449	(28,360)	33,449
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(148,351,274)</b>	<b>166,981,741</b>	<b>(113,604,178)</b>	<b>96,573,205</b>
Cash and cash equivalents at beginning of the years	1,035,010,463	868,028,722	786,088,399	689,515,194
<b>Cash and cash equivalents at end of the years</b>	<b>886,659,189</b>	<b>1,035,010,463</b>	<b>672,484,221</b>	<b>786,088,399</b>

Notes to the financial statement form an integral part of these statements

## PADAENG INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Notes To Financial Statements

For The Year Ended December 31, 2018

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## 1. General Information

Padaeng Industry Public Company Limited (the “Company”) was established on April 10, 1981 and has been listed on the Stock Exchange of Thailand since July 21, 1987.

The Company's registered office is at CTI Tower, 26<sup>th</sup> - 27<sup>th</sup> floor, 191/18-25 Rachadaphisek Road, Khlong Toei District, Bangkok. The Company operates a zinc mine and a zinc smelter located in the Tak Province and a roaster plant for Calcine located in the Rayong Province since 1987. In early 2017, the Company completely stopped its conventional zinc operation due to depleted zinc at Mae Sod mine. The Company has turned into a metal trading business instead. Subsequently, on November 6, 2018, the Board of Directors meeting of the Company had resolved the resolution to cease metals trading business at the end of the first quarter of 2019 onward. It has also diversified into other business including renewable energy and other businesses.

The operation of Company, subsidiaries and joint ventures are called “the Group”, which have detail as follows:

Company's name	% Ownership	Relationship	Principal activities	Country of incorporation
Padaeng Properties Co., Ltd.	100.00	Subsidiary	Providing property services	Thailand
PDI Materials Co., Ltd.	100.00	Indirect subsidiary	Trading of various base metals and their by-products	Thailand
PDI Eco Co., Ltd.	100.00	Subsidiary	Eco-managed business	Thailand
PDI Energy Co., Ltd.	100.00	Subsidiary	Expand and diversify into renewable energy business	Thailand
J-Solar Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
Century Asset Management KK	100.00	Indirect subsidiary	Solar energy business	Japan
PDI Asia Solar Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
PDI Mae Ramat Co., Ltd.	99.99	Indirect subsidiary	Solar energy business	Thailand
Ton Sangkasi Pte Ltd.	100.00	Subsidiary	Holding Company	Singapore
Symbior Elements Pte Ltd.	100.00	Indirect subsidiary	Holding Company	Singapore
ATC Enviro Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
P.P. Solar (Nong-No) Co., Ltd.	100.00	Indirect subsidiary	Solar energy business	Thailand
PDI-CRT Co., Ltd.	60.00	Joint ventures	Explore opportunity in waste management	Thailand
PDI Tak Eco Co., Ltd.	51.00	Joint ventures	Waste Management	Thailand

The Group has extensive transactions and relationships with the related company. Accordingly, the financial statements may not necessarily be indicative of the conditions that would have existed or the results of operations that would have occurred had the Group operated without such affiliations.

## 2. Basis for Preparation and Presentation of The Financial Statements

- 2.1 The Group maintains its accounting records in Thai Baht and prepares its statutory financial statements in the Thai language in conformity with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.
- 2.2 The Group's financial statements have been prepared in accordance with the Thai Accounting Standard (TAS) No. 1 (Revised 2017) “Presentation of Financial Statements”, which was effective for financial periods beginning on or after January 1, 2018 onward, and the Regulation of The Stock Exchange of Thailand (SET) dated October 2, 2017, regarding the preparation and submission of financial statements and reports for the financial position and results of operations of the listed companies B.E. 2560 and the Notification of the Department of Business Development regarding “The Brief Particulars in the Financial Statements (No.2) B.E. 2559” dated October 11, 2016.



- 2.3 The financial statements have been prepared under the historical cost convention except as disclosed in the significant accounting policies.
- 2.4 Thai Financial Reporting Standards affecting the presentation and disclosure in the current year financial statements

During the year, the Group has adopted the revised and new financial reporting standards and guidelines on accounting issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after January 1, 2018. 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 Group's financial statements, except the following financial reporting standard(s):

Thai Accounting Standard No.7 (Revised 2017) "Statement of Cash Flows"

This revised accounting standard requires the disclosure of changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This accounting standard requires prospective method for such amendment.

- 2.5 Thai Financial Reporting Standards announced in the Royal Gazette but not yet effective
- 2.5.1 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2019

#### **New Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation**

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards and Thai Financial Reporting Standard Interpretation which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards.

#### **Thai Financial Reporting Standards ("TFRS")**

TFRS 1	First-time Adoption of International Financial Reporting Standards
TFRS 15	Revenue from Contracts with Customers

#### **Thai Financial Reporting Standard Interpretation ("TFRIC")**

TFRIC 22	Foreign Currency Transactions and Advance Consideration
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There is the key change to the core principle of TFRS 15, which introduces a 5-step approach to revenue recognition, as follow:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Under TFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied. TFRS 15 will supersede the Standards and Interpretations relating to revenue upon its effective date.

**Thai Financial Reporting Standards (TFRSs) Revised 2018**

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standards (TFRSs) Revised 2018 which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2019 onwards. 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 reference to other TFRSs except following TFRSs, which there are revision or additional paragraph and accounting guidance.

Thai Accounting Standard No.28 (Revised 2018) "Investment in Associates and Joint Ventures" clarifies about the election of measurement an investment in an associate or a joint venture at fair value through profit or loss, and clarifies the consideration about the impairment of an investment in an associate or a joint venture. This accounting standard requires retrospective method for such amendment.

Thai Accounting Standard No.40 (Revised 2018) "Investment Property" clarifies about transfers of investment property to, or from, other accounts when, and only when, there is a change in use. This accounting standard requires prospective method for such amendment.

Thai Financial Reporting Standard No.2 (Revised 2018) "Share-based Payment" adds the requirements, which require prospective method for the amendment as follows:

- 1) The requirement about treatment of vesting and non-vesting for a cash-settled share-based payment transaction
- 2) The requirement about share-based payment transactions with a net settlement feature for withholding tax obligations
- 3) The requirement about accounting for a modification of a share-based payment transaction that changes its classification from cash-settled to equity-settled

Thai Financial Reporting Standard No.4 (Revised 2018) "Insurance Contracts" determines the option for insurance industry to temporarily exempt from applying Thai Financial Reporting Standard No.9 "Financial Instruments" ("TFRS 9"). An entity can elect to exempt from TFRS 9 for annual periods beginning before January 1, 2022 or before TFRS 17 is effective.

- 2.5.2 Thai Financial Reporting Standards which will be effective for the financial statements with fiscal years beginning on or after January 1, 2020

The Federation of Accounting Professions has issued the Notification regarding Thai Financial Reporting Standard Group of Financial Instruments which have been announced in the Royal Gazette and will be effective for the financial statements for the period beginning on or after January 1, 2020 onwards, as follows:

**Thai Accounting Standards ("TAS")**

TAS 32 Financial Instruments: Presentation

**Thai Financial Reporting Standards ("TFRS")**

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

**Thai Financial Reporting Standard Interpretations ("TFRIC")**

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs make stipulations relating to the classification of financial instruments and their measurement at fair value or amortized cost; taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model, the calculation of impairment using the expected credit loss method, and the concept of hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. These TFRSs will supersede the Standards and Interpretations relating to the financial instruments upon its effective date.

The Group's management will adopt such TFRSs in the preparation of the Group's financial statements when it becomes effective. The Group's management is in the process to assess the impact of these TFRSs on the financial statements of the Group in the period of initial application.

### 3. Significant Accounting Policies

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies as follows:

#### 3.1 Cash and cash equivalents

Cash and cash equivalents include cash on hand, current deposit accounts, saving deposit accounts, time deposit with maturities not later than 3 months from acquisition date, and without commitments, call notes receivables and term promissory notes with maturities within 3 months from acquisition date and highly liquid short-term investments. This accords with the Notification issued by the Office of the Securities and Exchange Commission.

#### 3.2 Short-term Investments

Investments in marketable securities held for trading are stated at fair value. The Group recognized re-measuring investments in the statements of profit or loss and other comprehensive income.

Investments in debt securities that the Group intends and is able to hold to maturity are stated at amortized cost less impairment losses. The difference between the acquisition cost and redemption value of such debt securities is amortized using the effective interest rate method over the period to maturity.

Investments in debt securities and marketable equity securities other than those securities held for trading or intended to be held to maturity, are classified as being available-for-sale investments and are stated at fair value, with any resultant gain or loss on re-measuring investments being recognized as other component of owners' equity in owners' equity. The exception is impairment losses, which is recognized in the statements of profit or loss and other comprehensive income. When these investments are disposed, the cumulative gain or loss previously recognized directly in other component of owners' equity in owners' equity is recognized in the statements of profit or loss and other comprehensive income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognized in the statements of profit or loss and other comprehensive income.

Investments in equity securities which are not marketable are stated at cost, net allowance for impairment, if any.

The fair value of marketable security is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. The fair value of unit trusts of closed - end fund is determined from their net asset value. The fair value of debentures is calculated by using the latest bid yield as quoted by the Thai Bond Market Association.

The weighted average method is used for computation of the cost of investments in securities. The first in - first out method is used for computation of the cost of investments in derivatives.

#### Impairment

Loss on impairment, if any, of investments is recognized in the statements of profit or loss and other comprehensive income when the carrying amount exceeds its recoverable value.

### 3.3 Trade and other receivables

Trade and other receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

### 3.4 Inventories

Inventories are measured at the lower of cost and net realizable value.

Price of inventory is calculated using the weighted average method for a subsidiary and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of finished goods, cost includes an appropriate share of production overheads based on normal operating capacity, and manufactured inventories, cost is presented at actual cost per stage-of-completion.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

### 3.5 Investments

#### Investments in subsidiaries and associates

Investments in subsidiaries and associates in the separate financial statements of the Company are accounted by using the cost method. Investments in associates in the consolidated financial statements are accounted by using the equity method.

#### Investments in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

Under the equity method, an investment in an associate is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate equals or exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill or right to generate and sell electricity, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment is recognized immediately in profit or loss in the statement of profit or loss and other comprehensive



income in the period in which the investment is acquired.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate, or when the investment is classified as held for sale.

When the Group reduces its ownership interest in an associate but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss in the statement of profit or loss and other comprehensive income on the disposal of the related assets or liabilities.

When a group entity transacts with an associate of the Group, profits and losses resulting from such transactions are recognized in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

#### Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognized as profit or loss in the statement of profit or loss and other comprehensive income.

If the Group disposes a partial of its holding investment, the deemed cost of the sold investment is determined using the weighted average method applied to the carrying value of the total holding of the investment.

### 3.6 Property, plant and equipment

#### Recognition and measurement

Land is stated at the revalued value while land improvement, condominium and buildings are stated at the revalued value net of accumulated depreciation and allowance for impairment, if any. Machinery, equipment, vehicle and mine restoration assets are stated at cost, net of accumulated depreciation and allowance for impairment, if any.

The land, land improvement, condominium and buildings reappraisal is performed by independent appraisers. This reappraisal is based on the market value method for land and condominium and the replacement cost method (net of accumulated depreciation) for land improvement and buildings. The increment resulting from the appraisal is recognized as part of equity as "revaluation surplus on assets". Upon disposal land, land improvement, condominium and buildings, any remaining the revaluation surplus on assets is transferred directly to retained earnings and is not taken into account when calculating the gain or loss on disposal.

Revaluation surplus on assets can neither be offset against deficit nor used for dividend distribution.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income in the statement of profit or loss and other comprehensive income.

#### Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. The costs of the day-to-day servicing of property, plant and equipment are recognized as an expense in statement of profit or loss and other comprehensive income as incurred.

#### Depreciation

Depreciation is calculated on the straight line basis and recognized in statements of profit or loss to write off the cost or the revalued amount of each asset, except for land, to its residual value over the estimated useful life. The estimated useful life of assets are as follows:

	<b>Years</b>
Land improvements	5 - 20
Buildings and Condominium	20 - 50
Machinery and heavy equipment	8 - 25
Equipment, furniture and fixtures	3 - 5
Vehicles	5

No depreciation is provided on land and construction in progress.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Finance costs which occur from borrowings that specified for construction-in-progress projects and equipment installation projects will be capitalized as cost of construction in progress until the project is in ready condition as per management's intended purpose.

Mine restoration assets/residual ponds are amortized on units of production basis using the capacity volume of the residue ponds. Residual value and the estimated useful life of the assets are reviewed, and adjusted if appropriate, at the end of each reporting period.

### 3.7 Investment property

Investment property is the property which held to earn for rental or for capital appreciation or both, rather than for sale in the ordinary course of business or use in the production or supply of goods or services or for administrative purposes.

The Company measured investment property initially at its cost, including related transaction costs and less allowance for impairment, if any.

Depreciation is calculated by the straight-line method, based on the estimated useful life of assets. For investment property, the estimate useful live is 20 - 50 years.

### 3.8 Non-current assets held for sale

Non-current assets are classified as assets held for sale if their book value will be recovered principally through a sale transaction rather than through continuing use.

The group measured non-current assets held for sale by stated at the lower of book value and fair value less costs of sell. Loss from impairment will be recognized as expenses in the statement of profit or loss and other comprehensive income, if any.

### 3.9 Goodwill

Goodwill that arises upon the acquisition of subsidiaries is as intangible assets. The measurement of goodwill at initial recognition is described in Note 4. Subsequent to the initial recognition, goodwill is measured at cost less allowance for impairment loss. The Group assesses an impairment of goodwill annually, without consideration of indication that such goodwill may be impaired.

### 3.10 Intangible assets

Intangible assets are computer software, right of using Electrical Pole and transmission line which the Group has amortized as expenses, using straight-line method over useful life with 5 years and 25 years.

#### Amortization

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortization is recognized as an expense in the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of intangible asset, other than goodwill, from the date that they are available for use.

Amortization methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Intangible assets with indefinite useful lives are tested for impairment when there is an indicator that the asset may be impaired.

### 3.11 License for Energy Industry and its amortization

The Group recorded initial cost of License for Energy Industry which obtained from business combination at fair value as at business combination date. After initial recognition, License for Energy Industry is presented at cost less accumulated amortization and allowance for impairment, if any.

#### Amortization

The Group amortizes based on period of agreement for License for Energy Industry by using straight-line method for the remaining period of its subsidiaries since the date which the Group has controls over its subsidiaries.

### 3.12 Environmental rehabilitation, environmental risk assurance and restoration expenses

Under the terms of the Group's mining and production licenses, it is required to restore mining and production areas to their original conditions. The Group has recognized environmental rehabilitation and risk assurance provisions in respect to these costs as follows:

The Group accounts for environmental restoration and rehabilitation costs by estimating the costs of decommissioning mine properties and mine restoration assets and removal of any related assets and site restoration as part of the cost of restoration assets as at the date the obligation first arises and to the extent that it is first recognized as a provision.

Deferred environmental rehabilitation expenses and environmental risk assurance costs are amortized by the straight-line method over the useful life of mining area. Mine restoration assets are subsequently amortized on a unit-of production basis. The provisions are reviewed regularly and any changes in provisions are recognized as administrative expenses.

The corresponding restoration and rehabilitation provision, of an amount equivalent to the restoration asset created, is reviewed at the end of each reporting period. The provision is measured at the best estimate of the

present value amount required to settle the present obligation at the end of the reporting period based on current legal and other requirements and technology, discounted where material using the weighted average cost of capital at the statement of financial position date with terms to maturity that match, as closely as possible, the estimated future cash outflows.

Where there is a change in the expected restoration, rehabilitation or decommissioning costs, an adjustment is recorded against the carrying value of the provision and any related restoration asset, and the effects are recognized in the profit or loss on a prospective basis over the remaining life of the operation. Accretion expenses recognized due to unwinding of the effect of discounting of the restoration provision is included within administrative expenses in the statement of comprehensive income.

### 3.13 Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amounts are estimated. For goodwill and right to generate and sell electricity, the Group assesses an impairment annually.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized as an expense in the statement of profit or loss and other comprehensive income unless it reverses a previous revaluation credited to equity, in which case it is charged to statement of other comprehensive income.

#### Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use or fair value less costs to sell. In assessing 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

#### Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized as an expense in the statement of profit or loss and other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognized in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

### 3.14 Employee benefits

#### Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses when incurred.

#### Post-employment benefits - defined contribution plan

The Group operates a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by payments from employees and the Group. Contributions to the provident fund and obligations under contribution plan are charged as an expense to the statement of



comprehensive income in the period to which they relate.

#### Post-employment benefits - defined benefit plan

The employee benefits liabilities for severance payment as the labor law is recognized as an expense over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Group in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by actuarial technique using the Projected Unit Credit Method.

When the employee benefits are improved, the portion of the increased benefit relating to past service by employees is recognized in the statement of profit or loss and other comprehensive income on a straight-line basis over the average period until the benefits become vested.

When the actuarial assumptions are changed, the Group recognizes all actuarial gains (losses) immediately in other comprehensive income.

### 3.15 Income tax expenses

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized as income or expense in the statement of profit or loss and other comprehensive income except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill in the consolidated financial statements; the initial recognition of assets or liabilities in a transaction in the consolidated financial statement that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Group to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset when they relate to income tax levied by the same taxation authority and the Company and subsidiaries intends to settle its current tax assets and liabilities on a net basis.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized. The Company recognizes deferred tax liabilities for all taxable temporary differences in the consolidated and separate financial statements.

### 3.16 Revenue and expenses

Revenue excludes value added taxes and present as net after discount.

#### Revenue from sales of electricity

Revenue from sales of electricity generated from solar panels includes adder and fuel adjustment charge (Ft rate) net of operating expenses from Provincial Electricity Authority and Electricity Generating Authority is recognized when significant risks and rewards have been transferred to the buyer.

#### Sales of goods and rendering of services

Revenue from sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer. Revenue will not be recognized if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, revenues and costs cannot be measurable and available, or there is certainly probability of sell return.

#### Other income

Other income is recognized on accrual basis.

#### Dividend received

Dividend received is recognized on the date the Group's right to receive payments is established.

#### Interest income

Interest income is recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

#### Expenses

Expenses are recognized in the statement of profit or loss and other comprehensive income on an accrual basis.

### 3.17 Finance costs

Finance costs comprise of interest expense on borrowings and contingent consideration.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognized in statement of profit or loss and other comprehensive income using the effective interest method.

### 3.18 Lease

#### 3.18.1 Operating lease

Leases not transferring a significant portion of the risks and rewards of ownership to the lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged as expenses to the statement of profit or loss and other comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

#### 3.18.2 Finance lease

Leases which the Group has transferred a significant portion of the risks and rewards of ownership to the lessee except for legal are classified as finance leases. The Group recognized leased assets at fair value at the beginning of lease period with obliged liabilities. Depreciation of leased assets is depreciated by straight-line method based on the estimated useful lives of asset. Interest or finance fee and depreciation are recognized as expenses in the statement of profit or loss and other comprehensive income.

### 3.19 Basic earnings (loss) per share

The calculations of basic earnings (loss) per share were based on the profit for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted earnings (loss) per share were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

### 3.20 Foreign currencies

#### Transactions in foreign currencies

Transactions in foreign currencies are translated to Thai Baht at the foreign exchange rates ruling at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the foreign exchange rates ruling at that date. Foreign exchange differences arising on translation are recognized as profit or loss in statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of transactions.

#### Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on translation are recognized as other comprehensive income in the statement of profit or loss and other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

### 3.21 Derivative financial instruments

Derivative financial instruments are used to manage exposure of fluctuations in foreign exchange, interest rate and product price risks arising from operational, financing and investment activities.

Such derivatives are not recognized on statement of financial position at inception, since they relate to future transactions (or underlying) which are not yet reflected in the financial statements. Gains and losses on those derivative contracts are recognized in the financial statements upon settlement of the transactions. Further details of financial instruments are disclosed in Notes 31.

The Group has no policy to speculate in or engage in the trading of any derivative financial instruments.

### 3.22 Fair value measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of TFRS 2 (Revised 2017), leasing transactions that are within the scope of TAS 17 (Revised 2017), and measurements that have some similarities to fair value but

are not fair value, such as net realizable value in TAS 2 (Revised 2017) or value in use in TAS 36 (Revised 2017).

In addition, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, which are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3.23 Accounting estimated and source of estimation uncertainty

#### 3.23.1 Use of management's critical judgements in applying accounting policies

The preparation of financial statements in conformity with generally accepted accounting principles requires the Group's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the statements of financial position and the reported amounts of revenue and expense during the reporting period. Although these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

Critical judgments in applying accounting policies are as follows:

##### (1) Environmental restoration and rehabilitation costs and environmental risk assurance costs

Deferred environmental restoration and rehabilitation expenses and provision for environmental restoration and rehabilitation expenses are recognized in the statement of financial position using the present value of the management's best estimation of future cash flows to be required to settle the expenditures for rehabilitation activities.

Deferred environmental risk assurance expenses and provision for environmental risk assurance expenses are recognized in the statement of financial position using the present value of the instalments plan.

Significant judgment is required in determining the environmental restoration and rehabilitation expenses as there are many transactions and factors that will affect the ultimate liability payable to rehabilitate the mine site. Factors that will affect this liability includes future development, changes in technology, commodity price changes and changes in interest rates.

##### (2) Useful lives of property, plant and equipment

The Group's management reviews the estimated useful lives of property, plant and equipment at the end of each reporting period. Details of useful lives of the property, plant and equipment are set out in Note 3.6.

##### (3) Impairment

The Group shall assess the assets balance with definite useful lives are tested for impairment when there is an indicator that the asset may be impaired. For the assets balance with indefinite useful lives are tested for impairment annually or when there is an indicator that the asset may be impaired, the recoverable amounts are estimated.



## (4) Recognition of deferred tax assets associated with tax losses carried forward

A deferred tax asset is recognized to the extent that it is probable that it will be utilized in the future and the Company has assessed it to be probable that the Company will generate taxable income sufficient to fully utilize the tax losses that exist.

## (5) Provisions for employee benefit

The present value of the provisions for employee benefit depends on a number of factors that are determined on an actuarial basis using a number of assumptions, including the discount rate. Any changes in these assumptions will have an impact on the carrying amount of such obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group's considers the market yield of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related obligations.

Past service cost related to the plan amendment is recognized as an expense in the income statement when the plan amendment has occurred. The management of the Company [and its subsidiaries] judgmentally considered that an obligation arises only when the legislation is virtually certain to be enacted as drafted. Additional details are set out in Note 21.

## 3.23.2 Key sources of estimation uncertainty

## (1) Fair value measurements and valuation processes

Some of the Group's assets and liabilities are measured at fair value for financial reporting purposes.

In estimating the fair value of an asset or liability, the Group uses market-observable data to the extent it is available. Where Level 1 inputs are not available, the Group uses other observable information either directly or indirectly.

Information about valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in Notes 31 and 32.

## (2) Calculation of recoverable amount

In the calculation of recoverable amount, the Group's management estimated the future cash flows 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. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

## (3) Impairment of right to product and sell electricity

Determining whether right to produce and sell electricity is impaired requires an estimation of the value in use of the cash-generating units to which right to produce and sell electricity has been allocated. The value in use calculation requires the Group's management to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value where the actual future cash flows are less than expected, a material impairment loss may arise.

#### 4. Acquisition

On September 15, 2017, Padaeng Industry Public Company Limited and its subsidiaries ("the Group") purchased the shares of Symbior Elements Pte. Ltd. ("Symbior") through one of its subsidiary, for 100% of total issued and paid-up share capital, totaling Baht 1,112.51 million from former shareholders of such companies. Such share purchase in the Symbior group, the subsidiaries of Symbior would be considered as indirect subsidiaries of the Group as follows:

- (1) ATC Enviro Co., Ltd.
- (2) P.P.Solar (Nong-No) Co., Ltd.
- (3) Symbior Elements Pte. Ltd.

The net identifiable assets acquired on the date of acquisition were as follows:

	Unit : Million Baht
Cash and cash equivalent	156
Trade and other current receivables	42
Inventories	2
Other current assets	89
Property, plant and equipment	1,724
License for Energy Industry	691
Short-term loans from financial institutions	(147)
Trade and other current payables	(10)
Current portion of long-term loans from financial institutions	(104)
Other current liabilities	(4)
Long-term loans from financial institutions	(1,101)
Loans from related parties	(142)
Deferred tax liabilities	(109)
<b>Total identifiable net assets</b>	<b>1,087</b>
Consideration transferred	1,113
<b>Goodwill</b>	<b>26</b>

Since September 15, 2017, the acquisition date, up to December 31, 2017, the Symbior group had revenue and net income which was included in the financial performance for the year ended December 31, 2017 was as follows:

	Unit : Million Baht	
	<u>Total revenue</u>	<u>Net profit</u>
For the year ended December 31, 2017	63	41

For the preparation of the consolidated financial statements for the year ended December 31, 2017, the Group used the net assets value at the business acquisition date from the interim financial information of Symbior group adjusted with other relevant factors which may affect such value as the consideration received from this business acquisition and recorded the difference amount between the purchasing price and the value of consideration received as goodwill amounting to Baht 26 million.

## 5. Additional Cash Flow Information

5.1 Cash and cash equivalents as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Cash on hand	423,921	1,203,616	150,000	200,000
Cash at banks	247,255,404	285,492,484	207,757,189	134,146,843
Highly liquid short-term investments	638,979,864	748,314,363	464,577,032	651,741,556
Total	<u>886,659,189</u>	<u>1,035,010,463</u>	<u>672,484,221</u>	<u>786,088,399</u>

As at December 31, 2018 and 2017, the average interest rates on cash at banks and highly liquid short-term investments are in the range of 0.10% - 3.20% per annum.

5.2 Non-cash transactions are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Transferred land, land improvement and buildings to non-current assets held for sale	-	185,559,896	-	185,559,896
Transferred condominium to investment in property	-	983,892	-	983,892
Transferred non-current assets held for sale to investment property	184,571,820	-	184,571,820	-
Land, land improvement, condominium and buildings increased from revaluation	-	485,136,678	-	485,136,678
Less Deferred tax liabilities	-	(97,027,336)	-	(97,027,336)
Revaluation surplus on assets - net of income tax	-	<u>388,109,342</u>	-	<u>388,109,342</u>

## 6. Short-Term Investments

Short-term investments represented investment in debt securities and the deposit in a private fund which invest in trading of derivatives, unit trust and listed securities (see Note 32).

## 7. Trade and Other Current Receivables

Trade and other current receivables as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Trade receivables - other companies	235,749,197	419,009,591	210,372,978	396,017,726
Other receivables - other companies	12,632,853	13,920,677	6,648,262	6,168,335
Other receivables - related companies	6,726,555	939,646	7,326,555	939,646
Accrued income	17,849,589	16,940,778	-	-
Prepaid expenses	26,068,872	32,029,542	1,019,794	2,953,693
Others	1,836,359	744,905	805,451	409,288
Total	300,863,425	483,585,139	226,173,040	406,488,688

Outstanding trade receivables as at December 31, 2018 and 2017 separated by aging analysis as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Up to 3 months	235,749,197	419,009,591	210,372,978	396,017,726
Total	235,749,197	419,009,591	210,372,978	396,017,726

## 8. Loan to Other Party

On September 9, 2011, the Company entered into loan agreement with Maesod Clean Energy Co., Ltd. which was Joint Venture. The Company had provided loan to Maesod Clean Energy Co., Ltd. of Baht 105 million in October 2011. The Company was eligible to convert this loan into equity of such joint venture. On February 16, 2017, the Company entered into Share Purchase Agreement with MP Energy Co., Ltd. to sell all shares of Maesod Clean Energy Co., Ltd. In addition, the Company has made the addendum to loan agreement with Maesod Clean Energy Co., Ltd. in the same day. For the outstanding loan of Baht 105 million, the first payment was settled and received on February 16, 2018 of Baht 52.50 million. Subsequently, on February 15, 2019, the Company has fully received the loan of Baht 52.50 million.



## 9. Inventories

Inventories as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Spare parts and consumables	41,548,464	44,764,589	40,258,116	43,112,441
Goods in transit	353,507,687	332,929,217	353,507,687	332,929,217
Finished goods	149,836,395	231,980,928	149,836,395	231,980,928
	544,892,546	609,674,734	543,602,198	608,022,586
Less Allowance for obsolete inventories	(40,258,116)	(42,204,977)	(40,258,116)	(42,204,977)
Total	504,634,430	567,469,757	503,344,082	565,817,609

## 10. Non-Current Assets Held for Sale and Investment Property

Non-current assets held for sale as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Cost	334,135,887	2,047,198,222	334,135,887	2,047,198,222
Less Accumulated depreciation	(333,503,557)	(1,830,032,805)	(333,503,557)	(1,830,032,805)
	632,330	217,165,417	632,330	217,165,417
Less Allowance for impairment	-	(31,605,580)	-	(31,605,580)
Total	632,330	185,559,837	632,330	185,559,837

On April 10, 2018, the Company entered into a contract for sell some obsoleted assets including demolishing for Rayong Plant with one contractor. Contract value is Baht 60 million. The Company recognized a partly revenue from demolishing amount of Baht 21.6 million in 2018.

Subsequently, on June 30, 2018, one year after recognized them as non-current assets held for sale, the Company has not been able to procure the potential buyers for land and buildings in Tak and Rayong. Therefore, the Company reclassified them as investment property in amount of Baht 184.57 million. As a result, investment property as at December 31, 2018 and 2017 in consolidated and separate financial statement are Baht 185.53 million and 0.96 million, respectively.

## 11. Other Current Assets

Other current assets as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Deposits	347,059,594	320,873,206	347,059,594	320,873,206
Others	494,024	4,517,494	331,094	4,036,496
Total	347,553,618	325,390,700	347,390,688	324,909,702

## 12. Long-Term Investments

PDI Asia Solar Co., Ltd. ("PDI Asia Solar"), a subsidiary of PDI Energy Co., Ltd., has entered into the Tokumei Kumiai Agreement ("TK Agreement") dated April 28, 2016 as a TK investor to provide contribution funding equal to 97% of total investment to Green Brilliant Godo Kaisha ("GBGK") who invest into 13 Megawatts solar farms in Japan. PDI Asia Solar will receive allocated profit distribution as return. A local independent asset management company has been engaged to control assets and monitor the return of the investment.

In March 2018, PDI Asia Solar increased the investment for JPY 412.28 million or Baht 122.65 million. As at December 31, 2018 and 2017, total contributed amounts are Baht 590.46 million and Baht 465.96 million, respectively.

Whereas J-Solar Co., Ltd. ("J-Solar"), a subsidiary of PDI Energy Co., Ltd., has entered into the Equity Interest Transfer Agreement dated April 22, 2016 to invest in Century Asset Management Kabushiki Kaisha ("CKK") in Japan. CKK has further invested in 3% GBGK shares or JPY 51 million as a non-executive member.

As at December 31, 2018 and 2017, total investment amounts are Baht 14.60 million and Baht 14.43 million, respectively. The control shares were transferred from CKK to ISH Radiant Solar to comply with the related regulations in Japan.

The profit pay to PDI Asia Solar and J-Solar distribution of this long term investment is based on the GBGK's operation result with the defined period. The profit distribution will reflect the performance of solar power plant and return of capital investment which shown as reduction of investment value accordingly.

### 13. Property, Plant and Equipment

Property, plant and equipment as at December 31, 2018 and 2017 consisted of:

As at December 31, 2018

CONSOLIDATED FINANCIAL STATEMENTS					Unit : Baht
	Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/ (out)	Balance as at December 31, 2018
<b>Cost</b>					
Land and Land improvements					
Original cost	341,768,646	-	(16,539)	-	341,752,107
Appraised value	252,104,866	-	(244,911)	-	251,859,955
Buildings and Condominium					
Original cost	73,089,610	235,032	-	-	73,324,642
Appraised value	232,611,790	-	-	-	232,611,790
Machinery and heavy equipment	7,605,781,156	975,079	(1,258,867)	155,921	7,605,653,289
Equipment, furniture and fixtures	472,485,775	135,796	(10,123,642)	-	462,497,929
Vehicles	131,809,247	3,575,475	(12,589,165)	-	122,795,557
Building and machinery under constructions	178,544	900,000	(22,623)	(155,921)	900,000
Mine restoration assets	175,348,496	-	-	-	175,348,496
<b>Total cost</b>	<b>9,285,178,130</b>	<b>5,821,382</b>	<b>(24,255,747)</b>	<b>-</b>	<b>9,266,743,765</b>
<b>Accumulated depreciation</b>					
Land improvements					
Original cost	(93,022,399)	(787,095)	-	-	(93,809,494)
Buildings and Condominium					
Original cost	(58,247,507)	(5,800,341)	-	-	(64,047,848)
Appraised value	(4,770,467)	(9,540,933)	-	-	(14,311,400)
Machinery and heavy equipment	(5,609,782,830)	(84,123,732)	322,557	-	(5,693,584,005)
Equipment, furniture and fixtures	(460,415,325)	(1,435,863)	9,989,131	-	(451,862,057)
Vehicles	(130,004,634)	(197,107)	12,589,153	-	(117,612,588)
Mine restoration assets	(175,348,496)	-	-	-	(175,348,496)
<b>Total Accumulated depreciation</b>	<b>(6,531,591,658)</b>	<b>(101,885,071)</b>	<b>22,900,841</b>	<b>-</b>	<b>(6,610,575,888)</b>
<b>Accumulated provision for impairment</b>	<b>(212,893,608)</b>	<b>-</b>	<b>101,164</b>	<b>-</b>	<b>(212,792,444)</b>
<b>Total Property, plant and equipment</b>	<b>2,540,692,864</b>				<b>2,443,375,433</b>

As at December 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS						Unit : Baht
	Balance as at January 1, 2017	Addition	Acquired in a business acquisition	(Disposal)	Transfer in/ (out)	Balance as at December 31, 2017
<b>Cost</b>						
Land and Land improvement						
Original cost	808,852,497	-	203,993,700	(679,129,493)	8,051,942	341,768,646
Appraised value	-	252,524,888	-	(420,022)	-	252,104,866
Buildings and Condominium						
Original cost	1,675,590,619	-	-	(1,603,034,287)	533,278	73,089,610
Appraised value	-	232,611,790	-	-	-	232,611,790
Machinery and heavy equipment	6,074,065,843	15,283,525	1,519,852,000	(8,077,993)	4,657,781	7,605,781,156
Equipment, furniture and fixtures	511,105,806	655,869	-	(40,165,539)	889,639	472,485,775
Vehicles	238,005,495	-	-	(106,196,248)	-	131,809,247
Building and machinery under constructions	161,089	14,150,095	-	-	(14,132,640)	178,544
Mine restoration assets	178,761,256	-	-	(3,412,760)	-	175,348,496
<b>Total cost</b>	<b>9,486,542,605</b>	<b>515,226,167</b>	<b>1,723,845,700</b>	<b>(2,440,436,342)</b>	<b>-</b>	<b>9,285,178,130</b>
<b>Accumulated depreciation</b>						
Land improvement						
Original cost	(572,285,686)	(8,182,761)	-	487,446,048	-	(93,022,399)
Buildings and Condominium						
Original cost	(1,618,614,658)	(15,216,896)	-	1,575,584,047	-	(58,247,507)
Appraised value	-	(4,770,467)	-	-	-	(4,770,467)
Machinery and heavy equipment	(5,533,523,801)	(84,147,019)	-	7,887,990	-	(5,609,782,830)
Equipment, furniture and fixtures	(478,819,750)	(5,352,709)	-	23,757,134	-	(460,415,325)
Vehicles	(228,260,584)	(2,185,878)	-	100,441,828	-	(130,004,634)
Mine restoration assets	(172,892,978)	(6,329,485)	-	3,873,967	-	(175,348,496)
<b>Total Accumulated depreciation</b>	<b>(8,604,397,457)</b>	<b>(126,185,215)</b>	<b>-</b>	<b>2,198,991,014</b>	<b>-</b>	<b>(6,531,591,658)</b>
<b>Accumulated provision for impairment</b>	<b>(237,280,881)</b>	<b>(18,454,260)</b>	<b>-</b>	<b>42,841,533</b>	<b>-</b>	<b>(212,893,608)</b>
<b>Total Property, plant and equipment</b>	<b>644,864,267</b>					<b>2,540,692,864</b>
<b>Depreciation for the years ended December 31,</b>						
2018					<b>Baht</b>	<b>101,885,071</b>
2017					<b>Baht</b>	<b>126,185,215</b>



As at December 31, 2018

SEPARATED FINANCIAL STATEMENTS					Unit : Baht
	Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/ (out)	Balance as at December 31, 2018
<b>Cost</b>					
Land and Land improvement					
Original cost	34,313,969	-	(16,539)	-	34,297,430
Appraised value	252,104,866	-	(244,911)	-	251,859,955
Buildings and Condominium					
Original cost	12,414,966	-	-	-	12,414,966
Appraised value	232,611,790	-	-	-	232,611,790
Machinery and heavy equipment	5,688,243,486	-	(211,215)	-	5,688,032,271
Equipment, furniture and fixtures	423,918,512	96,600	(10,019,042)	-	413,996,070
Vehicles	115,809,418	3,419,400	(12,589,166)	-	106,639,652
Building and machinery under constructions	462	-	(462)	-	-
Mine restoration assets	175,348,496	-	-	-	175,348,496
<b>Total cost</b>	<b>6,934,765,965</b>	<b>3,516,000</b>	<b>(23,081,335)</b>	<b>-</b>	<b>6,915,200,630</b>
<b>Accumulated depreciation</b>					
Buildings and Condominium					
Original cost	(493,521)	(1,028,724)	-	-	(1,522,245)
Appraised value	(4,770,467)	(9,540,933)	-	-	(14,311,400)
Machinery and heavy equipment	(5,456,231,233)	-	165,426	-	(5,456,065,807)
Equipment, furniture and fixtures	(413,624,965)	(622,957)	9,917,574	-	(404,330,348)
Vehicles	(114,069,203)	(102,806)	12,589,152	-	(101,582,857)
Mine restoration assets	(175,348,496)	-	-	-	(175,348,496)
<b>Total Accumulated depreciation</b>	<b>(6,164,537,885)</b>	<b>(11,295,420)</b>	<b>22,672,152</b>	<b>-</b>	<b>(6,153,161,153)</b>
<b>Accumulated provision for impairment</b>	<b>(212,893,608)</b>	<b>-</b>	<b>101,164</b>	<b>-</b>	<b>(212,792,444)</b>
<b>Total Property, plant and equipment</b>	<b>557,334,472</b>				<b>549,247,033</b>

## As at December 31, 2017

	SEPARATED FINANCIAL STATEMENTS				Unit : Baht
	Balance as at January 1, 2017	Addition	(Disposal)	Transfer in/ (out)	Balance as at December 31, 2017
<b>Cost</b>					
Land and Land improvement					
Original cost	713,443,462	-	(679,129,493)	-	34,313,969
Appraised value	-	252,524,888	(420,022)	-	252,104,866
Buildings and Condominium					
Original cost	1,615,449,253	-	(1,603,034,287)	-	12,414,966
Appraised value	-	232,611,790	-	-	232,611,790
Machinery and heavy equipment	5,676,981,154	15,281,245	(8,077,993)	4,059,080	5,688,243,486
Equipment, furniture and fixtures	463,209,825	637,369	(40,165,539)	236,857	423,918,512
Vehicles	222,005,666	-	(106,196,248)	-	115,809,418
Building and machinery under constructions	161,089	4,135,310	-	(4,295,937)	462
Mine restoration assets	178,761,256	-	(3,412,760)	-	175,348,496
<b>Total cost</b>	<b>8,870,011,705</b>	<b>505,190,602</b>	<b>(2,440,436,342)</b>	<b>-</b>	<b>6,934,765,965</b>
<b>Accumulated depreciation</b>					
Land improvement					
Original cost	(479,707,221)	(7,738,827)	487,446,048	-	-
Buildings and Condominium					
Original cost	(1,562,470,801)	(13,606,767)	1,575,584,047	-	(493,521)
Appraised value	-	(4,770,467)	-	-	(4,770,467)
Machinery and heavy equipment	(5,413,510,859)	(50,608,364)	7,887,990	-	(5,456,231,233)
Equipment, furniture and fixtures	(432,877,851)	(4,504,248)	23,757,134	-	(413,624,965)
Vehicles	(212,427,735)	(2,083,295)	100,441,827	-	(114,069,203)
Mine restoration assets	(172,892,978)	(6,329,485)	3,873,967	-	(175,348,496)
<b>Total Accumulated depreciation</b>	<b>(8,273,887,445)</b>	<b>(89,641,453)</b>	<b>2,198,991,013</b>	<b>-</b>	<b>(6,164,537,885)</b>
<b>Accumulated provision for impairment</b>	<b>(237,280,881)</b>	<b>(18,454,260)</b>	<b>42,841,533</b>	<b>-</b>	<b>(212,893,608)</b>
<b>Total Property, plant and equipment</b>	<b>358,843,379</b>				<b>557,334,472</b>
<b>Depreciation for the years ended December 31,</b>					
2018				<b>Baht</b>	<b>11,295,420</b>
2017				<b>Baht</b>	<b>89,641,453</b>

As at December 31, 2018 and 2017, ATC Enviro Co., Ltd. has mortgaged land, building and power plants in the amount of Baht 1,483.18 million and Baht 1,553.50 million, respectively, as collateral for long-term loans from financial institutions (see Notes 17 and 19).

As at December 31, 2018 and 2017, P.P. Solar (Nong-No) Co., Ltd. has mortgaged land and factory in the amount of Baht 70.06 million and Baht 73.97 million, respectively, as collateral for long-term loans from financial institutions (see Notes 17 and 19).

As at December 31, 2018, PDI Mae Ramat Co., Ltd. has mortgaged of land leasing right, building and power plants in the amount of Baht 283.97 million as collateral for long-term loans from financial institutions (see Notes 17 and 19) (2017 : Nil).

## Provision for asset impairment

Asset impairment charges represent a write-down in the book value of assets which exceed their estimated recoverable amount based on a review of each asset's fair value less costs to sell and value in use.

Changes in impairment provision movement are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
At January 1,	212,893,608	237,280,881	212,893,608	237,280,881
Reversal during the years	(101,164)	(24,387,273)	(101,164)	(24,387,273)
At December 31,	212,792,444	212,893,608	212,792,444	212,893,608

Unit : Baht

## 14. Intangible Assets

Intangible assets as at December 31, 2018 and 2017 consisted of:

### As at December 31, 2018

	CONSOLIDATED FINANCIAL STATEMENTS				Balance as at December 31, 2018
	Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/(out)	
<b>Cost</b>					
Software Computer	40,495,108	-	-	-	40,495,108
Right of using Electrical Pole and transmission line	4,534,894	-	-	-	4,534,894
License for Energy Industry	912,646,792	-	-	-	912,646,792
Software computer under installation	-	2,636,710	-	-	2,636,710
<b>Total cost</b>	<b>957,676,794</b>	<b>2,636,710</b>	<b>-</b>	<b>-</b>	<b>960,313,504</b>
<b>Accumulated depreciation</b>					
Software Computer	(39,742,145)	(735,879)	-	-	(40,478,024)
Right of using Electrical Pole and transmission line	(729,559)	(181,396)	-	-	(910,955)
License for Energy Industry	(29,809,653)	(44,339,244)	-	-	(74,148,897)
<b>Total accumulated amortization</b>	<b>(70,281,357)</b>	<b>(45,256,519)</b>	<b>-</b>	<b>-</b>	<b>(115,537,876)</b>
<b>Total</b>	<b>887,395,437</b>				<b>844,775,628</b>

Unit : Baht

As at December 31, 2017

CONSOLIDATED FINANCIAL STATEMENTS						Unit : Baht
	Balance as at January 1, 2017	Acquired in a business acquisition	Addition	(Disposal)	Transfer in/(out)	Balance as at December 31, 2017
<b>Cost</b>						
Software Computer	40,518,758	-	-	(23,650)	-	40,495,108
Right of using Electrical Pole and transmission line	4,534,894	-	-	-	-	4,534,894
License for Energy Industry	221,646,792	691,000,000	-	-	-	912,646,792
<b>Total cost</b>	<u>266,700,444</u>	<u>691,000,000</u>	<u>-</u>	<u>(23,650)</u>	<u>-</u>	<u>957,676,794</u>
<b>Accumulated depreciation</b>						
Software Computer	(39,017,664)	-	(748,130)	23,649	-	(39,742,145)
Right of using Electrical Pole and transmission line	(547,666)	-	(181,893)	-	-	(729,559)
License for Energy Industry	(264,022)	-	(29,545,631)	-	-	(29,809,653)
<b>Total accumulated amortization</b>	<u>(39,829,352)</u>	<u>-</u>	<u>(30,475,654)</u>	<u>23,649</u>	<u>-</u>	<u>(70,281,357)</u>
<b>Total</b>	<u>226,871,092</u>					<u>887,395,437</u>
<b>Amortization for the years ended December 31,</b>						
2018					<b>Baht</b>	<u>45,256,519</u>
2017					<b>Baht</b>	<u>30,475,654</u>

As at December 31, 2018

SEPARATE FINANCIAL STATEMENTS					Unit : Baht
	Balance as at January 1, 2018	Addition	(Disposal)	Transfer in/(out)	Balance as at December 31, 2018
<b>Cost</b>					
Software Computer	37,123,459	-	-	-	37,123,459
Software computer under installation	-	2,636,710	-	-	2,636,710
<b>Total cost</b>	<u>37,123,459</u>	<u>2,636,710</u>	<u>-</u>	<u>-</u>	<u>39,760,169</u>
<b>Accumulated depreciation</b>					
Software Computer	(37,041,132)	(65,244)	-	-	(37,106,376)
<b>Total accumulated amortization</b>	<u>(37,041,132)</u>	<u>(65,244)</u>	<u>-</u>	<u>-</u>	<u>(37,106,376)</u>
<b>Total</b>	<u>82,327</u>				<u>2,653,793</u>



As at December 31, 2017

SEPARATE FINANCIAL STATEMENTS					Unit : Baht
	Balance as at January 1, 2017	Addition	(Disposal)	Transfer in/(out)	Balance as at December 31, 2017
<b>Cost</b>					
Software Computer	37,147,109	-	(23,650)	-	37,123,459
<b>Total cost</b>	37,147,109	-	(23,650)	-	37,123,459
<b>Accumulated depreciation</b>					
Software Computer	(36,992,828)	(71,953)	23,649	-	(37,041,132)
<b>Total accumulated amortization</b>	(36,992,828)	(71,953)	23,649	-	(37,041,132)
<b>Total</b>	154,281				82,327
<b>Amortization for the years ended December 31,</b>					
2018				Baht	65,244
2017				Baht	71,953

As at December 31, 2018 and 2017, in the consolidated financial statements, the significant intangible assets-net in amount of Baht 646.01 million and Baht 680.73 million respectively, represented the value of Power Purchase Agreements from the acquisition of Symbior group on September 15, 2017 and incurred from the acquisition of PDI Mae Ramat Co., Ltd. in December 2016 in amount of Baht 192.48 million and Baht 221.38 million, respectively.

## 15. Other Non-Current Assets

Other non-current assets as at December 31, 2018 and 2017 consisted of:

Unit : Baht				
	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Interest receivable	-	-	58,812,334	19,390,337
Other	1,048,811	992,312	719,313	719,311
Total	1,048,811	992,312	59,531,647	20,109,648

## 16. Deferred Tax Assets and Liabilities and Income Tax Expenses

Deferred tax assets and liabilities as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Deferred tax assets	-	-	-	-
Deferred tax liabilities	(203,345,290)	(205,253,476)	(94,383,290)	(96,291,476)

Unit : Baht

Movements of deferred tax assets and liabilities during the years are as follows :

### As at December 31, 2018

	CONSOLIDATED FINANCIAL STATEMENTS			Unit : Baht
	Balance as at January 1, 2018	Increase	Decrease	Balance as at December 31, 2018
Deferred tax liabilities				
Fair value adjustment of subsidiaries' assets regarding business acquisition	(108,962,000)	-	-	(108,962,000)
Revaluation surplus on assets	(96,073,242)	-	1,908,186	(94,165,056)
Others	(218,234)	-	-	(218,234)
Total	(205,253,476)	-	1,908,186	(203,345,290)

### As at December 31, 2017

	CONSOLIDATED FINANCIAL STATEMENTS			Unit : Baht
	Balance as at January 1, 2017	Increase	Decrease	Balance as at December 31, 2017
Deferred tax assets	31,640,000	-	(31,640,000)	-
Total	31,640,000	-	(31,640,000)	-
Deferred tax liabilities				
Fair value adjustment of subsidiaries' assets regarding business acquisition	-	(108,962,000)	-	(108,962,000)
Revaluation surplus on assets	-	(97,027,336)	954,094	(96,073,242)
Others	(218,234)	-	-	(218,234)
Total	(218,234)	(205,989,336)	954,094	(205,253,476)

## As at December 31, 2018

SEPARATED FINANCIAL STATEMENTS				Unit : Baht
	Balance as at January 1, 2018	Increase	Decrease	Balance as at December 31, 2018
Deferred tax liabilities				
Revaluation surplus on assets	(96,073,242)	-	1,908,186	(94,165,056)
Others	(218,234)	-	-	(218,234)
Total	(96,291,476)	-	1,908,186	(94,383,290)

## As at December 31, 2017

SEPARATED FINANCIAL STATEMENTS				Unit : Baht
	Balance as at January 1, 2017	Increase	Decrease	Balance as at December 31, 2017
Deferred tax assets	31,640,000	-	(31,640,000)	-
Total	31,640,000	-	(31,640,000)	-
Deferred tax liabilities				
Revaluation surplus on assets	-	(97,027,336)	954,094	(96,073,242)
Others	(218,234)	-	-	(218,234)
Total	(218,234)	(97,027,336)	954,094	(96,291,476)

Deferred income tax assets are recognized for tax loss and carry forwards only to the extent that realization of the related tax benefit through the future taxable profits is probable. The Company has no any unrecognized tax losses to carry forward against future taxable income.

As at December 31, 2018 and 2017, there is no deferred tax assets presented in the consolidated statement of financial position and separate statement of financial position because there is no probable future taxable income which the temporary differences can be utilized.

**Income tax expenses**

Income tax expenses recognized in statements of profit or loss and other comprehensive income for the years ended December 31, 2018 and 2017 were as follows:

	<b>CONSOLIDATED</b>		<b>SEPARATE</b>	
	<b>FINANCIAL STATEMENTS</b>		<b>FINANCIAL STATEMENTS</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Current tax expense				
Current year	(281,260)	(71,190,347)	-	(70,812,586)
Adjustment for prior years	(2,730,436)	1,274,797	(2,730,436)	1,323,250
	(3,011,696)	(69,915,550)	(2,730,436)	(69,489,336)
Deferred tax expense (income)				
Movements in temporary differences	1,908,186	(30,685,906)	1,908,186	(30,685,906)
Total tax expense	(1,103,510)	(100,601,456)	(822,250)	(100,175,242)

**Reconciliation of effective tax rate**

	<b>CONSOLIDATED FINANCIAL STATEMENTS</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Rate (%)</b>	<b>Amount</b>	<b>Rate (%)</b>	<b>Amount</b>
Loss (profit) before income tax expense		40,661,192		(1,005,879,750)
<u>Less</u> Benefits from Promotional Privileges		118,863,214		52,214,639
Loss (profit) before income tax expense - net		159,524,406		(953,665,111)
Income tax using applicable tax rate	20.00	31,904,881	20.00	(190,733,022)
Adjustment in respect of prior year		(2,730,436)		1,274,797
Effects of net loss not recognized as deferred tax assets		(39,282,365)		-
Deferred tax relating to origination and reversal of temporary differences		1,908,186		(30,685,906)
Tax effect of income and expenses that are not taxable and not deductible for tax purposes		7,096,224		119,542,675
Income tax expenses	(0.69)	(1,103,510)	10.55	(100,601,456)



					Unit : Baht	
					SEPARATE FINANCIAL STATEMENTS	
					2018	2017
	Rate (%)	Amount		Rate (%)	Amount	
Loss (profit) before income tax expense		71,375,592			(968,113,725)	
Income tax using applicable tax rate	20.00	14,275,118		20.00	(193,622,745)	
Adjustment in respect of prior year		(2,730,436)			1,323,250	
Effects of net loss not recognized as deferred tax assets		(21,301,430)			-	
Deferred tax relating to origination and reversal of temporary differences		1,908,186			(30,685,906)	
Tax effect of income and expenses that are not taxable and not deductible for tax purposes		7,026,312			122,810,159	
Income tax expenses	(1.15)	(822,250)		10.35	(100,175,242)	

## 17. Short-Term Loan From Financial Institutions

In consolidated financial statements as at December 31, 2017, the Company's subsidiary had short-term loan from financial institutions in amount of Baht 140.70 million arrangement to fund its operations. The interest rates of the promissory notes are at MLR per annum. Such short-term loan are secured by the same collateral as long-term loan from financial institutions (see Notes 13 and 19). Subsequently, on December 24, 2018 the Company's subsidiary had fully paid such short-term loan. (2018 : Nil)

Financing arrangements available					Unit : Baht	
					SEPARATE FINANCIAL STATEMENTS	
					2018	2017
	2018	2017		2018	2017	
Bank overdrafts	40,000,000	40,000,000		40,000,000	40,000,000	
Short-term loans	1,200,000,000	2,440,702,205		1,200,000,000	2,300,000,000	
Bank guarantees	910,116,000	734,440,427		907,076,000	731,400,427	
Total	2,150,116,000	3,215,142,632		2,147,076,000	3,071,400,427	

Reconciliation of liabilities arising from financing activities for years ended December 31, 2018 and 2017 are as follows:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
As at January 1,	140,702,205	205,006,310	-	205,006,310
<b>Cash flow</b>				
Increases	-	-	-	-
Payment	(140,702,205)	(211,324,105)	-	(205,006,310)
<b>Total cash flow</b>	(140,702,205)	(211,324,105)	-	(205,006,310)
<b>Non-cash flow</b>				
Increases from acquisition	-	147,020,000	-	-
<b>Total non-cash flow</b>	-	147,020,000	-	-
Ending balance for the years	-	140,702,205	-	-

## 18. Trade and Other Current Payables

Trade and other current payables as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Trade accounts payables - others	449,495,982	336,144,489	448,278,802	335,464,146
Other payables - others	8,908,037	12,544,045	7,899,541	11,945,615
Other payable - related parties	85,695	86,004	103,775	98,625
Accrued expenses	23,797,360	72,111,300	11,575,890	56,892,700
Others	50,535,500	60,783,048	42,258,932	58,228,438
<b>Total</b>	<b>532,822,574</b>	<b>481,668,886</b>	<b>510,116,940</b>	<b>462,629,524</b>

## 19. Long-Term Loans from Financial Institutions

Long-term loans from financial institutions as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED FINANCIAL STATEMENTS				Unit : Baht
	Long-term loans from financial institutions		Interest rate % Per annum		Condition to maintain financial ratios
	2018	2017	2018	2017	
<b>ATC Enviro Co., Ltd.</b>					
-repayable from June 2016 to 2029 on quarterly basis	1,032,106,300	1,130,613,100	THBFIX6M +3.25%	THBFIX6M +3.25%	Yes
<b>P.P. Solar (Nong-No) Co., Ltd.</b>					
-repayable from December 2013 to 2023 on quarterly basis	11,753,760	21,943,520	THBFIX6M +3.25%	THBFIX6M +3.25%	Yes
<b>PDI Mae Ramat Co., Ltd.</b>					
-repayable from March 2018 to 2027 on quarterly basis	235,796,400	-	THBFIX3M +2.5%	THBFIX3M +2.5%	Yes
<b>Total</b>	<b>1,279,656,460</b>	<b>1,152,556,620</b>			
<b>Less</b> Deferred financing fee	<b>(2,084,335)</b>	<b>-</b>			
	<b>1,277,572,125</b>	<b>1,152,556,620</b>			
<b>Less</b> Current portion of long-term loans	<b>(148,610,160)</b>	<b>(103,696,560)</b>			
	<b>1,128,961,965</b>	<b>1,048,860,060</b>			

Reconciliation of liabilities arising from financing activities for the years ended December 31, 2018 and 2017 consisted of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Unit : Baht
	2018	2017	2018	2017	
As at January 1,	1,152,556,620	-	-	-	-
<b>Cash flow</b>					
Increases	277,902,900	-	-	-	-
Payment	(153,610,160)	(51,848,280)	-	-	-
<b>Total cash flow</b>	<b>124,292,740</b>	<b>(51,848,280)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Non-cash flow</b>					
Increases from acquisition	-	1,204,404,900	-	-	-
Amortization of deferred financing fee	722,765	-	-	-	-
<b>Total non-cash flow</b>	<b>722,765</b>	<b>1,204,404,900</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Ending balance for the years</b>	<b>1,277,572,125</b>	<b>1,152,556,620</b>	<b>-</b>	<b>-</b>	<b>-</b>

As at December 31, 2018 and 2017, the long-term loan of ATC Enviro Co., Ltd. was guaranteed by deposits at financial institutions of Baht 36.66 million and Baht 86.64 million, respectively, the pledge of its shares held by the shareholders, mortgage of the land, building and power plants (see Note 13) as well as the power purchase agreement with the Provincial Electricity Authority and certain other contract of project under the condition of credit facilities agreement granted by the financial institutions.

As at December 31, 2018 and 2017, ATC Enviro Co., Ltd. had contract for hedging interest rate from floating rate to be fixed rate set at 75% of the remaining principal amount which the fixed rate is at 5.70% per annum.

As at December 31, 2018 and 2017, the long-term loan of P.P. Solar (Nong-No) Co., Ltd. was guaranteed by deposits at financial institutions of Baht 10.09 million and Baht 3.32 million, respectively, and the mortgage of the land and factory (see Note 13).

As at December 31, 2018, the long-term loan of PDI Mae Ramat Co., Ltd. was guaranteed by the pledge of its shares held by the shareholders, deposits at financial institutions of Baht 24.61 million, the mortgage of land leasing right, building and power plants as well as the power purchase agreement with the Provincial Electricity Authority and certain other contract of project under the condition of credit facilities agreement granted by the financial institution. The loan agreement has been entered in May 2017 and the loan amount of Baht 280.71 million was drawdown on February 12, 2018 (see Note 13).

As at December 31, 2018, PDI Mae Ramat Co., Ltd. had contract for hedging interest rate from floating rate to be fixed rate set at 60% of the remaining principal amount which the fixed rate is at 4.55% per annum.

Certain loan agreements stipulate certain covenants such as maintenance of a net debt to equity ratio and the maintenance of debt service coverage ratio.

As at December 31, 2018 and 2017, the subsidiaries were able to maintain certain debt covenants as stipulated in the agreements.

## 20. Provisions for Restoration and Rehabilitation Expenses

Provisions for restoration and rehabilitation expenses as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
As at January 1,	154,102,208	337,898,500	154,102,208	337,898,500
Accretion expense during the years	53,567,319	26,621,780	53,567,319	26,621,780
Reversal of provisions	(180,025)	(81,459,327)	(180,025)	(81,459,327)
Amounts utilized	(35,749,449)	(128,958,745)	(35,749,449)	(128,958,745)
Ending balance for the years	171,740,053	154,102,208	171,740,053	154,102,208
<u>Less</u> Current portion of provisions restoration and rehabilitation expenses	(36,099,483)	(118,649,727)	(36,099,483)	(118,649,727)
Provisions for restoration and rehabilitation expenses	135,640,570	35,452,481	135,640,570	35,452,481

The provision for restoration and rehabilitation costs represent amounts provided for

- 1) the estimated costs of restoration of cadmium and residue ponds at Tak and
- 2) rehabilitation and environmental risk assurance of the mined area in the Mae Sod in accordance with the government regulations and the Company's commitments. The estimated costs of decommissioning mine properties and residual ponds including removing any related assets and site restoration are included in the cost of restoration and rehabilitation assets as at the date the obligation first arises in conjunction with a related liability recognized in the same amount. This restoration asset is subsequently amortized on a unit-of-production basis. For environmental rehabilitation and environmental risk assurance assets, they are subsequently amortized on a straight-line basis. Accretion expense is recognized to reflect the change in present value of the liability.

In 2017, the Company has reversed provision for restoration and rehabilitation expenses to reflect management judgment relating to the reduction of estimated liabilities relating to assets for environmental restoration of Baht 59 million and reduction from completion residual pond decommission of Baht 22 million.

The Company obtained the Forestry Land Permit ("Permit") from the Royal Forestry Department ("RFD") for mining operations since 1982. Each permission period of such Permits is valid for maximum 10 years and can renew after each expiration period. Referring to the conditions of Permit, the Company is required to reforest and maintain planted forest area equivalent to 3 times of the granted land area within the period of Permit or when notified by the provincial office or RFD. In case the Company fails to execute reforestation, the Company shall make payment to the RFD at the rate specified by the RFD. The regulations have been revised regularly since the first permitting. The Company already paid compensation of reforestation when receiving the first Permit and its renewal on the same area. The Company remains convinced that it complied with the regulations correctly.

Due to the mine closure, the Company is in the process of relinquishing the land to the RFD. The Company has been informed by the RFD to pay an additional compensation equivalent to 3 times of the granted area on the same permitted land. The Company is in the process to verify if these claims are legitimate. Such impact of the compensation was estimated approximately Baht 62 million in Mae Sod area. The Company recorded the provisions for restoration and rehabilitation expenses in amount of Baht 53 million.

## 21. Provisions for Employee Benefit

Provisions for employee benefit in the statements of financial position as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Provisions for employee benefit as at January 1,	43,295,009	166,420,879	43,218,939	166,344,809
Included in profit or loss:				
Current service cost	11,482,233	7,112,044	11,482,233	7,112,044
Interest cost	3,238,127	2,631,636	3,238,127	2,631,636
Provision for employee benefit (Paid)	(23,993,694)	(132,869,550)	(23,993,694)	(132,869,550)
Included in other comprehensive income :				
Actuarial loss on defined benefit plan	1,280,939	-	1,280,939	-
Provisions for employee benefit as at December 31,	35,302,614	43,295,009	35,226,544	43,218,939



The result of change in significant assumptions that affect the present value of the post-employment benefit obligations as at December 31, 2018 and 2017 are summarized below:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)	Increase (Decrease)
Discount rate - decrease by 0.5%	1,343,002	1,395,442	1,343,002	1,395,442
Discount rate - increase by 0.5%	(1,256,045)	(1,308,929)	(1,256,045)	(1,308,929)
Salary increase rate - decrease by 0.5%	(1,364,333)	(1,288,412)	(1,364,333)	(1,288,412)
Salary increase rate - increase by 0.5%	1,447,677	1,358,725	1,447,677	1,358,725
Turnover rate - decrease by 0.5%	1,552,429	1,403,944	1,552,429	1,403,944
Turnover rate - increase by 0.5%	(1,456,783)	(1,323,315)	(1,456,783)	(1,323,315)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the Projected Unit Credit Method at the end of the report period, which is the same as that applied in calculating the post-employment benefit obligations liability recognized in the statement of financial position.

Provisions for employee benefit in the statements of financial position as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Post-employment benefit plan				
Present value of obligations	35,302,614	43,295,009	35,226,544	43,218,939
Provisions for employee benefit - recognized in statement of financial position	35,302,614	43,295,009	35,226,544	43,218,939

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. The management of the Group judgmentally consider that plan amendment is occurred and recognized past service cost as an expense when the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act. The Group have recorded the effect of such plan amendment and already recognized past service cost as an expense of Baht 7.21 million in the income statement for the year ended December 31, 2018.

The principal assumptions used in determining provision for retirement benefit on an actuarial basis as at December 31, 2018 and 2017 (expressed as weighted averages) are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Discount rate (%)	2.81	2.81	2.81	2.81
Salary increase rate (%)	5.00	5.00	5.00	5.00
Turnover rate (%)	0-13	0-13	0-13	0-13

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase rate and turnover rate. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

## 22. Reserves

Other components of equity comprise:

### Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

### Legal reserve

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

### Revaluation surplus on assets

The land, land improvement, condominium and buildings reappraisal is performed by independent appraisers. The increment resulting from the appraisal is recognized as part of equity as "revaluation surplus on assets".

## 23. Provident Fund

On June 27, 1990 the Company and its subsidiaries set up a provident fund for those employees who elected to participate. The contributions from the employees are deducted from their monthly salaries, and the Company and its subsidiaries matches the individuals' contributions. At the present, the provident fund is managed by Kasikorn Asset Management Company Limited, authorized financial institution in accordance with the Provident Fund Act B.E. 2530 (1987).

For the years ended December 31, 2018 and 2017, the Company and its subsidiaries has contributed approximately Baht 6.66 million and Baht 15.94 million, respectively, in consolidated financial statements.

## 24. Share Capital

On April 24, 2018, the Annual General Shareholders' Meeting for the year 2017 passed resolutions to increase of the registered capital of the Company from Baht 2,260,000,000 to be Baht 3,013,333,330 by issuing newly 75,333,333 ordinary shares with the par value of Baht 10 per share for offer of warrants to purchase newly issued ordinary shares of the Company no.1 (PDI-W1) to the existing shareholders at the ratio of 3 ordinary shares to 1 unit of warrants with the offering price at zero Baht. The exercise ratio of warrant is 1 unit for 1 ordinary share with the exercise price of Baht 33. The Company has sold warrants on June 27, 2018.

Type of Securities	Date of Issue of Warrants	Exercise Price (Baht per share)	Exercise Ratio	Number of ordinary shares reserved to accommodate for exercise of warrants (Share)	Number of Offering Warrants (Unit)	Maturity date Warrants	Exercise period
PDI-W1	May 15, 2018	33	1:1	75,333,333	75,333,333	May 15, 2021	15 <sup>th</sup> of November and 15 <sup>th</sup> of May

On November 15, 2018, the existing shareholder subscribed for new ordinary shares 100 units as the warrant ratio 1.00 : 1.00 at the price of Baht 33 per share, totalling Baht 3,300. As a result, the company had issued and paid-up share capital increased by Baht 1,000 from Baht 2,260,000,000 to Baht 2,260,001,000. The Company has already registered such issued and paid-up share capital with the Ministry of Commerce on November 30, 2018.

## 25. Dividend

On April 24, 2018, the Annual General Meeting of Shareholders passed a resolution to pay a dividend from operations of Baht 1.50 per share, in the total amount of Baht 338.98 million. The Company paid the dividend on May 21, 2018.

On April 25, 2017, the Annual General Meeting of Shareholders passed a resolution to pay a dividend from operations of Baht 1.00 per share, in the total amount of Baht 225.99 million. The Company paid the dividend on May 18, 2017.

## 26. Expenses by Nature

Significant expenses by nature for the years ended December 31, 2018 and 2017 consists of:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017*	2018	2017*
	Unit: Baht			
Movement in inventories	62,835,327	1,286,817,953	62,473,527	1,288,470,101
Inventories, raw materials, spare parts and consumables used	4,351,206,482	2,844,810,745	4,339,271,076	2,880,847,314
Transportation expenses	25,224,688	60,194,173	25,224,688	59,585,779
Employee benefits expense	134,612,368	365,232,067	134,071,168	364,308,993
Utility expenses	14,169,502	300,211,718	12,595,216	299,050,074
Depreciation and amortization expenses	147,141,590	156,660,869	11,360,664	89,713,406
Other operating expenses	244,272,416	320,435,878	202,674,488	220,822,256
Finance costs	76,737,038	22,297,586	-	272,887

\* There are reclassification to conform to the classification used in current year financial statement

## 27. Promotional Privileges According to Investment Promotion Act

The Subsidiaries Have Been Granted Certain Rights And Privileges As A Promoted Industry Under The Industrial Investment Promotion Act Of B.e. 2520, As Follows:

<b>PDI Mae Ramat Co., Ltd.</b>			
<b>Promotional Privileges No./ Dated</b>	<b>Effective date</b>	<b>Activities</b>	<b>Major rights and conditions</b>
No. 2011(1)/2556 Dated July 16, 2013	March 19, 2013	Electricity from solar energy sector 7.1 Public utilities and basic services	<ul style="list-style-type: none"> <li>(a) Exemption from payment of import duty and tax on machinery approved by the Board of Investment.</li> <li>(b) Exemption from corporate income tax for the profit earned under promotional privileges, defined time of 8 years from the date operating income is first derived.</li> <li>(c) If the operating loss is incurred the period of exemption corporate income tax, the Company shall be granted permission to deduct such annual loss from net income of subsequent period that exempted from corporate income tax for a period not exceeding 5 years from the date of the expiration of that period.</li> <li>(d) Exemption the dividend from the operation to be promoted which exempt the income tax expense as (b) include in the corporate income tax through period has been promoted.</li> <li>(e) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above; and</li> <li>(f) Double deduction of transportation expenses, electricity expenses and water expenses for a period of 10 years from the date on which the income is first derived from such operations.</li> <li>(g) Be allowed to deduct investments in the installation or construction of facilities, 25% of the investment apart from normal depreciation.</li> </ul>

<b>ATC Enviro Co., Ltd.</b>			
<b>Promotional Privileges No./ Dated</b>	<b>Effective date</b>	<b>Activities</b>	<b>Major rights and conditions</b>
58-2350-1-00-1-0 Dated October 20, 2015	September 8, 2015	Electricity from solar energy sector 7.1.1.2 : production of electricity and steam from renewable energy except biomass	(a) Exemption from payment of import duty and tax on machinery approved by the Board of Investment.
58-2351-1-00-1-0 Dated October 20, 2015	September 14, 2015		(b) Exemption from corporate income tax for the profit earned under promotional privileges, defined time of 8 years from the date operating income is first derived.
58-2352-1-00-1-0 Dated October 20, 2015	September 14, 2015		(c) If the operating loss is incurred the period of exemption corporate income tax, the Company shall be granted permission to deduct such annual loss from net income of subsequent period that exempted from corporate income tax for a period not exceeding 5 years from the date of the expiration of that period.

**ATC Enviro Co., Ltd.**

Promotional Privileges No./ Dated	Effective date	Activities	Major rights and conditions
58-2353-1-00-1-0 Dated October 20, 2015	September 8, 2015	Electricity from solar energy sector 7.1.1.2 : production of electricity and steam from renewable energy except biomass	(d) Exemption the dividend from the operation to be promoted which exempt the income tax expense as (b) include in the corporate income tax through period has been promoted.
58-2354-1-00-1-0 Dated October 20, 2015	September 8, 2015		(e) Be allowed to transfer cash to aboard as foreign currency.

**P.P. Solar (Nong-No) Co., Ltd.**

Promotional Privileges No./ Dated	Effective date	Activities	Major rights and conditions
1416(1)/2555 Dated April 14, 2012	February 27, 2012	Electricity from solar energy sector 7.1 Public utilities and basic services	<ul style="list-style-type: none"> <li>(a) Exemption from payment of import duty and tax on machinery approved by the Board of Investment.</li> <li>(b) Exemption from corporate income tax for the profit earned under promotional privileges, defined time of 8 years from the date operating income is first derived. The exemption of corporate income tax must not over Baht 398.20 million. Thus, this will be varied by the investment excluding actual cost of land and working capital at the opening date under privilege project.</li> <li>(c) If the operating loss is incurred the period of exemption corporate income tax, the Company shall be granted permission to deduct such annual loss from net income of subsequent period that exempted from corporate income tax for a period not exceeding 5 years from the date of the expiration of that period.</li> <li>(d) Exemption the dividend from the operation to be promoted which exempt the income tax expense as (b) include in the corporate income tax through period has been promoted.</li> <li>(e) A 50% reduction in the normal income tax rate on the net profit derived from certain operations for a period of 5 years, commencing from the expiry date in (b) above; and</li> <li>(f) Double deduction of transportation expenses, electricity expenses and water expenses for a period of 10 years from the date on which the income is first derived from such operations.</li> <li>(g) Be allowed to deduct investments in the installation or construction of facilities, 25% of the investment apart from normal depreciation.</li> <li>(h) Be allowed to transfer cash to aboard as foreign currency.</li> </ul>

As promoted companies, the subsidiaries must comply with certain terms and conditions prescribed in the promotional certificates.



Summary of revenues from promoted and non-promoted businesses for the years ended December 31, 2018 and 2017 are summarized as follows:

	CONSOLIDATED FINANCIAL STATEMENTS						Unit: Baht
	2018			2017			
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total	
Revenues							
Revenue from sales and services	-	4,543,697,818	4,543,697,818	-	6,025,783,064	6,025,783,064	
Revenue from sales of electricity	269,076,434	-	269,076,434	85,446,738	-	85,446,738	
Revenue from government granted - adder	61,772,599	-	61,772,599	57,834,840	-	57,834,840	
Other income	-	152,503,459	152,503,459	-	188,122,079	188,122,079	
Total revenues	330,849,033	4,696,201,277	5,027,050,310	143,281,578	6,213,905,143	6,357,186,721	

	SEPARATE FINANCIAL STATEMENTS						Unit: Baht
	2018			2017			
	Promoted businesses	Non-promoted businesses	Total	Promoted businesses	Non-promoted businesses	Total	
Revenues							
Revenue from sales and services	-	4,525,724,118	4,525,724,118	-	6,010,768,746	6,010,768,746	
Other income	-	190,571,117	190,571,117	-	160,415,789	160,415,789	
Total revenues	-	4,716,295,235	4,716,295,235	-	6,171,184,535	6,171,184,535	

## 28. Bank Guarantees

The Company and subsidiaries have given letters of guarantee in the ordinary course of business issued by banks as at December 31, 2018 and 2017 consists of:

Guarantees	Currency	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS		Unit: Million
		2018	2017	2018	2017	
Electricity	Baht	251.83	263.02	251.79	262.98	
Zinc metal	United States Dollar	0.53	-	0.53	-	
Solar farm	Yen	-	2,408.41	-	2,408.41	
Other	Baht	7.11	11.43	4.11	8.43	

## 29. Basic and Diluted Earnings (Loss) Per Share

The calculations of basic and diluted earnings (loss) per share for the years ended December 31, 2018 and 2017 were based on the income (loss) for the years attributable to ordinary shareholders of the Company and the number of weighted ordinary shares which held by shareholders as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
<b>Basic earnings (loss) per share</b>				
Profit (loss) attributable to owners of the Company (Million Baht)	(42)	905	(72)	868
Weighted average number of ordinary shares (Million shares)	226	226	226	226
<b>Basic earnings (loss) per share (Baht)</b>	<b>(0.18)</b>	<b>4.01</b>	<b>(0.32)</b>	<b>3.84</b>
<b>Diluted earnings (loss) per share</b>				
Weighted average number of ordinary shares used in calculation of basic earnings (loss) per share (Million shares)	226	226	226	226
Effect of exercised warrants to purchase ordinary shares	-	-	-	-
Weighted average number of ordinary shares used in the calculation of diluted earnings (loss) per share (Million shares)	226	226	226	226
<b>Diluted earnings (loss) per share (Baht)</b>	<b>(0.18)</b>	<b>4.01</b>	<b>(0.32)</b>	<b>3.84</b>

## 30. Commitments and Contingent Liability

Minimum lease payments as at December 31, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
	Unit : Baht			
Not later than 1 year	1,869,085	1,204,706	877,479	713,040
Later than 1 year but not later than 5 years	5,403,014	1,966,665	1,436,590	-
Later than 5 years	15,617,795	7,784,714	-	-
<b>Total</b>	<b>22,889,894</b>	<b>10,956,085</b>	<b>2,314,069</b>	<b>713,040</b>

### 31. Financial Instruments

#### Financial Risk Management Policies

The Group is exposed to normal business risks from changes in interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or use derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

#### Capital Management

The Board of Directors' policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board monitors the return on capital, which the Group defines as result from operating activities divided by total equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

#### Interest Rate Risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows. The Group is primarily exposed to interest rate risk from its borrowings. The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates.

#### Credit Risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. As a general rule, the Company has a credit risk management policy of obtaining credit insurance or collateral from the customers before commencing trade. The collateral may include bank guarantees or cash guarantees. The management does not expect that there is significant loss from uncollectable customers.

#### 31.1 Forward exchange contracts

The Company entered into forward exchange contracts to reduce foreign exchange exposure. As at December 31, 2018 and 2017, the outstanding forward exchange contracts are summarized as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT							
As at December 31, 2018							
Agreement	Currency	Notional amount (Million)	Deliverable Period	Deliverable amount (Million Baht)	Net fair value profit (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	USD	12.03	January - February 2019	394.76	(3.47)	2	Discounted cash flow <sup>1</sup>
Sell	USD	6.57	January - February 2019	213.65	1.59	2	Discounted cash flow <sup>1</sup>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT							
As at December 31, 2017							
Agreement	Currency	Notional amount (Million)	Deliverable Period	Deliverable amount (Million Baht)	Net fair value profit (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	USD	12.50	January - March 2018	409.34	(0.59)	2	Discounted cash flow <sup>1</sup>
Sell	USD	0.85	February - April 2018	32.98	(0.25)	2	Discounted cash flow <sup>1</sup>

<sup>1</sup> The estimated future cash flows is from foreign currency exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

### 31.2 Forward zinc contracts

The Company entered into forward zinc contracts with a financial institution to reduce fluctuation of zinc's index exposure relating to London Metal Exchange. As at December 31, 2018 and 2017, the outstanding forward zinc contracts are summarized as follows:

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT						
As at December 31, 2018						
Agreement	Zinc (Metric ton)	Effective date	Currency	Net fair value Profit (loss) (Million)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	1,550	January - February 2019	USD	(0.04)	2	Discounted cash flow <sup>2</sup>
Sell	2,600	January - February 2019	USD	0.13	2	Discounted cash flow <sup>2</sup>

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENT						
As at December 31, 2017						
Agreement	Zinc (Metric ton)	Effective date	Currency	Net fair value Profit (loss) (Million)	Fair value hierarchy	Valuation techniques and key inputs
Purchase	2,875	January 2018	USD	0.39	2	Discounted cash flow <sup>2</sup>
Sell	3,300	January 2018	USD	(1.06)	2	Discounted cash flow <sup>2</sup>

<sup>2</sup> The estimated future cash flows is from zinc price (from observable price index of London Metal Exchange at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

## 31.3 Interest rate swap contracts

The Company's subsidiaries entered into interest rate swap contracts to reduce interest rate exposure. The outstanding interest rate swap contracts as at December 31, 2018 and 2017, are summarized as follows:

CONSOLIDATED FINANCIAL STATEMENT							
As at December 31, 2018							
Related agreement	Contract balance amount (Million Baht)	Duration of transaction	Interest rate Per Loan agreement	Interest rate per Swap agreement	Fair value Gain (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Long-term loans from financial institutions	141.48	March 8, 2018 to March 31, 2025	THBFIX3M +2.50%	4.55%	(0.51)	2	Discounted cash flow <sup>3</sup>
Long-term loans from financial institutions	772.30	January 31, 2016 to December 31, 2021	THBFIX6M +3.25%	5.70%	(11.81)	2	Discounted cash flow <sup>3</sup>

CONSOLIDATED FINANCIAL STATEMENT							
As at December 31, 2017							
Related agreement	Contract balance amount (Million Baht)	Duration of transaction	Interest rate Per Loan agreement	Interest rate per Swap agreement	Fair value Gain (loss) (Million Baht)	Fair value hierarchy	Valuation techniques and key inputs
Long-term loans from financial institutions	975.00	January 31, 2016 to December 31, 2021	THBFIX6M +3.25%	5.70%	(17.94)	2	Discounted cash flow <sup>3</sup>

- <sup>3</sup> The estimated future cash flows is from interest exchange rates (from observable interest exchange rates at the end of the reporting period) and contract interest rates, discounted at a rate that reflects the market risk of various products.



### 32. Fair Value Measurements

Certain financial assets and liabilities of the Group and the Company are measured at fair value as at December 31, 2018 and 2017. The following table gives information about how the fair values of these financial assets and liabilities are determined.

CONSOLIDATED FINANCIAL STATEMENTS						Unit: Million Baht
Financial assets and liabilities	Fair value		Carrying amount		Fair value hierarchy	Valuation techniques and key inputs
	2018	2017	2018	2017		
<b>Financial assets</b>						
<b>Short-term investments</b>						
Derivatives	176.05	209.68	176.05	209.68	2	Latest bid prices of the last working day of the reporting period as quoted on the Futures exchange of Thailand
Unit trust	32.81	70.17	32.81	70.17	2	Net asset values of the last working day of the reporting period.
Listed securities	204.29	216.80	204.29	216.80	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand.
Listed securities (Foreign)	45.74	47.02	45.74	47.02	1	Latest bid prices of the last working day of the reporting period as quoted in an active market.
Fixed deposit	100.00	-	100.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.
Bill of exchange	70.00	-	70.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.
<b>Financial liabilities</b>						
Current portion of long-term loans from financial institutions	148.61	103.69	148.61	103.69	3	Fair value of long-term borrowings from financial institutions bearing fixed interest rate are determined by discounted cash flows method. Future cash flows are discounted using cost of debts of the Group. For long-term borrowings from financial institutions with floating interest rate, the fair values approximate their carrying values.
Long-term loans from financial institutions	1,128.96	1,048.86	1,128.96	1,048.86	3	

SEPARATE FINANCIAL STATEMENTS						Unit : Million Baht
Financial assets and liabilities	Fair value		Carrying amount		Fair value hierarchy	Valuation techniques and key inputs
	2018	2017	2018	2017		
<b>Financial assets</b>						
<b>Short-term investments</b>						
Derivatives	176.05	209.68	176.05	209.68	2	Latest bid prices of the last working day of the reporting period as quoted on the Futures exchange of Thailand
Unit trust	32.81	70.17	32.81	70.17	2	Net asset values of the last working day of the reporting period.
Listed securities	204.29	216.80	204.29	216.80	1	Latest bid prices of the last working day of the reporting period as quoted on the Stock Exchange of Thailand.
Listed securities (Foreign)	45.74	47.02	45.74	47.02	1	Latest bid prices of the last working day of the reporting period as quoted in an active market.
Fixed deposit	100.00	-	100.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.
Bill of exchange	70.00	-	70.00	-	3	The carrying amount is approximate their fair values due to the relatively short-term maturity.

Valuation technique for financial instruments not measured at fair value of the Group and the Company are as follows: Cash and cash equivalents, trade and other current receivables, loan to other party, advances to related parties, advances to joint ventures, other current assets, short-term loans from financial institutions, trade and other current payables, and other current liabilities stated in the statements of financial position approximate their fair values due to the relatively short-term maturity of these financial instruments.

Long-term investments had not significantly different from the carrying values stated in the statements of financial position.

### 33. Operating Segment Information

Segment information is presented in respect of the Group's business segments. The primary format in segment information report is based on the type of products. The Management analyse and review the internal management report which reported the performance of the Group as a whole in order to assess performance and allocate resources. The performance assessment of the reportable segment is based on a measure of revenue, cost of goods sold, gross margin and earnings before financial cost, income tax, depreciation and amortization. The following is financial information relating to this operating segment:

Operating segment, based on business segments, in the consolidated financial statements for the years ended December 31, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS						Unit : Thousand Baht	
	Zinc Metal		Renewable Energy		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Revenues from sales and services	4,525,724	6,010,769	-	-	17,974	15,014	4,543,698	6,025,783
Revenue from sales of electricity	-	-	330,849	143,282	-	-	330,849	143,282
Other income	147,601	184,256	2,866	1,365	2,036	2,501	152,503	188,122
Total revenue	<u>4,673,325</u>	<u>6,195,025</u>	<u>333,715</u>	<u>144,647</u>	<u>20,010</u>	<u>17,515</u>	<u>5,027,050</u>	<u>6,357,187</u>
Total expenses							(5,056,199)	(5,356,661)
Share of profit (loss) of investment in joint ventures on equity method							(11,512)	5,354
Profit (loss) before income tax expense							(40,661)	1,005,880
Income tax expense							(1,104)	(100,602)
Net profit (loss) for the years							<u>(41,765)</u>	<u>905,278</u>

Operating segment, based on business segments, in the consolidated financial statements as at December 31, 2018 and 2017 are as follows:

	CONSOLIDATED FINANCIAL STATEMENTS						Unit : Thousand Baht	
	Zinc Metal		Renewable Energy		Others		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
Total assets for reportable segments	3,181,247	4,884,313	3,663,247	2,456,290	174,414	68,047	7,018,908	7,408,650
Total liabilities for reportable segments	906,337	901,102	1,407,025	1,421,217	2,304	1,904	2,315,666	2,324,223

### 34. Relate Parties Transactions

The Company, subsidiaries and joint ventures are called “the Group”, which have detail as follows:

34.1 Investments in subsidiaries as at December 31, 2018 and 2017 are as follows:

	As at December 31, 2018				As at December 31, 2017			
	Consolidated financial statements	Separate financial statements			Consolidated financial statements	Separate financial statements		
	Equity	Paid-up capital	% ownership investment	Cost	Equity	Paid-up capital	% ownership investment	Cost
Padaeng Properties Co., Ltd.	-	80,000,000	100	80,000,000	-	80,000,000	100	80,000,000
PDI Eco Co., Ltd.	-	12,500,000	100	12,499,925	-	12,500,000	100	12,499,925
PDI Energy Co., Ltd.	-	100,050,000	100	100,050,000	-	100,050,000	100	100,050,000
Ton Sangkasi Pte Ltd.	-	246,700	100	246,700	-	246,700	100	246,700
Total	-			192,796,625	-			192,796,625

34.2 Investments in joint ventures as at December 31, 2018 and 2017 are as follows:

	As at December 31, 2018				As at December 31, 2017			
	Consolidated financial statements	Separate financial statements			Consolidated financial statements	Separate financial statements		
	Equity	Paid-up capital	% ownership investment	Cost	Equity	Paid-up capital	% ownership investment	Cost
PDI-CRT Co., Ltd.	37,870,386	89,000,000	60	-	42,745,290	89,000,000	60	-
PDI Tak Eco Co., Ltd.	6,510,985	30,000,000	51	15,300,000	13,148,172	30,000,000	51	15,300,000
Total	44,381,371			15,300,000	55,893,462			15,300,000

	CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	2018	2017	2018	2017
As at January 1,	55,893,462	47,126,745	15,300,000	74,362,500
Investment in joint ventures	-	21,660,000	-	-
Sales of investment in joint ventures	-	(18,247,301)	-	(236,249,800)
Share of (loss) profit from operation of joint ventures	(11,512,091)	5,354,018	-	-
Disposal of allowance				
diminution in value of investment	-	-	-	177,187,300
Ending balance for the years	44,381,371	55,893,462	15,300,000	15,300,000

**Maesod Clean Energy Co., Ltd.**

Due to limitation of economic feed supply to produce ethanol and the consecutive losses since starting operation, the Company's Board of Directors dated August 4, 2016 decided to divest the investment in Maesod Clean Energy Co., Ltd. As at December 31, 2016, the Company has agreed in principle to sell the Company's 35% interest in Maesod Clean Energy Co., Ltd. to MP Energy Co., Ltd., one of Maesod Clean Energy Co., Ltd.'s shareholders with the value of Baht 59.06 million. The Company recorded allowance for impairment of remaining investment of Baht 177.18 million. Subsequently, the Company entered into the Share Purchase Agreement ("SPA") on February 16, 2017. The Company has received the payment accordingly on the same day.

**PDI-CRT Co., Ltd.**

On November 18, 2016, PDI-CRT has increased its registered capital into Baht 79,000,000 with additional 2,700,000 shares with par value of 10 Baht per share, of which Baht 2.50 per share was paid.

Subsequently, in March 2017, the additional share of 3.75 Baht per share was paid, totally Baht 10,125,000.

Subsequently, in May 2017, the additional share of 3.75 Baht per share was paid, totally Baht 10,125,000.

In September 2017, PDT-CRT has increased its registered capital into Baht 89,000,000 with addition 1,000,000 shares with par value of Baht 10 per share, which Baht 5 per share was paid. Subsequently, in October 2017, the additional share of Baht 5 per share was paid, totally Baht 5,000,000.

**34.3 Significant transactions and balances**

Related parties are those parties linked to the Group by common shareholders or directors. Transactions with related parties are conducted at the pricing policy based on the normal course of business conditions.

The pricing policies for particular types of transactions are explained further below:

	Pricing policies
Sales of goods and services	At market price which is the same rate as general client
Purchases of goods and services	At agreed price which approximates market value
Expenses	At market price



Significant transactions with related parties for the years ended December 31, 2018 and 2017 are as follows:

				Unit : Baht	
		CONSOLIDATED FINANCIAL STATEMENTS		SEPARATE FINANCIAL STATEMENTS	
	Relationship	2018	2017	2018	2017
<b>Sales of goods and services</b>					
Padaeng Properties Co., Ltd.	Subsidiary	-	-	2,040,000	396,000
PDI Material Co., Ltd.	Indirect subsidiary	-	-	600,000	7,859,995
PDI Mae Ramat Co., Ltd.	Indirect subsidiary	-	-	2,400,000	-
ATC Enviro Co., Ltd.	Indirect subsidiary	-	-	6,000,000	-
P.P. Solar (Nong-No) Co., Ltd.	Indirect subsidiary	-	-	1,200,000	-
PDI Tak Eco Co., Ltd.	Joint ventures	1,537,500	-	1,537,500	-
PDI-CRT Co., Ltd.	Joint ventures	7,996,500	-	7,996,500	-
Total		9,534,000	-	21,774,000	8,255,995
<b>Interest income</b>					
PDI Energy Co., Ltd.	Subsidiary	-	-	2,188,910	4,737,799
Ton Sangkasi Co., Ltd.	Subsidiary	-	-	30,751,647	6,159,088
PDI Asia Solar Co., Ltd.	Indirect subsidiary	-	-	6,466,388	5,443,813
Country Group Securities Public Company Limited	Related by common director	8,252,549	6,910,753	7,134,551	5,573,779
Total		8,252,549	6,910,753	46,541,496	21,914,479
<b>Purchases of goods and services fee</b>					
Padaeng Properties Co., Ltd.	Subsidiary	-	-	872,587	950,848
MFC Asset Management Public Company Limited	Related by common director	1,053,434	849,642	1,053,434	849,642
Total		1,053,434	849,642	1,926,021	1,800,490

Significant balances with related parties as at December 31, 2018 and 2017 are as follows:

	Relationship	CONSOLIDATED		Unit : Baht	
		FINANCIAL STATEMENTS		SEPARATE	
		2018	2017	2018	2017
<b>Other receivables - related parties</b>					
PDI Material Co., Ltd.	Indirect subsidiary	-	-	600,000	-
PDI-CRT Co., Ltd.	Joint ventures	6,726,555	939,646	6,726,555	939,646
Total		6,726,555	939,646	7,326,555	939,646
<b>Advances to related parties</b>					
PDI Eco Co., Ltd.	Subsidiary	-	-	307,795	307,795
PDI Energy Co., Ltd.	Subsidiary	-	-	93,350	-
J-Solar Co., Ltd.	Indirect subsidiary	-	-	56,705	56,705
Total		-	-	457,850	364,500
<b>Advances to joint ventures</b>					
PDI-CRT Co., Ltd.	Joint ventures	-	252,520	-	-
<b>Loans to related parties</b>					
PDI Energy Co., Ltd.	Subsidiary	-	-	200,332,114	456,332,114
Ton Sangkasi Co., Ltd.	Subsidiary	-	-	1,266,261,075	1,275,274,196
PDI Asia Solar Co., Ltd.	Indirect subsidiary	-	-	665,056,710	541,056,710
Total		-	-	2,131,649,899	2,272,663,020
<b>Interest receivable</b>					
PDI Energy Co., Ltd.	Subsidiary	-	-	7,043,786	4,854,876
Ton Sangkasi Co., Ltd.	Subsidiary	-	-	36,817,626	6,050,926
PDI Asia Solar Co., Ltd.	Indirect subsidiary	-	-	14,950,922	8,484,535
Country Group Securities Public Company Limited	Related by common directors	1,028,053	277,223	898,782	237,985
Total		1,028,053	277,223	59,711,116	19,628,322
<b>Other payables - related parties</b>					
Padaeng Properties Co., Ltd.	Subsidiary	-	-	18,080	12,621
MFC Asset Management Public Company Limited	Related by common directors	85,695	86,004	85,695	86,004
Total		85,695	86,004	103,775	98,625

Investment with Country Group Securities Public Company Limited, as a counter party as at December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Buy-sell back of corporate debentures	359,663,152	196,131,924	268,569,923	182,198,776
Bill of exchange - term is less than 3 months	20,000,000	90,000,000	20,000,000	90,000,000
Bill of exchange - term is more than 3 months	70,000,000	-	70,000,000	-
Total	449,663,152	286,131,924	358,569,923	272,198,776

### 35. Key Management Compensation

Benefit expenses to management of the Group both monetary and non-monetary were presented as part of "Employee benefit expenses".

Management benefit expenses for the years ended December 31, 2018 and 2017 consisted of:

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2018	2017	2018	2017
Short-term employee benefits	45,126,245	47,389,620	45,126,245	47,389,620
Post-employee benefits and termination benefits	12,759,342	2,503,000	12,759,342	2,503,000
Total	57,885,587	49,892,620	57,885,587	49,892,620

### 36. Litigation

As at December 31, 2018 and 2017, the Company has 4 outstanding litigation cases and 5 outstanding litigation cases, respectively, which have been under the court consideration. The Company, together with another defendant had been filed by a group of villagers ("plaintiffs") in the Mae Tao basin, Mae Sod District, Tak Province for all cases with the same accusation that cadmium contamination in the area was caused by the mining operations of both defendants. The plaintiffs initially claimed the compensation at Baht 3,223 million and Baht 3,949 million, respectively.

Management of the Company considered that the Company's environmental measurement is complied with the regulations and requirements of the authorities. The Company recognized provision for such compensation which the Company expected to pay for all litigation cases included interest at the rate 7.5 percent per annum from the date of complains in the total amount of Baht 80.61 million and Baht 95.73 million in the statement of financial position as at December 31, 2018 and 2017. Detail of litigation cases are as follow:

## 36.1 Case No. 63/2552

The original claim amount of this case is Baht 1,095 million. On May 27, 2015, the Bangkok South Civil Court ordered both defendants to pay compensation to the plaintiffs who hold the Cadmium patient's card issued by the Mae Sod Hospital at the total amount of Baht 4 million which shall be shared equally by both defendants.

The Company appealed its judgment to the Appeal Court. Subsequently, on April 18, 2017, the judgment of Appeal Court also ruled the both defendants to pay compensation by increasing the amount of compensation into Baht 36.60 million. The Company is responsible for Baht 18.30 million. This case is currently under the processes of submitting dika appeal of the Company.

## 36.2 Case No. 64/2552

The original claim amount of this case is Baht 836 million. On September 29, 2014, the Bangkok South Civil Court ordered the both defendants to pay compensation to the plaintiffs who hold the Cadmium patient's card issued by the Mae Sod Hospital at the total amount of Baht 8.20 million which shall be shared equally by both defendants. The Company is responsible for Baht 4.10 million.

The Company appealed its judgment to the Appeal Court. Subsequently, on November 24, 2016, the Appeal Court rendered the judgment ordering both defendants to pay compensation to plaintiffs with the same amount ruled by the judgment of First Court. This case is currently under the processes of submitting dika appeal of the Company.

## 36.3 Case No. 65/2552

The original claim amount of this case is Baht 1,064 million. On December 22, 2016, the Bangkok South Civil Court ruled judgment in the same manner above and ordered both defendants to pay compensation at the total amount of Baht 99 million. The Company is responsible for Baht 49.50 million. The Company appealed its judgment to the Appeal Court on May 19, 2017. This case is currently pending for the Appeal Court proceeding.

## 36.4 Case No. 9/2553

On February 28, 2014, the Bangkok South Civil Court ruled judgment in the same manner above, which its original claim is Baht 228 million as damage compensation. The First Court ordered both defendants to pay compensation at the total amount of Baht 2.48 million. The Company is responsible for Baht 1.24 million.

Subsequently, on July 12, 2016, the Appeal Court ruled judgment both defendants pay compensation at the amount of Baht 1.09 million.

The Company appealed its judgment to the Supreme Court which the Supreme Court already accepted a dika appeal of the Company. As requested for a stay of execution the Company also placed Baht 1.89 million cashier cheque with court to guarantee performance of the Company upon judgment of the Appeal Court. This case is pending for the Supreme Court proceeding.

## 36.5 Case No. 66/2552

The original claim amount of this case is Baht 726 million. On September 20, 2013, the Bangkok South Civil Court ordered both defendants to pay compensation at the total amount of Baht 9.60 million. The Company is responsible for Baht 4.80 million.

The Company appealed its judgment to the Appeal Court. Subsequently, on March 9, 2016, the Appeal Court ruled judgment ordering both defendants to pay compensation to the plaintiffs in the total amount of Baht 22.18 million. The Company is responsible for Baht 11.09 million. The Company already submitted the dika appeal.

On November 13, 2018, the Bangkok South Civil Court has read to the Parties the judgement of the Supreme Court to confirm the judgement of the Appeal Court paying the compensation to plaintiffs in total amount of Baht 11.09 million together with the interest at 7.5% per year since January 20, 2009 until fulfilled. The Company has fully paid the compensation to plaintiffs on November, 2018.

### 37. Reclassifications

Certain reclassifications have been made in the financial statements for the year ended December 31, 2017, to conform to the classification used in current year's financial statements. Such reclassifications have no effect to previously reported assets, liabilities, net profit, total comprehensive income and shareholders' equity. The reclassifications are as follows:

	CONSOLIDATED STATEMENTS			SEPARATE FINANCIAL STATEMENTS			Unit : Baht
	As at December 31, 2017			As at December 31, 2017			
	Previous presentation	Reclassifications	Current presentation	Previous presentation	Reclassifications	Current presentation	
<b>Statements of financial position</b>							
Intangible asset	887,313,110	82,327	887,395,437	-	82,327	82,327	
Other non-current assets	1,074,639	(82,327)	992,312	20,191,975	(82,327)	20,109,648	
Trade and other current payables	480,236,591	1,432,295	481,668,886	461,197,229	1,432,295	462,629,524	
Accrued electricity expenses	1,432,295	(1,432,295)	-	1,432,295	(1,432,295)	-	
<b>Statements of profit or loss and other comprehensive income</b>							
Other income	123,512,850	(2,105,426)	121,407,424	136,621,759	(2,105,426)	134,516,333	
Gain on short-term investment	-	2,105,426	2,105,426	-	2,105,426	2,105,426	

### 3 Approval of the Financial Statements

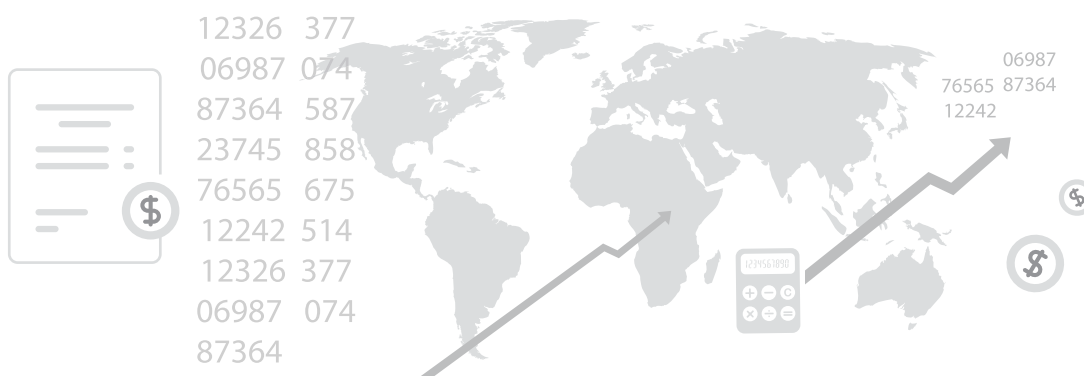
These financial statements have been approved for issuing by the authorized directors of the Company on February 22, 2019.



# MANAGEMENT AND CORPORATE GOVERNANCE



## SECURITIES AND SHAREHOLDERS INFORMATION



### Number of Registered Capital and Paid-up Capital

The Company's registered is 3,013,333,330 Baht divided into 301,333,333 ordinary shares at par value per share 10 Baht and the paid-up capital amounts to 2,260,001,000 Baht divided into 226,000,100 ordinary shares at 10 Baht per share.

### Shareholders

- a) First 10 Major Shareholders of Padaeng Industry Public Company Limited as of March 19, 2019 which is the latest closing date of the share register book, are as follows:

No.	Name	No. of Shares	% of Total Shares
1.	Country Group Holdings Public Company Limited	56,499,900	25.000
2.	Ministry of Finance	31,200,000	13.805
3.	LGT BANK (SINGAPORE) LTD	9,309,500	4.119
4.	Thai NVDR Company Limited	7,944,678	3.515
5.	Mr. Supachai Veeraborvornpong	4,157,400	1.840
6.	Mr. Thawat Tantimeth	3,495,300	1.547
7.	Bangkok Bank Public Company Limited	3,301,070	1.461
8.	Mr. Kiat Srichomkwan	3,023,000	1.338
9.	Mrs. Sukanya Tongpan	2,366,300	1.047
10.	Mr. Nurak Mahatana-arnont	2,133,400	0.944

- b) Major Shareholders

No.	Name	No. of Shares	% of Total Shares
1.	Country Group Holdings Public Company Limited	56,499,900	25.000
2.	Ministry of Finance	31,200,000	13.805

## The Issuances of Other Securities

In 2018, the Company was approved to issue and allot the other securities as follows;

### 1. Warrants to purchase the newly issued ordinary shares of Padaeng Industry Public Company Limited No. 1 ("PDI-W1")

Ordinary General Shareholder's Meeting 2018 on April 24, 2018 approved to issue and allot the Warrants to purchase the newly issued ordinary shares of Padaeng Industry Public Company No. 1 ("PDI-W1"). They amounted to not exceeding 75,333,333 units to the original shareholders according to the ratio of shares held without considering their value. The rate of transactions was three ordinary shares to one unit of warrants, with PDI-W1 numbering at 75,333,333 units. The Company thus issued new shares to increase capital in order to support the exercising of the warrants to purchase 75,333,333 ordinary shares at the par value of 10 Baht per share, totaling 753,333,330 Baht. The details of the warrants are set out as follows:

Type of Warrant	In Named Certificate and Transferable
Number of warrants issued and offered	Not exceeding 75,333,333 units
Number of underlying shares	Not exceeding 75,333,333 shares (at the par value of 10 Baht per share) representing 33.33% of the total paid-up shares of company in the amount 226,000,000 shares
Allocation methods	Allocate to the existing shareholders at the ratio of 3 existing ordinary shares for 1 unit of Warrant. Any fraction of shares shall be disregarded. The determination the date on which the recorded shareholder is entitled to rights to allotment new warrants to purchase ordinary shares of the Company (PDI-W1) to be on May 3, 2018 (Record Date)
Offering price per unit	0 (zero) Baht
Term of the warrants	3 years from the date of issue of Warrants
Issue and offering date	May 15, 2018
Exercise ratio	1 unit of warrant has the rights to purchase 1 new ordinary share (except for any adjustment of rights)
Exercise Price	33 Baht per share (at the par value of 10 Baht per share) (except for any adjustment of rights)
Exercise Period	On the 15 <sup>th</sup> Day of every May and November of each calendar year throughout the term of Warrant. The first Exercise Date shall be on November 15, 2018. The last Exercise Date shall be the date of the end of three years from the issuance date which will be on May 14, 2021. In the case where any exercise date is not a Business day, such exercise date shall be the Business Day prior to that date. In addition, the notification of intention of the last exercise must be not less than 15 days prior to such exercise date

Type of Warrant	In Named Certificate and Transferable
Warrants maturity date	3 years from the Issue date
Registrar	Thailand Securities Depository Company Limited
The Secondary Market for the Warrants	the Company shall apply to list the warrants on the Stock Exchange of Thailand
Secondary Market for the Ordinary	the Company shall list the ordinary shares from the exercise of the warrants on the Stock Exchange of Thailand
Shares from the Exercise of Warrants Other conditions	the Board of Directors and/or the Authorized Directors and/or their designated person(s) shall be empowered to determine criteria, conditions, and other details related to the Warrants including the issuing date of the Warrants, entering into, negotiation, agreement and execution of any relevant documents and agreements, executing any evidence necessary and related to the allotment of the Warrants and perform any other necessary actions related to the Warrants including the issuance and offering, listing the Warrants and the reserved ordinary shares from the exercise of Warrants on the Stock Exchange of Thailand as well as contacting, submitting and proceeding such applications for approval and necessary documents to government agencies or relevant authorities.

PDI-W1 was listed for trading in the Stock Exchange of Thailand on June 27, 2018. On November 15, 2018, the first exercise date, there was the Warrant Holder exercise the right under the PDI-W1 at 100 units of Warrants which equaled to 100 ordinary shares (at the par value of 10 Baht per share). The next exercise date will be May 15, 2019.



## Policy for Payment of Dividends

According to the laws, the Company must allocate at least 5 percent (%) of its annual net profit as legal reserve, less accumulated losses brought forward (if any) until the legal reserve reaches an amount of not less than 10 percent (%) of its registered capital. In this regard, the Company's legal reserve had reached the amount required by laws. According to the dividend payment policy, the Company will normally pay dividends up to 50% of profits after corporate income taxes, unless the Board determines that the near future cash needs of the Company justify reserving part of the profit to cover those needs.

From the Company's Financial Statements, the Company recorded the net profit of 867.94 Million Baht for the year 2017 (and had no accumulated loss) which has increased from the year 2016, the net profit of which was 360.64 million Baht. As such the Board of Directors is of the opinion that proposing the Shareholders' meeting to approve the dividend payment for 2017 at 1.50 Baht per share be paid from the net profits of the Company. The dividends will be declared to the Shareholders totaling 226 million shares amounting to 339 million Baht. The dividend payment per share increases from last year but it is not in line with and less than the normal dividend payment policy since the Board of Directors considered that it is necessary for the Company to reserve part of the profit to cover the cash needs in the future.

Therefore, the 2018 Annual General Meeting of Shareholders on April 24, 2018 unanimously approved the dividend payment for 2017 at 1.50 Baht per share be paid from the net profit of the Company to the Shareholders totaling 226,000,000 shares amounting to 339,000,000 Baht. The record date to determine the list of shareholders entitled to receive dividends is on Thursday May 3, 2018. The dividend payment shall be made on Monday, May 21, 2018.

There is no fixed dividend payment policy for subsidiaries. However subsidiaries will generally follow the policy of the Company.

## Dividend Payment Record for the Year 2013-2017

Year	2017	2016	2015	2014	2013
Net (Loss) profit per share (Baht)	3.84	1.60	(0.28)	2.05	(1.07)
Dividend payment per share (Baht)	1.50	1.00	0.20	0.40	0.30
Proportion of dividend from net profit (%)	39.06	62.67	N.A*	19.49	N.A*

**Remark :** \*Not applicable since it is paid from the retained earnings of the Company



## MANAGEMENT

### Board of Directors

As of December 31 2018, there were 10 directors in the Board of Directors which consists of 5 independent directors, 8 non-executive directors, and 2 executive directors. Independent directors account for 50% of the Board membership. The Board set up four sub-committees, namely, the Executive Committee (5 members), the Audit Committee (3 members), Nomination and Remuneration Committee (3 members) and Risk Management Committee (6 members).

The duties and responsibilities of the Company's Board of Directors include:

1. Manage Company operations and supervise its management according to the laws, the Company's Articles of Association and Objectives as well as the resolutions of the Shareholders' meetings of the Company. It must perform duties with integrity and must safeguard interests of shareholders. The Board also complies with rules and regulations of the Regulatory authorities e.g. the Stock Exchange of Thailand (SET), the Office of the Securities and Exchange Commission (SEC), and the Capital Market Supervisory Board, which was established according to the Securities and Exchange Act.
2. The Board of Directors makes sure that the Company's business operations are in compliance with the Corporate Governance Code, the Company's Code of Conduct and Anti-Corruption Policy.
3. Propose the level of dividend to be paid to the shareholders.
4. Determine the level of compensation or bonus to be awarded to officers, employees or other staff working for the Company (permanent or temporary), excluding pension benefits or other remuneration paid to directors.
5. Review the Company's strategic action plan and assess the Company's operations as suggested by the Executive Committee.

In carrying out its duties and responsibilities, the Board of Directors may assign the Managing Director, any or several directors or any other person(s), to take actions on its behalf and under the Articles of Association of the Company.

### Board Self-Assessment

The Board of Directors annually engages in self-assessment by way of using the SET's assessment form (**"the Self Assessment of the Board of Directors as a whole" form**). Such Assessment Form is consistent with the Statement of Corporate Governance Principles and the duties and responsibilities of the Board of Directors.

### Objectives

1. To serve as a framework for reviewing the Board of Directors' performance in compliance with the Corporate Governance Policies and/or Good Practice.
2. To develop Board of Directors' performance to be in accordance with the Company's policies.
3. To identify issues and obstacles that the Board of Directors faced over the past year.
4. To help increase the operational effectiveness of Board of Directors.



## Board Self-Assessment Procedure

The procedure of the Self Assessment of the Board of Directors as a whole are as follows;

1. The Board of Directors annually engages in self-assessment by way of using assessment form specified by the regulatory authorities.
2. Every year, Company Secretary submits the Board Self-Assessment Form to the Board by November.
3. The Board of Directors annually complete the Assessment and return to Company Secretary by the end of December.
4. Company Secretary concludes the Assessment and distributes the results to the Board of Directors for acknowledgement, improvement and further planning.

## The Criteria of the Assessment

The following criteria are included in the Assessment:

1. Board Structure and Qualifications
2. The Board Meetings
3. The Duties and Responsibilities of the Board of Directors
4. Others

## Meeting of the Board of Directors

The Board of Directors regularly meets every 3 months according to the meeting schedule which is notified in advance and may call additional dedicated meetings. Clear agenda and follow-up topics are prepared prior to each meeting. The Company Secretary sends out an invitation letter and relevant documents to Board members at least 5 working days prior to the meetings, enabling sufficient time for review.

As of December 31, 2018 The Company's Board of Directors is composed of 10 members. During 2018, the Board of Directors met 5 times with records of attendance as follows:

Directors	Position	Meeting	
		No. of Meeting	Attendance
1. Mr. Arsa Sarasin (Authorized director)	• Chairman	5	5
2. Mr. Sadawut Taechaubol <sup>1)</sup> (Authorized director)	• Director • Acting Managing Director • Executive Committee Chairman	5	5
3. Mr. Francis Vanbellen <sup>2)</sup> (Authorized director)	• Director • Managing Director • Executive Committee Member • Risk Management Committee Member	5	5
4. Mr. Tommy Taechaubol	• Director • Executive Committee Member • Nomination & Remuneration Committee Member	5	4
5. Ms. Prapa Puranachote (Authorized director)	• Director • Executive Committee Member	5	3

Directors	Position	Meeting	
		No. of Meeting	Attendance
6. Ms. Wimol Chatameena	• Director	5	3
7. Mr. Karel Vinck	• Independent Director • Audit Committee Member	5	3
8. Mr. Vinai Vamvanij (Authorized director)	• Independent Director • Audit Committee Chairman • Nomination & Remuneration Committee Member	5	5
9. Mr. Aswin Kongsiri	• Independent Director • Audit Committee Member • Nomination & Remuneration Committee Chairman	5	4
10. Dr. Kurujit Nakornthap	• Independent Director • Executive Committee Member	5	4
11. Dr. Chokchai Aksaranan <sup>3)</sup>	• Independent Director • Risk Management Committee Chairman • Executive Committee Member	5	5

**Remark:** 1) Mr. Sadawut Taechaubol has been appointed as Acting Managing Director effective since December 1, 2018.

2) Mr. Francis Vanbellen has retired effective since December 1, 2018.

3) Dr. Chokchai Aksaranan has been appointed as the Risk Management Committee Chairman on August 7, 2018.

## Authorized Directors

The names and number of directors who are authorized to sign on behalf of the Company are Mr. Arsa Sarasin, Mr. Sadawut Taechaubol, Mr. Vinai Vamvanij and Ms. Prapa Puranachote, where Mr. Arsa Sarasin or Mr. Sadawut Taechaubol jointly signed with one of the remaining three directors, totaling two directors, with the Company's seal affixed.

## Executives

No.	Name	Position
1.	Mr. Arsa Sarasin	Chairman
2.	Mr. Sadawut Taechaubol <sup>1)</sup>	Acting Managing Director
3.	Mr. Francis Vanbellen <sup>2)</sup>	Managing Director
4.	Mr. Thanachote Rungsitvat <sup>3)</sup>	Deputy Managing Director
5.	Mr. Sakorn Suriyabhivadh <sup>4)</sup>	Deputy Managing Director
6.	Mrs. Weena Suksawasdi Na Ayuthaya <sup>5)</sup>	Executive Vice President - Finance
7.	Mr. Chitchai Thaveepanich	Executive Vice President - Corporate Services
8.	Mr. Manoch Jaroovuthitham	Executive Vice President - Operations
9.	Mrs. Woratip Rerkpiboon <sup>6)</sup>	Executive Vice President - Finance
10.	Mr. Chaya Hasdiseve <sup>7)</sup>	Executive Vice President - Commerce

**Remark:** 1) Mr. Sadawut Taechaubol has been appointed as Acting Managing Director, effective since December 1, 2018.

2) Mr. Francis Vanbellen has retired, effective since December 1, 2018.

3) Mr. Thanachote Rungsitvat has been appointed, effective since July 1, 2018.

4) Mr. Sakorn Suriyabhivadh has resigned from the Company, effective since May 1, 2018.

5) Mrs. Weena Suksawasdi Na Ayuthaya has been appointed, effective since July 9, 2018.

6) Mrs. Woratip Rerkpiboon has retired from the position of EVP-Finance, effective since July 9, 2019 and performed her duty as Financial advisor to MD until August 15, 2018.

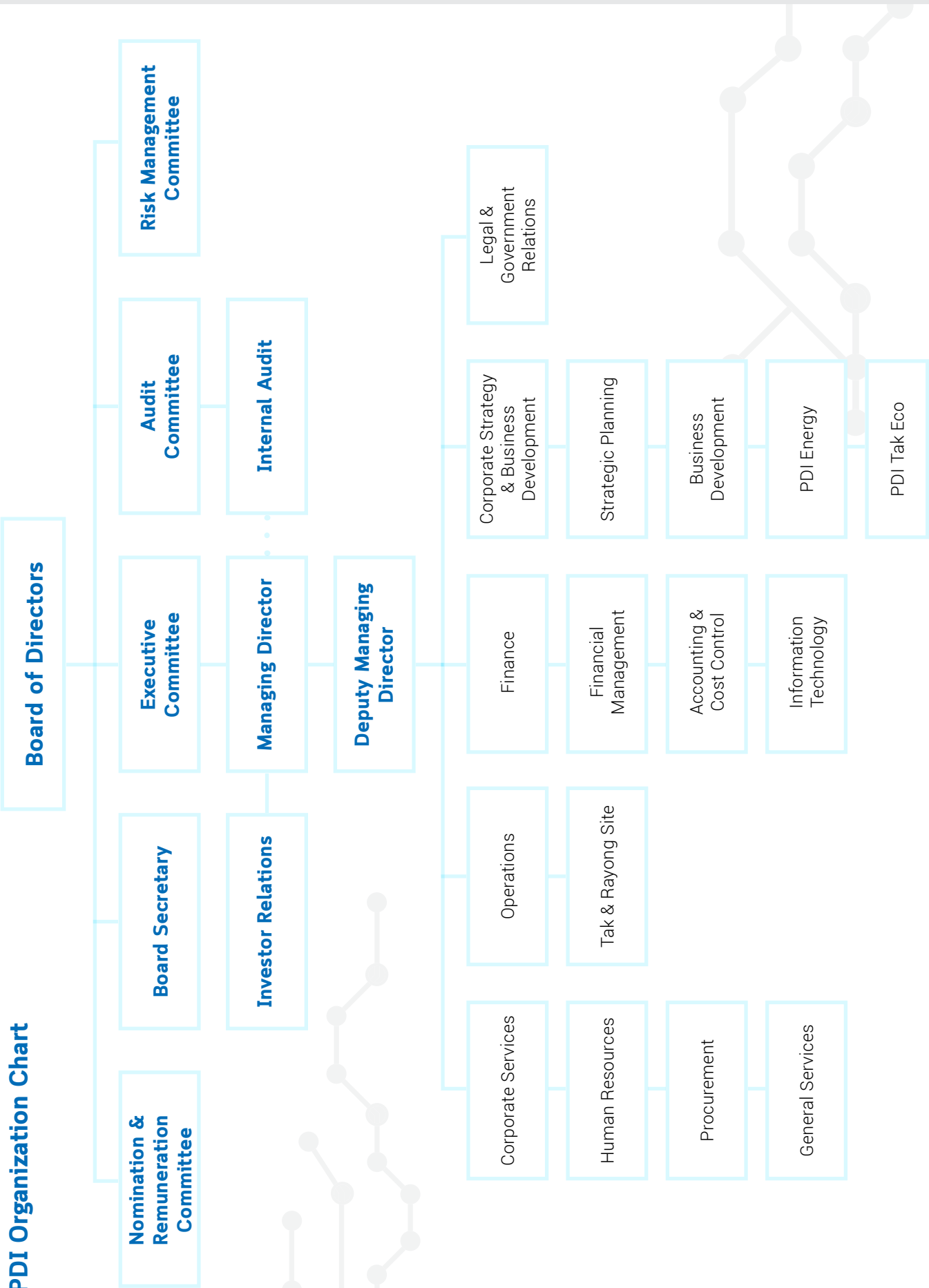
7) Mr. Chaya Hasdiseve has resigned from the Company, effective since February 1, 2018.

## Shareholdings of the Board of Directors and Executives as of December 31, 2018

Unit: Share

No.	Name	December 31, 2018		December 31, 2017		Change +(-)
		Own	Spouse/ Minor Child	Own	Spouse/ Minor Child	
1.	Mr. Arsa Sarasin	-	-	-	-	-
2.	Mr. Sadawut Taechaubol	-	-	-	-	-
3.	Mr. Tommy Taechaubol	-	-	-	-	-
4.	Ms. Prapa Puranachote	-	-	-	-	-
5.	Ms. Wimol Chatameena	-	-	-	-	-
6.	Mr. Karel Vinck	-	-	-	-	-
7.	Mr. Vinai Vamvanij	8,000	-	8,000	-	-
8.	Mr. Aswin Kongsiri	-	-	-	-	-
9.	Dr. Kurujit Nakornthap	-	-	-	-	-
10.	Dr. Chokchai Aksaranan	-	-	-	-	-
11.	Mr. Thanachote Rungsitvat	-	-	-	-	-
12.	Mrs. Weena Suksawasdi Na Ayuthaya	-	-	-	-	-
13.	Mr. Chitchai Thaveepanich	-	-	-	-	-
14.	Mr. Manoch Jaroovuthitham	-	-	-	-	-

PDI Organization Chart





## The Company Secretary and the Person Supervising Accounting (Chief Accountant)

### The Company Secretary

To comply with Articles 89/15 and 89/16 under the Securities and Exchange Act B.E. 2535 (including its amendment), the Board of Directors' Meeting No. 05-2017 on November 6, 2017 appointed Ms. Suthathip Pilasrom, Manager - Board Secretary, as the Company Secretary since January 1, 2018. This person is considered qualified with capabilities, possesses many years of useful experiences, successfully participated in trainings and seminars including related courses required and being able to carry out the duties of the Company Secretary so that the Company adheres to related laws and Good Corporate Governance regulations. Her profile is as follows:

#### Ms. Suthathip Pilasrom, 33 Years Old

**Position** Company Secretary  
Board Secretary  
Executive Committee Secretary  
Manager - Board Secretary

#### Education

- Barrister-at-Law, The Thai Bar under The Royal Patronage
- Bachelor of Laws (Business Law), Chulalongkorn University

#### Training/ Seminar Accomplishment

To help Company Secretary carries out the Board supporting roles effectively according to the regulatory bodies' rules and regulations as well as to elevate the professional performance and the corporate governance standard, therefore the Company supports Company Secretary to attend the trainings and seminars.

#### Thai Institute of Directors Association (IOD)

- Board Reporting Program (BRP 26/2018)
- Effective Minutes Taking, 2017

#### Thai Listed Company Association

- Advances for Corporate Secretaries, 2017
- Fundamentals for Corporate Secretaries, 2016

#### SEC and/or SET

- Smart Disclosure Program (SDP)
- SET Portal
- Preparation for the new CG Code
- Preliminary to Corporate Sustainability (P01)
- Data Protection for Business: Road to GDPR Standard

#### Thai Investor Association

- AGM Checklist Project

#### Other Training

- Legal Advisor on Business and Investment (BOI, Industrial Estate, Eastern Special Development Zone) Class No. 1, Lawyers Council of Thailand, 2019
- Continuing Education Series for Legal Practitioners No. 1: Introduction to Blockchain and Digital Assets and related legal issues
- CG Code Workshop (for Company Secretary) Year 2018, PricewaterhouseCoopers ABAS Limited



- Advanced Legal Studies on Securities and Exchange Law, Lawyers Council of Thailand, 2017
- Micro MBA Chula, Chulalongkorn Business School, 2017
- Mergers & Acquisitions Workshop, 2017
- Finance for Non-Financial Manager, NIDA, 2016
- Notarial Services Attorney Certificate, Lawyers Council of Thailand, 2013
- Lawyer License, Lawyers Council of Thailand, 2007

#### Current Position

- 2018 - Present Company Secretary, Padaeng Industry Public Company Limited
- 2018 - Present Board Secretary, Padaeng Industry Public Company Limited
- 2018 - Present Executive Committee Secretary, Padaeng Industry Public Company Limited
- 2017 - Present Manager - Board Secretary, Padaeng Industry Public Company Limited

#### Other Position

- 2016 - Present Board Secretary, PDI Tak Eco Company Limited

#### Working Experience (5 years past experiences)

- 2014 - 2017 Assistant Manager - Legal, Padaeng Industry Public Company Limited
- 2012 - 2014 Senior Legal Counsel, Ayudhya Development Leasing Company Limited, Affiliate of Bank of Ayudhya

**% Share Possession : None**

**Family Relation among the Managers : None**

## Scope of Duties and Responsibilities of the Company Secretary

The Board of Directors has appointed Ms. Suthathip Pilasarom as Company Secretary, whose duties and responsibilities are as stipulated in the Securities and Exchange Act B.E. 2535 (including its amendment) and related laws and regulations.

1. Organize meetings for the Board of Directors and Shareholders according to the laws and Company's Articles of Association and ensuring compliance with the meetings' resolutions.
2. Be responsible for disclosing the Company's information in line with the SET's and SEC's regulations and other regulatory bodies.
3. Advise and support the performance of directors and the management under the law and relevant regulations.
4. Prepare and maintain key documents required by laws e.g. including the Board roster, meeting notices, minutes of the Board meetings and shareholders' meetings.
5. Coordinate between the Chairman, Managing Director and Directors with management team, which includes coordination between the Company and its shareholders.
6. Encourage the directors, management team, and employees to conform to Corporate Governance.
7. Perform other duties as required by SEC, the Capital Market Supervisory Board and SET.
8. Other lawful tasks and Board-assigned tasks.

## The Person Supervising Accounting (Chief Accountant)

Mr. Boonsong Sumnuk, Senior Manager-Accounting is the accountant with the qualifications and conditions of being an accountant in accordance with the rules prescribed in the Notification of the Department of Business Development with the following qualifications and experiences;

### Mr. Boonsong Sumnuk, 38 Years Old

**Position** Senior Manager - Finance

#### Education

- Kasetsart University, Bachelor of Accountancy

#### Training at Thai Institute of Directors Association

- None

#### Other Training

- Custom Tax for accountant
- Promotional Privileges according to Investment Promotion Act - BOI
- New Transfer Pricing Law, TFRS 15 and Draft TFRS 16 Leases - 2018, Deloitte Touche Tohmatsu Jaiyos Co., Ltd.
- Strategic Financial Leadership Program (SFLP) 2017, Thai Listed Companies Association
- Chief Financial Officer Certification Program No. 20, Federation of Accounting Professions

**Number of Hours of Accounting Training in 2018 :**  
6 hours

#### Current Position

- 2018 - Present Senior Manager - Finance,  
Padaeng Industry Public  
Company Limited



#### Working Experience

- 2016 - 2018 Accounting and Finance  
Manager, Country Group  
Holdings Public Company Limited
- 2012 - 2015 Accounting and Finance Manager,  
UOB Kay-Hian Securities  
(Thailand) Public Company Limited
- 2004 - 2011 Assistant Audit Manager,  
Deloitte Touche Tohmatsu Jaiyos  
Audit Co., Ltd.

**% Share Possession : None**

**Family Relation among the Managers : None**

**Date of the First Appointment: June 1, 2018**

## Remunerations for Directors and Executives

### Remuneration for Company Directors

Remuneration of the Board, subcommittees and top executives are reviewed by the Nomination and Remuneration Committee prior submitting to the Board and approved in the Shareholders' meeting.

Remuneration for Company directors had been approved in the 2018 Annual General Meeting of Shareholders on April 24, 2018. The details are as follows;

Board of Directors and Sub-Committees	Retaining Fee			Meeting Fee			Bonus			Others
	Chairman	Member	Executive Director	Chairman	Member	Executive Director	Chairman	Member	Executive Director	
Board of Directors	200,000 Baht/ Year/ Director	200,000 Baht/ Year/ Director	No	20,000 Baht/ Meeting	15,000 Baht/ Meeting	No	1% of the dividends distributed to the shareholders, to be divided among the Non-Executive Directors. (on the pro rata basis)			None
Audit Committee	200,000 Baht/ Year/ Director	200,000 Baht/ Year/ Director	None	-	-	-	-	-	-	
Executive Committee	-	-	-	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No	-	-	-	
Nomination and Remuneration Committee	-	-	-	20,000 Baht/ Meeting	20,000 Baht/ Meeting	No	-	-	-	

After that, the Board of Directors' Meeting No. 04-2018 on August 7, 2018 had approved the establishment of the Risk Management Committee and assigned the authority and responsibilities to supervise the management to conduct risk assessment and to ensure that the organization has sufficient and appropriate risk management systems in place. Therefore, the Board of Directors considered and determined the remuneration for the Risk Management Committee as follows;

Description	Existing			Proposed to amend		
	Meeting Fee			Meeting Fee		
	Chairman	Member	Executive Director	Chairman	Member	Executive Director
Risk Management Committee	-	-	-	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No

Furthermore, the Board of the Directors' Meeting No. 04-2018 on August 7, 2018 had reviewed and determined the remuneration for the Chairman of Nomination and Remuneration Committee in order to be in line with the remuneration of the Chairman of other Sub-Committees. The details are as follows;

Description	Existing			Proposed to amend		
	Meeting Fee			Meeting Fee		
	Chairman	Member	Executive Director	Chairman	Member	Executive Director
Nomination and Remuneration Committee	20,000 Baht/ Meeting	20,000 Baht/ Meeting	No	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No

After that, the Board of Directors' Meeting No. 01-2019 on February 22, 2019 has reviewed and determined the remuneration (only the meeting fee) of the Board of Directors in order to be in line with the remuneration of the Sub-Committees as well as the additional remuneration is aligned with the additional responsibilities. The details are as follows;

Description	Existing			Proposed to amend		
	Meeting Fee			Meeting Fee		
	Chairman	Member	Executive Director	Chairman	Member	Executive Director
Board of Directors	20,000 Baht/ Meeting	15,000 Baht/ Meeting	No	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No

Therefore, the remuneration of the Board of Directors and the Sub-Committees has been carefully considered and has been determined in a clear manner and is comparable to that of similar companies in the industry as stipulated in the Good Corporate Governance guideline for Listed Company 2017 (CG Code 2017). The details are as follows:

Board of Directors and Sub-Committees	Retaining Fee			Meeting Fee			Bonus			Others
	Chairman	Member	Executive Director	Chairman	Member	Executive Director	Chairman	Member	Executive Director	
Board of Directors	200,000 Baht/ Year/ Director	200,000 Baht/ Year/ Director	No	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No	1% of the dividends distributed to the shareholders, to be divided among the Non-Executive Directors. (on the pro rata basis)			None
Audit Committee	200,000 Baht/ Year/ Director	200,000 Baht/ Year/ Director	None	-	-	-	-	-	-	-

Board of Directors and Sub-Committees	Retaining Fee			Meeting Fee			Bonus			Others
	Chairman	Member	Executive Director	Chairman	Member	Executive Director	Chairman	Member	Executive Director	
Executive Committee	-	-	-	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No	-	-	-	-
Nomination and Remuneration Committee	-	-	-	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No	-	-	-	-
Risk Management Committee	-	-	-	25,000 Baht/ Meeting	20,000 Baht/ Meeting	No	-	-	-	-

**Remark:** 1) For Non-Executive Directors only.

2) Other Benefits : None

3) Shall be proposed in the 2019 Annual General Meeting of Shareholders for consideration and approval.

1) Remuneration for Company directors - in the Form of Cash :

In the year 2018 the Company paid a total of 4,278,152 Baht to 10 Directors, 5 Executive Committee Members, 3 Audit Committee Members and 3 Nomination and Remuneration Committee Members and 6 Risk Management Committee as director's fees, director's remuneration and director's bonus. The details are as follows;

Unit: Baht

[illegible]



Unit: Baht

Name/Position	Annual Remuneration Fee		Meeting Fee				Director Bonus for 2018 <sup>1)</sup>	Total Remuneration <sup>3)</sup>
	Director	Audit Committee	Director	Executive Committee	Nomination & Remuneration Committee	Risk Management Committee		
<b>4. Mr. Tommy Taechaubol</b> • Director • Executive Committee Member • Nomination and Remuneration Committee Member	200,000	-	60,000	160,000	80,000	-	-	500,000
<b>5. Ms. Prapa Puranachote</b> • Director • Executive Committee Member	200,000	-	45,000	180,000	-	-	-	425,000
<b>6. Ms. Wimol Chatameena</b> • Director	200,000	-	45,000	-	-	-	-	245,000
<b>7. Mr. Karel Vinck</b> • Independent Director • Audit Committee Member	200,000	200,000	45,000	-	-	-	-	445,000
<b>8. Mr. Vinai Vamvanij</b> • Independent Director • Audit Committee Chairman • Nomination and Remuneration Committee Member	200,000.00	200,000	75,000	-	80,000	-	-	555,000
<b>9. Mr. Aswin Kongsiri</b> • Independent Director • Nomination and Remuneration Committee Chairman • Audit Committee Member	200,000	200,000	60,000	-	85,000	-	-	545,000
<b>10. Dr. Kurujit Nakornthap</b> • Independent Director • Executive Committee Member	200,000	-	60,000	180,000	-	-	-	440,000

Unit: Baht

Name/Position	Annual Remuneration Fee		Meeting Fee				Director Bonus for 2018 <sup>1)</sup>	Total Remuneration <sup>3)</sup>
	Director	Audit Committee	Director	Executive Committee	Nomination & Remuneration Committee	Risk Management Committee		
<b>11. Dr. Chokchai Aksaranan</b> • Independent Director • Executive Committee Member • Risk Management Committee Chairman (Since August 7, 2018)	200,000	-	75,000	240,000	-	75,000	-	590,000
						<b>Total</b>	<b>-</b>	<b>4,278,152</b>

**Remark :** 1) No Director Bonus in the Year 2018.

2) Executive Director's bonus is included in b) the Company bonus paid to the executives.

3) No remuneration payment for the executive directors.

2) Remuneration for Company directors - Other Benefits:

-None-

### Remuneration of top executives

Remuneration of top executives is aligned with the principles and policies of the Board of Directors and corresponds with overall company and individual performance.

1) Remuneration for top executives - in the Form of Cash:

The Company paid a total of 43 Million Baht to the 6 executives in the year 2018, as salaries and bonuses.

2) Remuneration for top executives - in other forms:

The Company paid a total of 43 Million Baht to the 6 executives in the year 2018, as salaries and bonuses.

Apart from salaries and bonuses, the Company has paid other forms of compensation which divided into Short-Term Benefits, Post-Employment Benefits, Others Long Benefits and Termination Benefits, in total amount of 22 Million Baht.

The Company contributed to employees' provident fund savings, as a percentage of salary and period of time enrolled in the fund, ranging from 5 to 10%.

**Remark :**

- **Short-Term Benefits** include up-country allowance, car allowance, house rental allowance, social security contribution, workmen's compensation fund, health and life insurance premium, expense for medical treatment (OPD), annual health check-up, uniform and airline ticket for foreigner (including taxes).
- **Post-Employment Benefits** include the provident fund and compensation for remaining annual leave.
- **Others Long Benefits** include award for 10 years and 20 years working period.
- **Termination Benefits** include severance pay and financial assistant.

## ANTI-CORRUPTION

### Anti-Corruption

PDI remains committed to its anti-corruption policy statement announced early 2015. "PDI is committed to conducting all of its business in an honest and ethical way. The Company has adopted a zero-tolerance approach to bribery and corruption to comply with its good governance principle and to achieve sustainable development. In 2016, the Audit Committee Charter has been revised in order to clearly specify the committee's objectives, roles and responsibilities for due conformance.

### Training

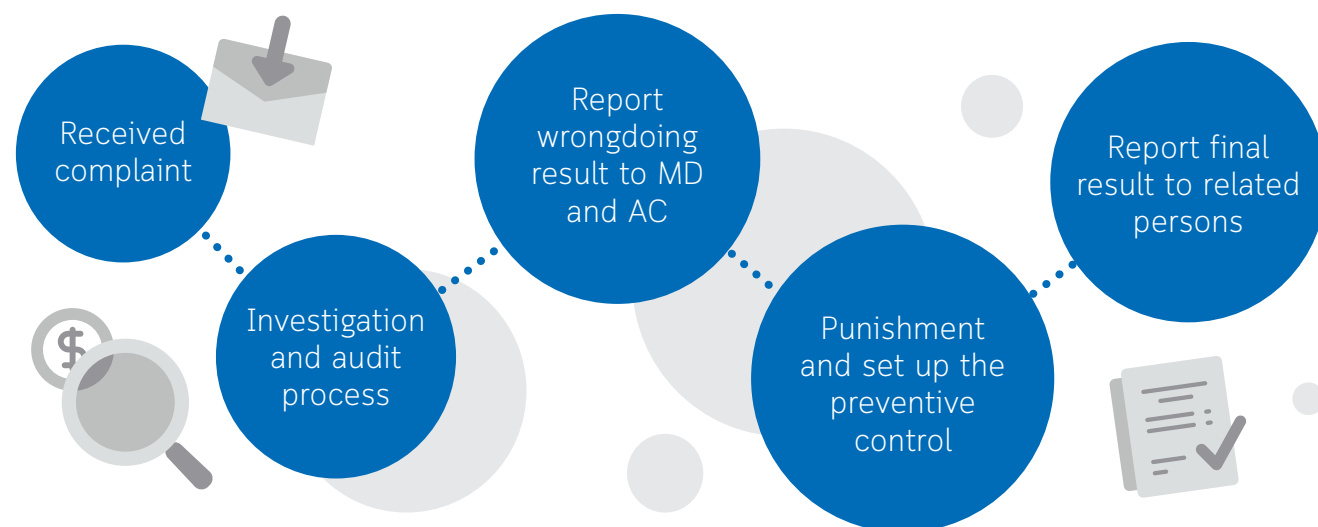
PDI conducted training and handed out manuals on Code of conduct and anti-corruption policy to the Board of Directors, management and staff. The company also provided an orientation program to the intake process for new employees to make them understand PDI Code of conduct and anti-corruption policy, PDI also communicates these measures through our intranet and website for clearer understanding.

### Whistle-Blowing and Investigation Process

PDI has created complaint channels together with a response process, with the aim that all employees will work together to ensure compliance with these measures as corporate governance. To ask questions regarding business ethics or to file a complaint against alleged violations of PDI Code of conduct or anti-corruption policy, individuals can contact Internal Audit unit or Audit Committee through Secretary of the Audit Committee at e-mail: [cg@padaeng.co.th](mailto:cg@padaeng.co.th).

All complaint submissions are treated equally, transparently, attentively, fairly and are considered by proper investigation committee and within reasonable time frames. Confidentiality is guaranteed, and those who file complaints are duly protected against retribution before or after the investigation to be in line with the protection of employee policy. The Company is committed to ensuring that no employee will suffer demotion, penalty or other adverse consequences for making a complaint report or refusing to pay bribes even if such refusal may result in the company losing business. The investigation result will be reported to related persons within 30 days after receiving the complaint letter, depending on the case.

In 2018, no complaint against alleged violations of PDI Code of conduct or anti-corruption policy.



## Violations and Punishment

Deliberate non-compliance with Code of conduct and the Anti-Corruption policy will not be tolerated and may, in accordance with relevant legislation, lead to internal disciplinary actions, dismissal or even criminal prosecution. Each case will be reviewed objectively in full recognition of the circumstances.

## Internal Anti-Corruption Risk Assessment

In addition, PDI staged risk assessments for internal corruption practices and developed anti-corruption measures in line with the assessed risks for the management and employees to comply with.

PDI's Internal Audit Department audited the work processes with the assessed risks and examined the appropriateness of the internal control system and the effectiveness of the anti-corruption measures. This helped strongly to ensure that our employees strictly complied with the measures, and to establish sufficient internal control to protect the Company from fraud & corruption.

## Communication

PDI publicly discloses information about Code of conduct and the anti-corruption policy to public and community by posting on the Company's website.

PDI communicates to all vendors, suppliers, contractors, agents and intermediaries at the outset of every business relationship with the company and as appropriate thereafter in order to make them clearly understand of the Company's standpoint.

PDI encourages every person it deals with to adhere to similar standards of the anti-corruption or become an ally of the Private Sector Collective Action Coalition against Corruption (CAC) as we are.



## Private Sector Collective Action Coalition against Corruption or CAC

In 2015, PDI announced its desire to become an ally of the Private Sector Collective Action Coalition against Corruption (CAC). Then, the Company has been certified by CAC on March 9, 2017 and received the certificate on June 28, 2017. Furthermore, PDI has supported and joined the campaign "No Gift Policy" of CAC by posting on company website and internal communication i.e. the banner for e-mail signature for convincing employees at all levels to not accept or give a gift or entertainment to or from anyone during festival time to prevent and avoid bribery.

# CORPORATE GOVERNANCE

## Corporate Governance Policy

PDI applies "Corporate Governance Code for listed companies 2017" by the Securities and Exchange Commission, Thailand to the company's business for the confidence of our employees, our investors and all stakeholders involved in our operations and business endeavors. Our Audit Committee, by means of the "Internal Audit Department", supervises financial statements, internal control and practices of good corporate governance to ensure compliance with our vision, values and policies. PDI has also endorsed a Code of Conduct including an Anti-corruption Policy to which all executives and employees are assumed to comply with, in conducting business and business related affairs. We have installed a Nomination and Remuneration Committee to supervise the process of director nominations and to recommend fair and reasonable annual remuneration for the Board of Directors, the subcommittees and the top executives. To ensure efficient and productive business operations, an Executive Committee has also been established to oversee our strategic plan, prior to giving recommendations to the Board of Directors. Furthermore, a Risk management committee has been appointed by the Board of Directors with the risk management objectives for mitigating risk that might impact the company performance, financial security, environment & community and image & reputation, to be in line with the risk appetite level and assure the company accomplishes its objectives.

## Subcommittees

### 1) The structure of the Board of Directors consists of four Subcommittees as follows:

#### 1. The Audit Committee

The Audit Committee was first established on December 22, 1998. At present it consists of three directors:

- |                         |                                  |
|-------------------------|----------------------------------|
| 1. Mr. Vinai Vamvanij   | Chairman                         |
| 2. Mr. Aswin Kongsiri   | Member                           |
| 3. Mr. Karel Vinck      | Member                           |
| Mr. Duangden Nimpaiboon | Secretary to the Audit Committee |

In 2018, the committee held four meetings in order to perform its duties as stipulated in the Audit Committee Charter, and the proceedings from each meeting were reported to the Board of Directors. Additionally, there was non-management meeting between the committee members and the external auditors.

#### The Scope of Authority of the Audit Committee

1. The audit committee shall have the authority to request any information it sees relevant to its activities from the director or any managers of the company.
2. The audit committee may seek independent professional advice as it considers necessary.
3. The audit committee will have no executive powers with regards to its findings and recommendations.

#### Duties and Responsibilities of the Audit Committee

1. To review the Company's financial reporting process to ensure that it is accurate and adequate.
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit.
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business.



4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year.
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company.
6. To prepare, and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:
  - (a) Opinion on the accuracy, completeness and creditability of the Company's financial report.
  - (b) Opinion on the adequacy of the Company's internal control system.
  - (c) Opinion on the compliance with the law on securities and exchange, the Exchange's regulations, or the laws relating to the Company's business.
  - (d) Opinion on the suitability of an auditor.
  - (e) Opinion on the transactions that may lead to conflicts of interests.
  - (f) The number of the audit committee meetings, and the attendance of such meetings by each committee member.
  - (g) Opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter.
  - (h) Other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors.
7. To monitor the risk management process.
8. To monitor compliance with Anti-Corruption Policy and review reported concerns about fraud or corruption.
9. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.
10. Report any matter to the board that the audit committee considers appropriate.

## 2. The Executive Committee

The Executive Committee was established on November 10, 2015 and at present consists of five members:

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1. Mr. Sadawut Taechaubol	Chairman of the Executive Committee
2. Mr. Tommy Taechaubol	Member
3. Ms. Prapa Puranachote	Member
4. Dr. Chokchai Aksaranan	Member
5. Dr. Kurujit Nakornthap	Member
Ms. Suthathip Pilasarom	Secretary to the Executive Committee

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### **Authority and Responsibilities**

The Committee shall have, and may exercise, the powers of the Board in the management and direction of the business and affairs of the Company in between full meetings of the Board, as determined by the Board, in line with the Company's certificate of incorporation or by-laws, each as amended and in line with applicable law or regulations.

The Committee shall maintain minutes of meetings and activities. It shall provide the Board a summary of the matters discussed and decisions taken at each meeting. The Committee minutes shall be presented to the Board at the next Board meeting for acknowledgement and approval.

The Committee shall have the authority to obtain advice and assistance from internal or external legal, accounting or any other advisors and to approve the fees and other retention terms related to any such external counsel, consultants or advisors.

The Committee may form and delegate authority to subcommittees when appropriate.

The Committee shall annually review its own performance.

In 2018 the committee held twelve meetings and reported to the Board of Directors.

### 3. The Nomination and Remuneration Committee

The Nomination and Remuneration Committee (NRC) was established on February 25, 2005 and at present consists of three members:

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1. Mr. Aswin Kongsiri	Chairman, Independent Director
2. Mr. Tommy Taechaubol	Member, Director
3. Mr. Vinai Vamvanij	Member, Independent Director
Mr. Chitchai Thaveepanich	Secretary to the Nomination and Remuneration Committee

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In 2018 the committee held four meetings and reported to the Board of Directors.

#### **The Scope of Authority of the Nomination and Remuneration Committee**

1. To set the criteria and process of nominating board members and top executives.
2. To set the process to review and assess the performance of the board and top executives.
3. To recommend new nominees to the Board to fill positions made vacant by directors who complete their terms or resign.
4. To review and recommend to the Board on the hiring of advisers to the Board as it deems necessary.
5. To review for the Board the succession plan of the Company's top executives.
6. To recommend fair and reasonable annual remuneration for the Board, the subcommittees, and the top executives.

### 4. The Risk Management Committee

The Risk Management Committee was established on August 7, 2018 and at present consists of five members:

1. Dr. Chokchai Aksaranan	Chairman of Risk Management Committee
2. Mr. Thanachote Rungsitivat	Member
3. Ms. Weena Suksawasdi Na Ayuthaya	Member
4. Mr. Boonsong Sumnuk	Member
5. Mr. Duangden Nimpaiboon	Member & Secretary to the Risk Management Committee

In 2018, the committee held three meetings in order to perform its duties as stipulated in the Risk Management Committee Charter, and the proceedings from each meeting were reported to the Board of Directors.

#### **Membership**

The risk management committee will be composed of the member at least 5 members which 1 director would be a chairperson and the members shall be the directors or executives or the persons who have knowledge and skill in risk management and internal control.

**Risk Management Committee Authority**

1. To regulate and support risk management process to be in line with strategy and business goal including the current situation.
2. The risk management committee shall have the authority to request any information it sees relevant to risk assessment from the risk owners or of the management of the company.
3. The risk management committee may seek the risk management team as it considers necessary.

**Duties and Responsibilities**

1. Presenting the risk management committee charter and risk management framework to the Board of Directors for approval.
2. Consider risk assessment criteria and risk response plan to cope with the key risks to be in line with the risk appetite level and report the results of Risk Management to the Board of Directors.
3. Supervise the management to analyze, assess and manage the risk regularly.
4. Review the risk management report to ensure that the organization has sufficient and appropriate risk management systems in place.
5. Having the risk management committee secretary to coordinate and review that the company has appropriate risk management system to identify risk, assess risk and set the action plan for mitigating risk to be in line with the risk appetite level properly.
6. The risk management committee should meet at least 1 time each quarter to review Risk Management report and follow up the progress of any improvements.
7. To disclose Risk Management report in the Company's annual report.

The Attendance of the Directors on the Subcommittees

Directors (Attendance/ No. of the meeting)	Audit Committee	Executive Committee	Nomination and Remuneration Committee	Risk Management Committee	AGM
1. Mr. Arsa Sarasin	-	-	-	-	1/1
2. Mr. Sadawut Taechaubol <sup>1)</sup>	-	12/12	-	-	1/1
3. Mr. Francis Vanbellen <sup>2)</sup>	-	11/11	-	3/3	1/1
4. Mr. Tommy Taechaubol	-	8/12	4/4	-	1/1
5. Mr. Prapa Puranachote	-	9/12	-	-	0/1
6. Ms. Wimol Chatameena	-	-	-	-	0/1
7. Mr. Karel Vinck	3/4	-	-	-	0/1
8. Mr. Vinai Vamvanij	4/4	-	4/4	-	1/1
9. Mr. Aswin Kongsiri	3/4	-	4/4	-	1/1
10. Dr. Kurujit Nakornthap	-	9/12	-	-	1/1
11. Dr. Chokchai Aksaranan <sup>3)</sup>	-	12/12	-	3/3	0/1

**Remark:** 1) Mr. Sadawut Taechaubol, Acting Managing Director on December 1, 2018.

2) Mr. Francis Vanbellen, has retired from the Company on December 1, 2018.

3) Dr. Chokchai Aksaranan, Chairman of Risk Management Committee on August 7, 2018.

- 2) **Mr. Vinai Vamvanij is chairman of the Audit Committee.** He has knowledge and experience reviewing financial statements of Companies. His background on financial statement reviews are as follows:

Year	Position	Company
1967-1968	Senior Auditor	Price Waterhouse & Co., Chartered Accountants
1963-1966	Audit & Accounting Clerk	R.J. Oehr & Church, Chartered Accountants Melbourne, Australia

## The Selection and the Appointment of Company Directors and Executives

### (1) Independent Director

The Nomination and Remuneration Committee will consider from the list of candidates and nominate persons with proper qualification and experiences that can beneficial to the Company.

#### Qualification of Company Independent Directors

1. Holding shares not exceeding five percent of the paid-up capital of the Company, affiliated company, associated company or related company, inclusive of the shares held by any related persons.
2. Not taking part in the management of the Company, affiliated company, associated company, related company or majority shareholders of the Company. Not being an employee, staff member or advisor who receives a regular salary from the Company, affiliated company, associated company, related company or majority shareholders of the Company.
3. Having no direct or indirect benefit or interest in finance and management of the Company, affiliated company, associated company or majority shareholders of the Company. Having no benefit or interest of the said nature during the period of one year before his appointment as a director except where the Board of Directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
4. Not being a related person or close relative of any management member or majority shareholder of the Company.
5. Not being appointed as a representative to safeguard the interests of the Company's directors, majority shareholders of the Company or those who are related to the Company's majority shareholders.
6. Being capable of performing duties, giving opinions, or reporting the results of performance of work according to the duties delegated by the Board of Directors free and clear of the management or the majority shareholders of the Company, including related persons or close relatives of the said persons.

### (2) The Selection of Company Directors and Executives

The NRC, consisting of two independent directors and one director, is responsible for the selection of a qualified person, not subject to the prohibitive characteristics under the law for nomination, to the Board of Directors prior to submitting for final election in the "Annual General Shareholders' Meeting (AGM)".

The Company has also allowed the shareholders to submit names of qualified candidates to be nominated for selection as PDI Board of Directors in advance of the annual general shareholders' meeting through the Company's website. The Company also refers to the list of qualified candidates released by the Thai Institute of Directors (IOD).

### **The Selection of Directors by the Annual General Shareholders' Meeting**

The appointment of a director requires a majority vote from the eligible voting shareholders present at the annual general shareholders' meeting. Voting shall be casted according to the following guidelines:

1. Each shareholder shall have one vote for each share.
2. Each shareholder must exercise all the votes he has under item (1) to elect one or several persons to be directors, but cannot divide his votes to any person particularly.
3. The candidates shall be ranked in order descending from the highest number of votes received to the lowest, and shall be elected as directors equivalent to the number of directors who are to be elected.
4. If there is a tie in the last to be elected and this exceeds the said number of directors, the presiding Chairman shall have an additional casting vote.

In the case of a vacancy on the Board of Directors prior to the expiration of the term of office due to death, resignation, or for reasons other than by rotation, the Board of Directors shall elect any person who is qualified and not subject to the prohibitive characteristics under the law as the substitute director at the subsequent Board of Directors meeting, unless the remaining term of office of the said director is less than two (2) months.

The aforesaid substitute director shall retain his office only for the remaining term of office of the director whom he replaces. The resolution of the Board on this matter must receive no less than three-fourths ( $\frac{3}{4}$ ) of the votes from the remaining directors.

At present, of all the Company's directors, five are independent directors and two are executive directors.

### **Succession of Top Management Positions**

PDI's Board of Directors has created a succession plan for the management level and the important positions in the main lines of work. This plan is based on the person's knowledge and understanding of the company and its businesses, experience, performance, competency, potential, and readiness. Preparation has been made to equip these successors with the knowledge and skills required for each position so that they can continue the work in case the Managing Director or any top executives cannot perform their duties as a result of their retirement, resignation, transfer, etc.

Apart from the required qualifications and experience in the concerned field, the successors must learn from rotating to other related units. They must also improve their management skills, personality, and cooperation with others in line with PDI's values and corporate culture. Furthermore, they must attend additional necessary courses to prepare themselves for future work in a higher position so that the transfer of work will be smooth and continuous.

### **Supervision the Operations of Subsidiary and Affiliated Companies**

In the case of a subsidiary company, executives of the Company will be appointed as directors, in proportion of no less than half of the total number of directors, to supervise operations of the subsidiary company so that the subsidiary's activities are under Company policy.

In the case of an affiliated company, executives of the Company will be appointed as members to the Board of Directors, in proportion to the number of shares held by the Company. As a representative of the Company, the director(s) will receive policy mandates from the Company for the control or supervision of the operations of the affiliated company.



**Controlling the Use of Internal Information**

The Company has established policies and guidelines to prevent executives and related persons from using internal company information for personal gains. Before the announcement of company results, internal data is restricted to related departments including Accounting and Finance, Investor Relations, Internal Audits, and the Company Secretary. Each quarter, a summary of changes of company holdings (if any) by directors and executives is submitted for review to monitor any use of inside information by executives.

Directors, executives, and employees at all levels are forbidden from using internal data containing crucial information that would have a significant impact on the stock price and has not yet been declared to the public or the Stock Exchange of Thailand for trading to the advantage of self or others. Furthermore, in 2017 the Company has established a policy such that aforementioned parties are to avoid or refrain from trading the Company's stock for two (2) weeks prior to the last day as required by the Stock Exchange of Thailand to submit financial statements and for 24 hours after the release of the financial statements to SET. (Blackout Period).

**Auditor's Fee****1. Audit Fee**

The Company and its subsidiaries have paid audit fees to audit companies, individual auditors or other businesses relating to the auditors and auditing companies during the previous fiscal year totaling 3,500,000 Baht.

**2. Non-Audit Fee**

The Company and its subsidiaries have a general policy not to hire individual auditors or other businesses relating to its auditor for non-audit services.

**Applying of the Corporate Governance Code 2017**

The company's board considered and reviewed the implementation of "the CG Code 2017 by SEC" to the company's business in the Board meeting no.01-2019 on February 22, 2019. For unapplied sub-principles were recorded in the Board resolution and will follow up for improvement or find alternative practices to fulfil the intended outcomes of the principles and sub-principles later.

**Compliance with Good Corporate Governance Principles****1. Rights of Shareholders**

The Company considers each shareholder equally and stipulates procedures for the shareholders meeting accordingly the law and in compliance with the guidelines of the Stock Exchange of Thailand.

In 2018 the Company organized an annual shareholders' meeting on April 24, 2018 at the Queen Sirikit National Convention Center, Bangkok. An invitation letter with agenda of the meeting and related documents were sent to the shareholders for information not less than 7 days prior to the meeting. Topics included the views of the Board of Directors and the review of minutes of the previous meeting. As such allowing shareholders ample time and opportunity to review and consider the topics. The Company accommodated shareholders in a convenient location with appropriately sized meeting space. Shareholder proxies' were permitted in the event they were unable to attend the meeting. The Company also posted the information regarding shareholders meeting on the Company's website and shareholders were invited to submit questions related to the Company operations through the website, prior to the meeting.

During the 2018 annual shareholders' meeting, a total of seven directors attended, including the Chairman of the Audit Committee. The Chairman of the meeting allowed equal opportunity for all shareholders to question, comment, and submitted suggestions regarding Company operations. Prominent opinions were recorded in the minutes of the meeting.

In addition to the annual shareholders' meeting, the Company will call additional shareholders' meetings, if necessary, in the event of specific emerging topics, which are pertinent to the shareholders' interests or relate to laws or regulations that require the shareholders' approval.

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

The Company treats all shareholders equally and stipulates procedures for the shareholders meeting in accordance to the law and in compliance with guidelines of the Stock Exchange of Thailand. Each shareholder has one vote for each share. Shareholders can send a proxy on their behalf in the event that they are unable to attend.

To prevent conflicts of interest and misuse of inside information for personal gain, the Board of Directors investigates any occasion which may lead to a dispute and has established a policy and guidelines to prevent executives and related persons from using internal company information for personal gains. Company holdings by directors and executives are assessed to screen any use of inside information for gains by executives. In addition, the company has set a policy that directors, executives, and employees at all levels are avoid or refrain from trading in the securities of the Company during the two (2) weeks prior to the last day as required by the Stock Exchange of Thailand to submit financial statements and for 24 hours after the release of the financial statement to SET (Blackout Period).

In case of related parties' transactions, the Audit Committee is responsible for reviewing the related transactions to ensure that no conflict of interest will occur in order to maximize the overall company's benefits. The Company discloses all necessary information together with Directors' opinion to the public according to SET regulation.

The Company has established a channel, through the company's website, to allow shareholders to submit names of qualified candidates to be nominated as board members and to propose an agenda for, and in advance of, the annual general shareholders' meeting.

## **3. Role of Stakeholders**

### **PDI's Mission**

Driven by innovation and balanced concerns, PDI maximizes added value for our clients, with respect to our people, our ecosystems and the environment. PDI supports the communities in which we operate and give the best possible return to our shareholders.

### **Commitment to Customers**

The Company maximizes added value for its clients by delivering quality products/services and on-time, committed to ethical trade practices and fair competition as well as strictly adhered to the relevant laws.

### **Commitment to Employees**

The Company respects to its people by providing fair wages and benefits according to the company's performance, job security, career opportunity, personal training & development and safe workplace.

**Commitment to Public and Community**

The Company conducts its business with trading partners fairly and equally as well as be responsible for creditors. Providing accurate and timely information and participates in developing the quality of life within communities where we operate. Also, operating business safely and protect the environment extremely.

**Commitment to Creditor**

The Company conducts its business with fairness and objectivity for both parties without giving or receiving bribes or other advantages to or from people or companies for doing or seeking to do business with PDI and any conflict of interest transactions.

The Company is in compliance with all agreements and conditions that mutually signed from both parties. In case of non-compliance, default or postpone payment due to force majeure or unexpected event. The company will inform the vendor or creditor in advance for finding the solution mutually.

**Commitment to Shareholders**

The Company respects the rights of its major and minor shareholders equally. In alignment with PDI's vision. The Company commits to provide fair returns on short-term and long-term investments, create business growth and also manage with transparency.

**Capital Management**

The Company's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Company defines as result from operating activities divided by total equity, excluding non-controlling interests and also monitors the level of dividends to ordinary shareholders.

More details of Commitment to stakeholders can be found in Integrated Sustainability Report page 11-16

**4. Disclosure and Transparency**

The Company manages its business with honesty, ethical conduct, and responsibility concerning all stakeholders: customers, employees, shareholders and the general public. The Company issued a Code of Conduct, which gives guidelines for work and employee behavior. All employees use this as a guide for their daily work, along with the influence and inspiration of the vision of the Company.

The Company ensures that important information, both financial and non-financial, as specified in relevant regulations of the SET, is disclosed correctly, accurately, on a timely and transparent basis. In addition to this, the financial report, the annual statement (Form 56-1), and the annual report are available on the PDI website.

The Board of Directors has also called for the disclosure of company information in an accurate, complete, transparent, and widespread manner. As such, all financial information, as well as general information about the Company that might impact the value of company, is readily available. Shareholders and other interested parties can access any such information through the various Stock Exchange of Thailand media outlets or directly from the Company's website. A specific investor relations function has been established and existing and potential investors can obtain information by contacting the Company directly at Tel: 66(0)2695-9409 or at [www.padaeng.com](http://www.padaeng.com) or e-mail inquiries to the Investor Relation Manager at [supichnans@padaeng.co.th](mailto:supichnans@padaeng.co.th).

The Company recognizes the importance of internal control systems at managerial and operational levels, and has created an authority manual for reference. An independent internal audit department, reporting directly to the Audit Committee, organizes various internal checks and conducts audits as needed.

The Company announced its desire to become an ally of CAC (Private Sector Collective Action Coalition against Corruption) and the company has been certified by CAC on March 9, 2017 and received the certificate on June 28, 2017.

The Company has dedicated an open channel for receiving complaints regarding corporate governance, the Code of Conduct and Anti-Corruption policy. This can be done through the secretariat of the Audit Committee or the Chairman of the Audit Committee using the following email: cg@padaeng.co.th. All information received will be treated as confidential and properly investigated in a timely manner.

## **5. Responsibilities of the Board**

The PDI Board of Directors is responsible for acting in compliance with the by-laws, objectives, and guidelines of the Company, as well as the resolutions of the shareholders' meeting, with honesty and prudence and in the best interest of the Company. In addition to this, the Board of Directors also makes contributions towards establishing the vision, mission, strategy, objectives, business plans and the budget of the Company. The Board ensures that the management team conducts operations in accordance with the Company's business plan, in order to add value to its business and ensure sustainability for its shareholders.

### **Balance of Authority for Non-Executive Directors**

The Company's Board of Directors consists of qualified directors with a broad realm of experience, totaling ten members at the end of 2018 as follows:

1. Executive Directors : 2 directors
2. Non - Executive Directors : 8 directors;
  - 2.1 Directors major shareholders: 3 directors
    - Country Group Holdings Public Company Limited holds 2 seats
    - Ministry of Finance holds 1 seat
  - 2.2 Independent directors: 5 independent directors; 3 of which are Audit Committee members.

### **Aggregation or Segregation of Positions**

The function of the Chairman of the Board of Directors and the Managing Director (MD) are separated to ensure a clear distinction between responsibilities in policy making and managing daily operations. The Company has clearly defined the authority and responsibilities of management at every level.

### **Board Self-Assessment**

The Board of Directors annually engages in self-assessment, which enables all board members to consider their overall performance and resolve any potential problems or issues. This serves as a tool for reviewing performance, as well as a way to identify issues and obstacles that each director faced over the past year. It also helps increase the operational effectiveness of the Board. At present, the performance assessment of the Board is conducted using an overall performance method. To facilitate this, the Company has developed an assessment form consistent with the Statement of Corporate Governance Principles and the duties and responsibilities stated in the Board of Directors Charter. In 2018, the results of the self-assessment will be distributed to all board members for acknowledgment and self-improvement in 2019.

### MD's Performance Appraisal

The Company conducts MD's performance appraisal annually for reviewing performance and identify issues and obstacles that faced over the past year. It also helps increase the operational effectiveness of MD. At present, this performance appraisal is carried out by The Nomination and Remuneration Committee (NRC) and reported to the Board of Director for acknowledgement.

### Orientation for New Directors and Director Participation in Seminars

The Board of Directors secretary division is responsible for preparing general information and briefing newly elected directors on the actions and procedures of the Company to ensure that they are updated on all Company operations, as well as the SEC and SET regulations and requirements. Site visits will also be available for new directors who would like to have a more in-depth knowledge of Company operations.

In order to keep the directors currently informed on new rules, regulations, and requirements, they are encouraged to attend refresher courses and seminars organized by the Thai Institute of Directors and other relevant organizations.

In 2018, directors and executives of the Company who participated in such courses are listed below:

Name	Position	Course
1. Mr. Aswin Kongsiri	Independent Director	1. Chairman Forum "Digital Transformation - A must for all companies", 2018 2. Board Matters and Trends (BMT 6/2018) 3. Collective Action Against Corruption Conference 1/2018 4. Independent Director Forum 1/2018: Tough Boardrooms Share Lessons Learned
2. Ms. Suthathip Pilasarom	Company Secretary	1. Board Reporting Program (BRP 26/2018)



## INTERNAL CONTROL AND RISK MANAGEMENT

### Internal Control

At PDI internal control is a crucial process for achieving our goals and objectives. In this respect, the Audit Committee is tasked with supervising the Internal Audit Office and ensuring that it works independently, with the utmost integrity, and under proper ethics as defined in the Internal Audit charter. The latter clearly prescribes the mission, scope of work, authority, duty, and responsibility; as well as the operating and auditing guidelines. The Audit Committee is also responsible for ensuring a strict and appropriate assessment and review of the internal control systems, the internal audit activities, and risk management in order to mitigate significant risk to be in line with risk appetite level for assurance and helping an organization accomplish its objectives.

At Board meeting no.01-2019, the Audit Committee presented the Board to review the internal control - self assessment. In conclusion, the Board is confident that PDI deploys an adequate system of internal control and also has appropriate risk management system in place.

### Head of Internal Auditor

At present, Mr. Duangden Nimpaboon is the head of the Internal Audit Department and the Secretary of the Audit Committee and reports directly to the Audit Committee. Including regular consultation with auditors, consultants and legal and accounting experts. The Audit Committee will have a meeting with the auditor without the management being present at least once a year to request advises from the auditors in various matters.



## Risk Management

### Risk Management Committee's Report

The risk management committee has been appointed by the board of directors with the risk management objectives for mitigating risk that might impact the company performance, financial security, environment & community and image & reputation, to be in line with the risk appetite level and assure the company accomplishes its objectives as follows:

- Strategic - The organization's mission is supported and driven by strategy properly.
- Operations - The operations are efficient and effective.
- Reporting - Financial and non-financial reports are accuracy and reliable.
- Compliance - The organization comply with all applicable laws and regulations.

The Risk Management Committee has been appointed by the board of directors on August 7, 2018 and consists of five members which 1 director would be a chairperson and the members shall be the directors or executives or the persons who have knowledge and skill in risk management and internal control.

In 2018, the committee held three meetings in order to perform its duties as stipulated in the Risk Management Committee Charter, and the proceedings from each meeting were reported to the Executive Committee and Board of Directors as follows:

1. Presenting the risk management committee charter and risk management framework to the Board of Directors for approval.
2. Consider risk assessment criteria and risk response plan to cope with the key risks to be in line with the risk appetite level and report the results of Risk Management to the Board of Directors.
3. Supervise the management to analyze, assess and manage the risk regularly.
4. Review the risk management report to ensure that the organization has sufficient and appropriate risk management systems in place.
5. The risk management committee shall meet at least 1 time each quarter to review Risk Management report and follow up the progress of any improvements.

In summary, during 2018, the Risk Management Committee has fully discharged its responsibilities as set out in the Charter of the Risk Management Committee, has harnessed the required knowledge, skill and experience sufficiently in analysis of business risk and risk management systematically, prudently and competently to the best of their ability for the highest benefit of the company and the stakeholders.



**Dr. Chokchai Aksaranan**

Chairman of the Risk Management Committee

## RELATED PARTIES TRANSACTIONS

### **The Company's policy on related parties' transactions is as follows:**

- Directors and the Executives should inform the Company of a relationship or Connected-Transaction related to the business that may create a conflict of interest.
- Directors and the Executives should avoid performing any Connected-Transaction that may cause a conflict of interest with the Company or its subsidiary.
- The Company shall disclose information concerning transactions that may cause a conflict of interest or Connected-Transaction in accordance with regulations specified by the Stock Exchange of Thailand, the Capital Market Advisory Board, and the Securities and Exchange Commission.

Apart from this, the company shall review transactions to verify whether the price can be referred to as a market price or not, and whether a trade condition is specified within normal business parameters, compared to a third party, in order to maximize the benefit for the Company. The verification results will be presented to the Audit Committee for acknowledgement. If the Audit Committee finds that the performance is not in accordance with the policy, the Audit Committee shall inform the board of directors or the Managing Directors, to cooperate in finding a resolution.

Details can be found in note 34 of the 2018 financial statement.



# SEC CONTENTS IN ACCORDANCE WITH FORM 56-2

Accordance with the form of Annual Report for a security-issuing company (56-2) issued under notification of the Capital Market Supervisory Board No.Tor Chor.44/2013 regarding Rules, Condition and Procedures for Disclosure of Information Relating to Financial Status and Operating Result of Issuing Company. (Effective on January 1, 2014)

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For more information, the investor shall study the Company's information from the Annual Registration Statement (Form 56-1) at [www.sec.or.th](http://www.sec.or.th) and [www.padaeng.com](http://www.padaeng.com)

## GENERAL INFORMATION



<b>Company Name</b>	Padaeng Industry Public Company Limited
<b>Symbol</b>	PDI
<b>Registration Number</b>	0107537000467
<b>Business Type</b>	Providing energy from renewable sources, providing added value materials from recycled metals, and providing waste management solutions for complex industrial waste
<b>Registered Capital</b>	Paid-up capital of 2,260,001,000 Baht divided into 226,000,100 ordinary shares at a par value of 10.00 Baht each
<b>Head Office</b>	CTI Tower, 26th-27th Floor, 191/18-25 Ratchadaphisek Road, Khlong Toei, Bangkok 10110, Thailand. Telephone : +66 (0) 2695-9499 Fax : +66 (0) 2695-9495 E-mail : info@padaeng.co.th www.padaeng.com
<b>Investor Relations</b>	Telephone : +66 (0) 2695-9409 Fax : +66 (0) 2695-9495 E-mail : ir@padaeng.co.th
<b>Board Secretary</b>	Telephone : +66 (0) 2695-9414 Fax : +66 (0) 2695-9495 E-mail : boardsec@padaeng.co.th
<b>Complaint</b>	Telephone : +66 (0) 2695-9332 Fax : +66 (0) 2695-9495 E-mail : cg@padaeng.co.th
<b>Other References</b>	<p><b>: Registrar</b> Thailand Securities Depository Company Limited 93 Ratchadaphisek Road, Dindaeng, Bangkok 10400, Thailand Tel. +66 (0) 2009 9000, Fax. +66 (0) 2009-9991 SET Contact Center: +66 (0) 2009-9999 www.set.or.th/tsd E-mail: SETContactCenter@set.or.th</p> <p><b>: Auditor</b> Mr. Wonlop Vilaivaravit Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd. 11/1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand Tel. +66 (0) 2034-0000, Fax. +66 (0) 2034-0100 www.deloitte.com</p> <p><b>: Legal Advisor</b> - None -</p> <p><b>: Advisor or Contractor under Management Agreement</b> - None -</p>

## Memberships

International Zinc Association (IZA)  
Mining Industry Council  
The Thai Chamber of Commerce  
Thai Listed Companies Association  
Thai Institute of Directors Association  
Thailand Management Association (TMA)  
Thai Galvanizing Association (TGA)  
Community Partnership Association (CPA)  
Galvanizing Steel Sheet and Strip Producers Association  
The Belgian - Luxembourg/Thai Chamber of Commerce (BeLuThai)











PADAENG INDUSTRY PUBLIC COMPANY LIMITED  
CTI Tower, 26th-27th Floor 191/18-25 Ratchadaphisek Road,  
Khlong Toei, Bangkok 10110, Thailand

 +66 (0) 2695-9499

 +66 (0) 2695-9495

 [info@padaeng.co.th](mailto:info@padaeng.co.th)

 [www.padaeng.com](http://www.padaeng.com)