



PAE (Thailand) Public Company Limited
บริษัท พีอี (ประเทศไทย) จำกัด (มหาชน)

Annual Report 2009



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Important Financial Information

In THB millions

	2009	2008	2007
Operating Performance			
Revenue from Sales and Services	931.04	462.43	348.40
Total Revenue	937.83	466.85	373.13
Gross Profit (Loss)	7.71	23.33	25.40
Net Profit (Loss) from Normal Operation	(176.03)	(153.35)	(35.28)
Net Profit (Loss) after Gain from Debt Restructure	(176.03)	(153.35)	(35.28)
Financial Status			
Total Assets	858.76	666.78	441.70
Total Liabilities	747.00	378.83	126.95
Total Shareholders' Equity	111.76	287.95	314.76
Financial Ratios			
Liquidity Ratio	0.73	0.77	1.59
Debt/Equity Ratio	6.68	1.32	0.40
Gross Profit (Loss) (%)	0.83	5.05	7.29
Net Profit (Loss) (%)	(18.77)	(32.85)	(9.45)
Net Profit/Share (THB)	(0.26)	(0.23)	(0.06)
No. of Paid-up Shares (million shares)	675.04	675.04	574.50

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essage from the Chairman

Dear Shareholders:



In 2009, PAE (Thailand) Public Company Limited ("the Company") invested and expanded fabrication shops and facilities in Songkhla and Rayong to ensure high capability and technology in preparation of potential projects. This is to be in line with the development plan approved during 2008. Besides, the Company develops capable and highly-efficient personnel to ensure that the Company's quality remains as one of leading companies both domestically and internationally.

Problems and crisis's occurred during 2009, specifically the world economic crisis, suspension on construction projects in Middle East Asia, environmental problems in the Map-Ta-Phut area, unavoidably affecting the Company. Thus, the significant increase in revenue generated in 2009 compared to 2008 still resulted in an accumulated net loss for the year. However, the Company continually supplies various services such as maintenance and construction to Oil and Gas rigs and industrial plants. In 2010, the Company therefore adjusts development and investment plans to suit the current and future trend of Thailand and the world in order to move on.

I would like to thank to customers, supporters, and investors that makes the Company grow, also I would like to thank to the Board of Directors, the management team, and the employees who worked hard and spent effort for the Company. I promise that PAE (Thailand) Public Company Limited and the subsidiaries would grow under good corporate governance forever.



(Mr. Rajatin Syamananda)

Chairman of the Board of Directors

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Mr. Rajatin Syamananda
Chairman of the Board of Directors



Mr. Sook Sanan Jotikasthira
Executive Director / Managing Director



Mr. Apisit Rujikeatkamjorn
Chairman of the Executive Committees



Mr. Thavisakdi Tanta-nanta
Chairman of the Remuneration Committees / Audit Committee



Sub. Lt. Saroj Sawangridhi
Chairman of the Audit Committees



Mrs. Chintana Kaweewong
Executive Director



Mrs. Urairat Boonakas
Executive Director



Mr. Keith Andrew Walker
Executive Director



Mr. Samorn Thasangkha
Audit Committee



Ms. Thipawan Uthaisang
Audit Committees



Mr. Apiporn Pasawat
Director and Remuneration Committee



Mr. Antony Robert William Wright
Remuneration Committee



Mr. Ian Francis Prescott
Director

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General Information of PAE (Thailand) Public Company Limited

Business Type	: Provides engineering and construction services for the Hydrocarbon sector and Infrastructure industries
Location of Head Office	: 69 Soi Onnuch 64 (Suksaman), Srinakarin Road, Suanluang, Suanluang, Bangkok 10250
Registration No.	: Bor. Mor. Jor. 0552
Telephone	: 0-2322-0222
Branch 1: Songkhla Office	: 39/15 Kanjanawanich Road, Tambol Khaoropchang, Amphur Muangsongkhla, Songkhla 90000
Branch 2: Rayong Office	: 88/2 Moo 5, Tambol Makamkoo, Amphur Nikompattana, Rayong 21180
Telephone (Head Office)	: 0-2322-0222
Facsimile (Head Office)	: 0-2322-2970-1
Email address	: paethai@pae-th.com
Company Website	: www.pae-th.com

Stock Registrar

Name	: Thailand Securities Depository Company Limited
Location	: 62 Ratchadaphisek Road, Klongtoey, Klongtoey, Bangkok 10110
Telephone	: 0-2229-2800
Facsimile	: 0-2359-1262-3

Auditor

Name of Auditor	: Mr. Vichien Kingmontri CPA Registration No. 3977
Name of Office	: PricewaterhouseCoopers ABAS Ltd.
Location	: 179/74-80 Bangkok City Tower Bldg. Floor 15 th , South Sathorn Road, Tungmahamek, Sathorn, Bangkok 10120
Telephone	: 0-2344-1000, 0-2286-9999
Facsimile	: 0-2286-5050

Business Type and Shareholding Structure of Company and Subsidiaries

Company	Type of Business	Registered Capital (THB millions)	Par Value (THB)	Paid-up Capital (THB millions)	Shareholding Proportion (%)
PAE (Thailand) Public Company Limited	Engineering and Construction services for the Hydrocarbon sector and Infrastructure Industries	981.11	1.00	675.03	-
Pacific Resources International Limited (BVI)	International construction and manpower services	86.68	10.00	86.68	100.00
WNSR Pacific Company Limited*	Engineering services, Utilities Installation and Material Supply	40.00	10.00	40.00	60.10
PAE Construction Resources Company Limited	Overseas personnel supply for construction services	5.00	100.00	5.00	99.99
PAE Technical Services Company Limited	Non-destructive testing of steel used in the Construction business, including steel pipes and structures used in Oil Refinery Industry, High-Rise Buildings, Factories, X-Ray Pipes and Gas Tanks.	35.00	10.00	35.00	99.99
Oasis Development Company Limited **	Dormitory for rent.	1.00	100.00	1.00	54.94

Note: * Innovative Technologies Limited (Cayman) and Miss Sopha Sa-Nuanhong hold 30% and 9.90% respectively

** The Company holds shares through Pacific Resources International Limited (BVI)

PAE (Thailand) Public Company Limited had increased capital to THB 981,106,362 on 31st December 2009. At the present, the Company has paid up Capital THB 657,037,500.

Nature of Business

PAE (Thailand) Public Company Limited ("the Company"), has been a well known corporation in the Oil and Gas industry in Thailand, providing engineering and construction related services for over 40 years. The Company had participated in all the different phases of upstream, downstream, and petrochemical developments. For overseas projects, the Company had been active in the Middle East for a number of years.

In 2009, the Company was involved in the installation of electrical and control systems on a FPSO in Dubai, the United Arab Emirates (UAE). Apart from engineering and construction, the Company has been providing valuable operation and maintenance services to offshore and onshore Oil and Gas productions for world class valued customers, utilizing strict quality and safety standards of the offshore industry. Furthermore, the Company has been providing a large number of skilled technical personnel to work on both onshore and offshore facilities.

The company's operating units are grouped into two major business areas:-

(1) Hydrocarbon Business

The term "hydrocarbon" refers to services related to Oil and Gas, and Petrochemical industries, which include engineering and fabrication of a wide range of process equipment; plant design and modification; erection and construction; operation and maintenance for offshore facilities.

Over four decades of professional services speak for itself as to the Company's ability to undertake any assigned project, meeting deadlines within the allocated budget. The skilled engineers and technicians construct petrochemical complexes, power plants, refineries to the highest international standards.

In addition, PAE Technical Services Company Limited, a wholly owned subsidiary, is one of the leading non-destructive testing companies offering a wide range of third party inspection services to construction and maintenance activities which serving for both government and private sectors.

(2) Infrastructure Business

The non-hydrocarbon business unit includes civil engineering, power and utilities, buildings and residential structures. The Company has performed projects both in Thailand and overseas, bringing experience and workmanship to valued customers.

Revenue Structure

Revenue structure of the Company and its subsidiaries are divided into two categories as shown below:

Revenue Structure (Company and its Subsidiaries)	Shareholder Structure (%)	2009 THB '000	%	2008 THB '000	%	2007 THB '000	%
1. Hydrocarbon Business							
PAE (Thailand) Public Co., Ltd		264,849	28.45	237,293	51.32	156,472	44.91
1.1 Electrical and Instrument		28,749	3.09	22,137	4.79	-	-
1.2 Fabrication, Rayong		67,746	7.28	10,293	2.23	2,116	0.61
Fabrication, Songkhla		34,041	3.66	75,708	16.37	49,528	14.22
1.3 Oil and Gas		134,313	14.42	129,155	27.93	104,805	30.08
PAE Technical Service Co., Ltd	99.99	111,517	11.98	94,527	20.44	67,870	19.48
WNSR Pacific Co., Ltd	60.09	81,716	8.77	2,542	0.55	-	-
PAE Construction Resources Co., Ltd	99.99	191	0.02	6,842	1.48	-	-
Total Hydrocarbon Business		458,273	49.22	341,204	73.79	224,319	64.39
2. Infrastructure Business							
PAE (Thailand) Public Co., Ltd.		252,377	27.11	51,557	11.15	123,788	35.53
WNSR Pacific Co., Ltd.	60.09	-	-	38,315	8.29	-	-
Oasis Development Co., Ltd.	54.94	294	0.03	485	0.10	290	0.08
JV Sri U-Thong and PAE	70.00	220,098	23.64	30,866	6.67	-	-
Total Infrastructures Business		472,769	50.78	121,223	26.21	124,078	35.61
Grand Total		931,042	100	462,427	100	348,397	100

Products and Services

1. Hydrocarbon Business

The Company characterizes products and services in Hydrocarbons business into three groups, which are Engineering, Procurement and Construction. Specifically, the Company targets fabrication and installation work.

1.1 Engineering Department

Engineering design teams work closely with specialists from Global Process System Inc (GPS), the Company's major shareholder, who is experienced at producing Oil and Gas production equipments. The head office of GPS is located in the UAE, with networks in Singapore and Malaysia, which help to enhance the engineering team to work efficiently as a one-stop-service, specifically with Conceptual Design, Front End Engineering Design (FEED), Detailed Design, Procurement Assistance, and Project Management.

1.2 Fabrication Department

During 2008 - 2009, the Company expanded facilities to support prospects in fabrication work in the Rayong branch. This increases the Company's capabilities in fabrication and installation.

Moreover, the Company expanded the facilities at the Songkhla branch, which serves its valued customers with various services such as manpower supply, procurement assistance, cutting and punching, forming, welding, blasting, and painting services. The Company's blasting and painting shop is considered to be the best in the Songkhla area.

1.3 Oil and Gas Services Department

The Company has been supplying manpower to onshore and offshore operators for more than 20 years. The Company commits to excellence in terms of safety and work quality. In general, the manpower supply takes place in Songkhla, serving major customers such as Chevron (Thailand) Exploration Ltd. and Chevron Offshore (Thailand) Ltd. This service is to supply engineers and technicians to stand-by and be responsible for assigned tasks on rigs. In terms of revenue generated, this section generates approximately 70% of total revenue from Songkhla branch.

Besides, the Company provides rental equipment services; specifically well maintained specialist tools and equipment are available for fast mobilization, to both onshore and offshore operators.

1.4 Non-Destructive Testing Services (NDT)

NDT is operated by PAE Technical Services Company Limited, which offers fully experienced personnel capable of performing major onshore and offshore inspections. It provides both in-compound and onsite testing and inspection services with fully equipped mobile units, highly trained operators, and high qualified NDT and Welding Inspectors. The inspection teams were strategically placed throughout Thailand to furnish prompt service to the nation's industrial center. Customers can be assured of fast and quality results for all inspection needs. All NDT personnel are certified per company written practice (control manual number QCP-13 (Rev-02), which is to control NDT personnel and administration of NDT personnel). This manual is equivalent to the American Society for Nondestructive Testing (ASNT SNT-TC-1A), Recommendation for Personnel Qualification and Certification Current Editions. Currently, all NDT personnel are accepted worldwide by our customers.

2. Infrastructure Business

The Company has been a leading provider of engineered construction services, planning, costing, and execution for civil projects. In order to provide the highest quality and professional commitments to the domestic and international customers, the Company delivers and implements tailored made products based on customers' requirements, with high concerns on safety, quality, integrity, and cost-effectiveness. As the Company strongly emphasizes the importance of safety first and foremost, the engineers at all sites ensure the safety and quality meets the requirements and the work progress follows the agreed timeline

The Company offers construction services on various sectors such as buildings, airport runways, and logistics infrastructure. We decide on suitability, resource availability, and cost-effectiveness at the time of projects whether to be a contractor or to sub-contract others. Either way, the Company appoints responsible engineers to control the quality and work progress of the construction.

Industry and Competition Situation

1. Policy and Market Strategies

1.1 Competition Strategies

The Company emphasizes service quality, both before and after sales. There is no policy of price competition; the marketing strategies can be summarized as below:

A. Company Reputation

The Company has been operating for more than 40 years. The Company's performances were qualified in accordance with customers' requirements, specified timeframe, and budget. This can be evidenced from the acceptance and trust from customers, both in Thailand and foreign countries.

B. Quality of Employees

It is essential in the construction business to apply knowledge and expertise of personnel in different fields, starting from engineering level down to temporary employees. The Company gives importance to the efficiency of personnel and always provides employees the opportunity to attend outside seminars/training regarding new knowledge and technologies, including giving remuneration in the form of monthly salary and welfare at a satisfactory level. In addition, as the Company was granted a license from Ministry of Labor as an authorized trainer to test and issue certificates for welders and engineers, the Company has an opportunity to select capable and experienced personnel to work within the Company.

C. Safety during Work

The type of business the Company operates requires a high level of capability, expertise, and care. Until present; the Company has been successful in the area of work safety, by executing work without accidents in the vast majority of completed projects. Besides, the Company has a safety unit directly responsible on this issue, as the Company gives high priority to the employees' health and safety.

D. Products Differentiation

The Company has its partner, GPS, who specialize in technology, especially manufacturing equipment in Oil and Gas products, causes the Company to differentiate from its competitors. In addition, the Company holds the ISO 9001 System as priority importance by focusing on planning in operational standards, documentation systems, including human resource training in services so that the customer feels and receives its services differential.

E. Industrial Focus

The Company has much experience in producing and rendering Oil and Gas and petrochemical services. Thus, choosing to target these industries will give the Company a long advantage over its competitors.

F. Resource Center

Due to the Company's major shareholder' network, as well as its management team having overseas experiences in the Oil and Gas and petrochemical industries, the Company can place its position as the resource center for GPS.

1.2 Customer Type and Target Customers

The Company's customers can be categorized into two businesses, which are hydrocarbons and infrastructure. They consist of domestic and overseas governmental and private sectors customers. The Company has been trusted and accredited in its quality of works so far. As the customers always vary from time-to-time, therefore the Company's operation will not rely upon any specific group of customers. Apart from its capability and experience in infrastructure works, i.e., construction of industrial factories, office and residential buildings, and maintenance works, the Company also specializes in high technology such as pipe line systems, oil reserve tanks, and equipment and machinery installation. Target customer groups are mostly in Oil and Gas exploration, refinery, petrochemical and other heavy industry sectors.

1.3 Channels of Distribution

The majority of projects for industrial services and construction works will be obtained from participating in tenders, both with government authorities and private sector companies. The projects targeted are both in Thailand and other countries. Some projects are granted from customers who have gained trust in the company's performances via past business relationships. Primarily, the Company will be the main contractor, obtaining work directly from project owners and frequently performs all construction, without the assistance of subcontractors.

Customers frequently classify tenders in different sections, such as construction work, procurement of raw materials, or manpower. Hence, the Company will participate in the tender for the part that it is specialized and has the relevant experience. As a result, the Company might obtain the work for more than one section in the same project, such as construction work, installation of machinery or equipment, and manpower supply and/or procurement.

In the past, the majority of the projects were assigned by private organizations. This was due to the fact that the Company has restructured and reorganized to heavily focus on providing services to the hydrocarbon business sector. A number of Oil and Gas companies set standards for all contractors to achieve before allowing them to win or bid work. Thus, the Company has been continually developing itself to successfully meet the standard. This guarantees that the Company would service more Oil and Gas companies from now on.

1.4 Company Policy

The Company's current focus on hydrocarbon business requires the Company to operate within a contract price or the value of works awarded. In this regards, the Company considers main operating costs as well as current market price, competitors' price, difficulty and technology required, projects length, and terms of payment.

1.5 SWOT Analysis

(1) Strengths

- More than 40 years business experience
- Ability to adapt in different environments due to a variety of services
- Niche market
- Price, value, quality (internationally price competitive)
- No domestic comparable competitors
- Joint venture with global leading companies
 - Knowledge transfer leads to competitive advantage
 - Overseas connection

(2) Weaknesses

- Financial difficulty due to short free cash flow

(3) Opportunities

- Economic recovery leads to recovery of upstream oil & gas and petrochemical sector
- Resumption of projects held up since end of 2008

(4) Threats

- Economic uncertainty of global turnaround leads further projects to be held / postponed
- In-country political instability

2. Competitive Situation

Since 2001 until 2009, the construction business has undergone relative growth due to the support received from investments in various projects from the governmental sector. Investments in construction by the private sector have also undergone continually high growth as a consequence of various measures introduced by the government to stimulate the property sector. For instance, the debt restructuring in the property sector; tax measures to support the purchase of property, and tax measures to stimulate sale of old and new residential property.

However, this industry often is the first affected from economic crisis. Specifically, the crisis occurred in 1997 and 2007 significantly impacted the property sector which, of course, takes a long time to recover. To survive in such situations, it is important that the Company has a correct and clear strategy.

2.1 Number and Condition of Competition in Industry

The companies which are engaged in the construction business numbers more than 600. They comprise of both Thai, foreign companies and joint ventures. Raw materials, reputation, expertise, and good mutual relationship are of importance in terms of competition within the industry.

2.2 Size of Company compared to its Competitors

The Company is in position as a niche player in an expanding market. The Company has a competitive advantage when compared to its competitors, due to the vast array of services available from the Company, not currently matched by our competitors. In the near future, the Company plans to expand scope and size of works to support larger projects from government authorities.

2.3 Problems on Raw Materials

In general, raw materials used in construction depend on customers' requirements, which mostly could be purchased in the market or substituted. Together with large numbers of suppliers, the Company does not experience difficulty in purchasing raw materials. For special raw materials, the Company often prefers Thai suppliers to foreign. The payment is made in either cash or depending on credit agreements signed with suppliers. The Company has a policy to minimize raw materials cost and controls cost to be within budget to avoid the impact of less profit in the case of raw materials price fluctuation.

Risk Factors

Risk factors and effects towards the business operation in the future are stated below:

1. Risk of Human Resource

The expertise and readiness of personnel is another important factor for operations in the construction industry because this is the one of important factors that creates clients trust. Hence, the Company has a risk of quality and number of employees. There is a risk the Company will be unable to complete the work according to the signed construction contracts, leading to higher costs of operations with potential fines and penalties by the contracting customers. However, the company has continuously trained employees to have knowledge, expertise, and efficient working skills. This includes sending employees to attend work-related courses and seminars in order to ensure that their skills are up-to-date. In order to secure qualified personnel, the Company has a training facility that will be utilized with certified instructors. In addition, the Company takes care of its employees, concerning appropriate remuneration and a defined career path in order to motivate, attract and retain talented employees.

Regarding security concerns, the Company has a safety unit to ensure that it complies with regulations and ISO. The Company employs full time safety professionals for the identification of existing and potential work hazards, provision and maintenance of protective equipment, and to periodically examine machines to minimize risks that might occur during the work process.

2. Risk of Operating Performance

The majority of Company's revenue is from project works. These projects are normally of a high value, but this is not high frequency work. Hence, the Company has a revenue risk from project works such that is unable to anticipate when the Company would obtain new projects, as newly awarded projects as are dependent on market conditions, capital resources, and readiness of the Company. Moreover, external factors such as economic conditions significantly impact on clients' decisions to start projects. In 2008 - 2009, the global economic crisis led to tightening of credit line by banks and many companies delayed new investments. Political instability and protests, including the Map-Ta-Phut projects environmental injunction decrease investors' confidence and result in further delays of new investments. Thus, the Company is vulnerable to risk from decreasing cash inflow from projects for a period of time.

To mitigate this risk, the Company has been attempting to diversify and obtain work from different business sectors in the hydrocarbon space and infrastructure services. This will give the Company revenue from several different sources, which will mitigate the Company from such risk.

3. Risk of Dividend Payment

At the end of 2009, due to the operating performance, the Company has made a cumulative loss amounting to THB 176.03 million. The Company was unable to pay dividend to the shareholders according to the law, and the shareholders will not receive a dividend payment in accordance with the specified dividend payment policy.

4. Financial Risk Management and Policies

The Company is exposed to risk from changes in market interest rates, currency exchange rates and from non-performance of contractual obligations by counter parties. The Company does not use derivative financial instruments in considering appropriate ways to manage such risk. Nor does it hold or issue derivative instruments for speculative or trading purposes. However, the Company does consider these risks before entering into contractual arrangements and performing transactions.

5. Interest Rate Risk

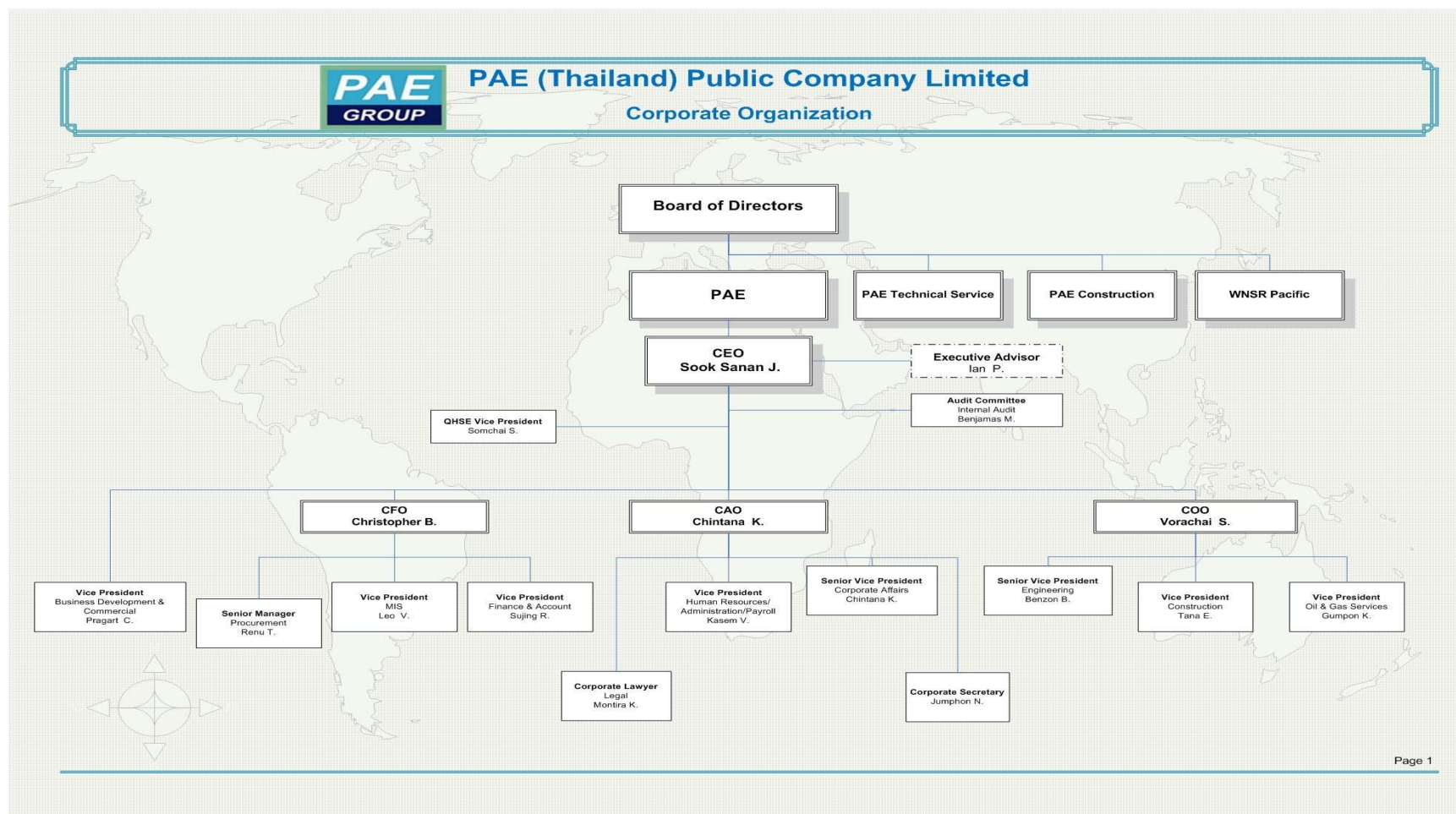
The interest rate risk is generally the risk that future movements in market interest rates will affect the results of the Company's operations and its related cash flows. The Company's exposure to interest rate risk relates primarily to its loans facilities with financial institutions. Since the majority of these financial assets and liabilities are short-term, the Company does not enter into explicit derivative financial instruments to hedge such risk.

6. Risk on dependence of major shareholders

During the period of economic instability, there is a risk from dependence on major shareholder, i.e., GPS, is unavoidable. This is because the economic crisis resulted in negative impacts throughout the world, thus it is possible that the major shareholders would be affected as well. This would lead to a slowdown on development plans and projects. In case that the projects have already been initiated, the Company might experience some liquidity problems.

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1. Management Structure

Management structure of the Company consists of the Board Committee, Executive committee, Audit Committee and Remuneration Committee.

Board of Directors as of 31 December 2009

1. Mr. Rajatin	Syamananda	Chairman of the Board of Directors
2. Mr. Sook Sanan	Jotikasthira	Executive Director, Managing Director, and Authorized Director
3. Mr. Apisit	Rujikeatkamjorn	Chairman of the Executive Directors
4. Mrs. Urairat	Boonakas	Executive Director and Authorized Director
5. Mrs. Chintana	Kaweewong	Executive Director and Authorized Director
6. Mr. Keith Andrew	Walker	Executive Director and Authorized Director
7. Sub. Lt. Saroj	Sawangridhi	Chairman of the Audit Committees
8. Mr. Antony Robert	William Wright	Remuneration Committee
9. Ms. Thipawan	Uthaisang	Audit Committee
10. Mr. Samorn	Thasangkha	Audit Committee
11. Mr. Thavisakdi	Tanta-nanta	Chairman of the Remuneration Committees and Audit Committee
12. Mr. Clinton Wayne	Elgar	Director
(resigned from his office on 13 May 2009) and		
Mr. Ian Francis	Prescott	
(effective 13 May 2009 onwards)		
13. Mr. Apiporn	Pasawat	Director and Remuneration Committee

* Mr. Jumphon Nunthasiriphon, Corporate Secretary

** Ms. Montira, Secretary to the Board of Directors, Board of Committees and, Boards of all subsidiaries

1.1 Authorities and Responsibilities of the Board of Directors

In accordance with the Regulations of the Company, the Board of Directors has authorities and responsibilities to manage the Company according to the objectives, regulations, and resolutions of shareholders' meetings with honesty, maintaining the best interests of the Company. The Board of Directors might assign one or more directors, or other persons to perform activities on their behalf, except in matters regulated by law where they must receive resolutions from shareholders' meetings prior to performing the activities, such as sale or transfer of the overall business or a major part of the business, or an increase or decrease of capital of the Company.

1.2 Authorized Directors

Two out of four authorized directors (Mr. Sooksanan Jotikasthira, Mrs. Urairat Boonakas, Mrs. Chintana Kaweewong, or Mr. Antony Robert William Right) are required to duly place their signatures to legally or contractually bind the Company, along with Company's seal.

1.3 Elements and Appointment of the Board of Directors

The Board of Directors must consist of not less than five persons, who are appointed by at a shareholders' meeting, and not less than half of the total number of directors must have residence in the Kingdom of Thailand.

For the election of directors, one shareholder has the voting right equivalent to one share per one vote. Each shareholder must exercise all votes to elect one person or several persons to be the directors, but the shareholder could not divide one's votes between directors. The nominees who receive the highest votes are the persons elected as the directors of the Company. In case nominees are elected by equal votes and exceed number of approved directors, the Chairman of the Board will exercise the final vote.

During the annual general meeting every year, one-third of the directors will be rotated out of the position. In case the number of directors could not be divided into exactly three parts, the number to be rotated will be as close to one-third as possible. For the directors who would be rotated out of the position during the first and second year after registering the Company, the drawing lots method will be applied to assign who will be rotated. For subsequent years, the director who has been in the position for the longest term will be rotated out. The directors who are rotated according to the term may be re-elected.

1.4 Audit Committee (as of December 31, 2009)

1. Sub.Lt. Saroj	Sawangridhi	Chairman of the Auditing Committees
2. Ms. Thipawan	Uthaisang	Audit Committee
3. Mr. Samorn	Thasangkha	Audit Committee
4. Mr. Thavisakdi	Tanta-nanta	Audit Committee

The Audit Committee of the Company has the following boundaries, duties, and responsibilities, and reporting requirements to the Board of Directors of the Company:

1. To review that the financial reports of the Company are accurate and sufficient.
2. To review that the Company has appropriate and effective internal controls and internal audit systems.
3. To review that the Company performs in accordance with the Securities and Exchange Act, regulations of Stock Market, or the laws related to the Company's businesses.
4. To consider, select, propose the appointment, and propose the remuneration for the auditor of the Company.
5. To consider the disclosure of accurate and complete Company information in case there are connected transactions, or the transactions where a conflict of interest could exist.
6. To prepare the good corporate governance report of the Audit Committee, by disclosing it in the annual report of the Company. Such report must be signed by the Chairman of Audit Committee.
7. To perform other activities assigned by the Board of Directors, by having the agreement of the Audit Committee.

Qualifications, Selection Procedures, and Criteria for Selecting Independent Directors

1. The shareholders will make the selection, by considering from outsiders who have knowledge and capability that will be useful to the Company.
2. Use the majority votes of the shareholders whom attended the shareholder meeting.

1.5 Number of Board of Directors' Meetings Held and Attended by Each Director

There were altogether seven Board of Directors' meetings held in 2009 as per the following details:

Board of Directors's Members	No. of Meetings Attended/ Total No. of Meetings Held during the Year
1. Mr. Rajatin Syamananda	7/7
2. Mr. Apisit Rujikeatkamjorn	6/7
3. Mr.Sooksanan Jotikasthira	7/7
4. Mrs. Urairat Boonakas	7/7
5. Mrs.Chintana Kaweewong	7/7
6. Mr. Keith Andrew Walker	4/7
7. Sub.Lt. Saroj Sawangridhi	7/7
8. Mr. Antony Robert William Wright	7/7
9. Ms. Thipawan Uthaisang	6/7
10. Mr.Samorn Thasangkha	7/7
11. Mr.Thavisakdi Tanta-nanta	7/7
12. Mr. Clinton Wayne Elgar [*]	0/4
Mr. Ian Francis Prescott	1/3
13. Mr. Apiporn Pasawat	6/7

Note: as there were two starting periods of directorship, this made the total number of meetings held unequal.

1.6 Number of Audit Committee meetings Held and Attended by Each Member

There were altogether seven Audit Committee meetings held in 2009 as per the following details:

Audit Committee's Members	No. of Meetings Attended/ Total No. of Meetings during the Year
1. Sub.Lt. Saroj Sawangridhi	7/7
2. Mr. Samorn Thasangkha	7/7
3. Ms. Thipawan Uthaisang	7/7
4. Mr.Thavisakdi Tanta-nanta	7/7

^{*} Mr. Clinton Wayne Elgar resigned from his office on 13 May 2009. Mr. Ian Francis Prescott replaced the office as from 13 May 2009 onwards.

1.7 Management

1. Mr. Sook Sanan	Jotikasthira	President
2. Mr. Vorachai	Sukarom	Senior Vice President
3. Mrs. Chintana	Kaweewong	Vice President of Corporate Affairs Department
4. Mr. Christopher	Bagguley	Senior Vice President of Finance & Accounting (CFO)
5. Mr. Benson	Bentic	Senior Vice President of Engineering Department
6. Mr. Leo	Valdez	Vice President of Information and Technology Department
7. Mrs. Sujing	Ratanapakorn	Vice President of Finance & Accounting Department
8. Mr. Kasem	Viriyaskultorn	Vice President of Human Resource Department
9. Mr. Gumpon	Kupadakvinij	Vice President of Industrial Services Department
10. Mr. Tana	Iamchinwuth	Vice President of Engineering and Construction Dept
11. Mr. Somchai	Srivarat-Ashakul	Vice President of QSHE Department
12. Mr. Prakart	Chanpet	Vice President of Business Development

1.8 Scope of Duties and Responsibilities of Management

1. To perform according to the targets and directions for operating the business of the Company and to correspond with the policies regulated by the Board of Directors of the Company.
2. To set up regulations and criteria concerning the operation of the Company.
3. To set up the regulations concerning the work of employees.
4. To determine the criteria and selection of the projects in which the Company will participate in the bidding for proposal to the Executive Board.
5. To consider and agree for the issues concerning appointment, transfer, withdrawal of employees in at management level, supervisor, staff.
6. To consider and agree for the issues concerning the rate adjustment of wages, salary, other remunerations.
7. To process other issues assigned by the Board of Directors of the Company.

2. The Selection of Directors and Management

Regarding the procedure for selecting persons to be appointed as directors, the shareholders will select the appropriate persons who have experiences, knowledge, ability that will be useful to the Company to be the directors. The resolution of shareholders' meeting will take the majority votes of the shareholders whom attended the meeting and have voting rights.

3. Remuneration for Directors and Management

The Company has regulated the remuneration for directors precisely, by requesting for approval from the shareholders'; and for the remuneration for directors, it will be in accordance with the principles and policies regulated by the Board of Directors. Hence, this is done in accordance with the Principles of Good Corporate Governance, Clause 10, concerning the set up of remuneration for management. In 2009, the amount of remuneration of directors and management were as stated below:

□ The remuneration for the Board of Directors of the company consisted of director fee for 14 directors^{*}.
In 2009, as per the following details:

Name of the Board of Directors	Meeting Allowance and Remuneration (THB)
1. Mr. Rajatin Syamananda	745,000
2. Mr. Apisit Rujikeatkamjorn	641,000
3. Mr.Sooksanan Jotikasthira	745,000
4. Mrs. Urairat Boonakas	765,000
5. Mrs.Chintana Kaweewong	765,000
6. Mr. Keith Andrew Walker	497,000
7. Sub.Lt. Saroj Sawangridhi	661,000
8. Mr. Antony Robert William Wright	735,000
9. Ms. Thipawan Uthaisang	527,000
10. Mr.Samorn Thasangkha	547,000
11. Mr.Thavisakdi Tanta-nanta	880,000
12. Mr. Clinton Wayne Elgar	80,000
13. Mr. Ian Francisc Prescott	166,000
14. Mr. Apiporn Pasawat	517,000
Total	8,271,000

*
Mr. Clinton Wayne Elgar resigned from his office on 13 May 2009 meanwhile Mr. Ian Francis Prescott replaced the office as from 13 May 2009 onwards.

□ The remuneration for Management consisted of salary and bonus. Total remuneration for 16 management personnel^{*} . In 2009 was THB 29,985,830.00.

No.	Salary	Bonus	Total Remuneration
Management –16 persons	29,985,830.00	-	29,985,830.00

Other Remuneration

-None -

4. Good Corporate Governance

The Stock Exchange of Thailand has an objective for the Board of Directors of the Company to have good management standards in order to gain the confidence of shareholders, investors, and all related parties.

The Board of Directors of the Company realizes the importance of such objectives, and has complied with the above-mentioned guidelines as per the details stated below:

4.1 Policy on Good Corporate Governance

The Board of Directors complies with the principles of good corporate governance and good guidance for directors in accordance with the guidelines of The Stock Exchange of Thailand. The Company sets precise duties and responsibilities, by having regular corporate governance and follow-up, as well as sets policies to comply with the good corporate governance and good guidance for directors of listed companies. In addition, the Company regularly prepares for the development and revision of the business operation as well as personnel development.

4.2 Right and Equality of Shareholders

The Board of Directors opens an opportunity for the shareholders to give comments, suggestions, and exercise votes for resolution, as well exercise the right to select the Board of Directors, and receive information transparently. In addition, the Company prepares financial statements and an annual report to present to shareholders' and related authorities. The Audit Committee has duties to monitor and adjust operations to be in accordance with generally accepted standards. The directors can contact each staff in the management business unit directly, as appropriate.

^{*} Includes the management who resigned from the office during 2009, i.e. Mr. Gary Steven, Mr. Bruce Edward Daye, Mr. Thomas James Pogson and Mr. Herminio Kabio Suphan totaling 4 persons

4.3 Right of Different Groups of Stakeholders

The Company monitors and sets up the management systems by respecting the rights and provides consideration to all groups of stakeholders: shareholders, employees, business partners, customers, and creditors.

4.4 Shareholders' Meetings

The Board of Directors arranges to have the annual general shareholders' meeting within four months from the fiscal year-end, and may call for extraordinary shareholders' meeting as required. The invitation letter for the meetings will consist of a clear meeting agenda, details, and comments from the Board of Directors. During each shareholder's meeting, the Board of Directors will give the opportunity to shareholders to share ideas liberally and equally.

4.5 Leadership and Vision

The Board of Directors has a duty to set up the vision, mission, and policies for operating the business to be able to compete, by having the duties and responsibilities to operate the business to be stable for the balanced and enduring interests of all related parties, as well as continuously creating value for the shareholders.

4.6 Conflict of Interest

The Company recognizes the importance of eliminating the conflict of interest of related parties carefully, fairly, and transparently, as well as disclosing such information in the annual reports.

4.7 Business Ethics

The Board of Directors also encourages employees to hold ethics in operating the business, to be good citizens, and be socially conscious. Top management will behave as good examples. Moreover, the Company requires employees to strictly comply with the rules and regulations.

4.8 Balance of Power for Non-executive Directors

The Company sets the elements of directors to have appropriate number, consisting of directors who are representatives of shareholders, directors from internal management, and independent directors in the proportion of one-third each of the total number of Board of Directors.

4.9 Segregation of positions

The Chairman of the Board of Directors is a different person from the President of the Company.

4.10 Remuneration for Directors and Management

The Company pays remuneration to directors in the form of monetary value and other remunerations by comparison within the same industry. Such remunerations have to receive the agreement from the shareholders, and will be disclosed in the annual reports.

4.11 Board of Directors' Meetings

The Board of Directors sets up the meetings at least four times/year, by setting the meeting agenda in advance for the whole year. The directors will receive complete information seven days prior to the meeting date to enable them to make consideration and give ideas circumspectly.

4.12 Sub-committee

The Company sets up sub-committees to oversee specific issues in order to study the details and work in-depth as necessary, such as Audit Committee has the duty to report the operating performance to the Board of Directors within the specified period and its term is one year.

4.13 Control System and Internal Audit System

The Company supports an internal audit system for efficient investigation of the overall organization, but still maintains the smoothness of work flow, and practices risk management to inform the Board of Directors regularly.

4.14 Directors' Report

The Board of Directors includes the balance sheet and income statement as of the most recent fiscal year-end date in the annual report to present at the shareholders' meeting as regulated by law. In addition, they also include explanations to the financial statements together with the report of the auditor in the annual report.

4.15 Relationship with the Shareholders

The Company assigns the public relations department to communicate and disclose information accurately, completely, and timely for the investors, mass media, and related parties.

5. Usage of Internal Information

Policies and Procedure to Oversee the Management for Using Internal Information

The Board of Directors has set up a policy concerning good corporate governance as they recognize that this is an important and necessary issue for the business operation to grow, to inspire confidence, and to comply with such principles. The Board of Directors has set up the policy and direction for the company by giving importance to the creation of the control system and internal audit to oversee the managements' efficient performance in accordance with the policy and the interest of the shareholders under the relevant laws and good business ethics.

The Board of Directors and Management Profiles

Name – Surname	Mr. Rajatin Syamananda	Mr. Sook Sanan Jotikasthira
Position	Chairman of the Board of Directors	Executive Director, President
Nationality	Thai	Thai
Age	63 years old	60 years old
Address	401 Soi Sukhumvit 101/1, Bangchak, Phrakonong, Bangkok	33 Soi Sukhumvit 61 (Settabut) Klongtonnueen, Wattana, Bangkok 10110
Education	MS in Mechanical Engineering University of Illinois at Urbana Champaign USA Bachelor in Engineering 1967, Chulalongkorn University National Defense Course of National Defense College Wor Por Ror Or 4010 Management Level 9 Curriculum of Ministry of Interior High Management Curriculum No. 21, Office of the Civil Service Commission Curriculum Training DAP – Director Accreditation Program 71/2008 from IOD	Bachelor of Engineering (Civil), Manchester University, England DAP – Director Accreditation Program 70/2008 from IOD
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	Present <ul style="list-style-type: none"> - Chairman of Board of Director, PAE (Thailand) PLC. - Council Board Member and Chairman of International Affairs Committee, Council of Engineers - Board of Executive Committee, Designated Area for Sustainable Tourism Administration (DASTA) Past <ul style="list-style-type: none"> - Deputy Permanent Secretary For Interior - NaKornnayok Provincial Governors - The Inspectors General, Ministry of Interior - Director General, Department of Public Works and Town and Country Planning - Director General, Dept. of Town and Country Planning - Deputy Director General, Dept. of Public Works 	Present <ul style="list-style-type: none"> - Executive Director and President, PAE (Thailand) PLC. - Director, Mott McDonald (Thailand) Co., Ltd. Past <ul style="list-style-type: none"> - Project Engineering and Sr.Project Engineering, BH Construction Co., Ltd. - General Manager, Span Co., Ltd. - Vice Chairman, Offshore Mining Organization of Thailand - Executive Director, Ecopros Co., Ltd. - Committee: Foundation for the Deaf under the Royal Patronage of Her Majesty Queen Sirikit
Family Relationship among the Management	- None	- None

Name – Surname	Mr. Apisit Rujikeatkamjorn	Mrs. Chintana Kaweewong
Position	Chairman of Executive Director	Executive Director
Nationality	Thai	Thai
Age	63 years old	56 years old
Address	984/55 Rama 3 Rd. 3 Bangpongpan, Yannawa, Bangkok 10120	70/345 Moo 8 Kannayaow, Kannayaow, Bangkok
Education	Master of Civil Engineering, Lamar University, TEXAS, U.S.A	Bachelor in Education, Chiangmai University
Curriculum Training	ACP – Audit Committee Program 22/2008 from IOD	CSP – Company Secretary Program 24/2007 from IOD
	DAP – Directors Accreditation Program 27/2004 from IOD	DAP – Directors Accreditation Program 47/2005 from IOD
No. of Shares Held	2,800,000	89,977,000
Shareholding Proportion	0.42%	13.33%
Experience	<p>Present</p> <ul style="list-style-type: none"> - Executive Director, PAE (Thailand) PLC. - Board of Director, Bangchak PLC. - Board of Director, Thailube PLC. - Board of Director, Fortune Parts Industry PLC. - Chairman of Board of Director, Teledata Group Co., Ltd. - Board of Khonkaen University Council - Chairman of the Board for University Affairs Promotion <p>Past</p> <ul style="list-style-type: none"> - Chairman of the Board, Thai Lube Base Co., Ltd - Chairman of the Board, Retail Business Alliance Co., Ltd. - Chairman of the Board, PTT PHILIPPINES Inc, - Director, Trans Thai-Malaysia (Thailand) Limited - Director, Fuel Pipeline Transportation Limited - Director, Thai Maritime Navigation Co., Ltd 	<p>Present</p> <ul style="list-style-type: none"> - Executive Director, PAE (Thailand) PLC. - Director, Spin Biz Co., Ltd <p>Past</p> <ul style="list-style-type: none"> - Managing Director, Prompiman Reat Estate and Development Co., Ltd. - General Manager, K & Q Associate Plc. - Chief of Export Negotiation Division, Export Department Bangkok Bank Public Co., Ltd.
Family Relationship among the Management	- None	- None

Name – Surname	Mrs. Urairat Boonakas	Mr. Keith Andrew Walker
Position	Executive Director	Executive Director
Nationality	Thai	English
Age	63 years old	48 years old
Address	542 Soi Ladprao 47 (Saparn 2) Wangthonglang, Bangkok	1 st Floor Spectrum Building, Oud Metha P.O. BOX 30593, Dubai, UAE
Education	Master of Public Administration, National Institute of Development Administration	Bachelor of Engineering (Honours), Mechanical Engineering, University of London
	Bachelor of Account, Chiang Mai University	
	DAP – Directors Accreditation Program 70/2008 from IOD	
Curriculum Training	-	-
No. of Shares Held	-	-
Shareholding Proportion		
Experience	<p>Present</p> <ul style="list-style-type: none"> - Executive Director, PAE (Thailand) PLC. - Director, Government Saving and Development Foundation <p>Past</p> <ul style="list-style-type: none"> - Executive Vice President of Government Saving Bank 	<p>Present</p> <ul style="list-style-type: none"> - Executive Director, PAE (Thailand) PLC. - Chief Operation Officer of Global Process Systems Inc <p>Past</p> <ul style="list-style-type: none"> - Manager Operations Support, Santos Ltd., Australia - Project Manager, Kvaerner Process Systems Asia Pacific, Malaysia - Construction Manager, Mcdermott Etpm East Inc., United Arab Emirates
Family Relationship among the Management	- None	- None

Name – Surname	Sub. Lt. Saroj Sawangridhi	Mr. Anthony Robert William Wright
Position	Chairman of Audit Committee	Remuneration Committee
Nationality	Thai	English
Age	67 years old	37 years old
Address	34 Soi Puengmee1, Sukhumvit 93, Bangchak, Phrakonong, Bangkok	1 st Floor Spectrum Building, Oud Metha P.O. BOX 30593, Dubai, UAE
Education	LLB. Thammasat University Barrister at Law (Thai Bar)	Bachelor Degree, Dereham Neatherd 6 th Form, England
Curriculum Training	DAP – Directors Accreditation Program 56/2006 from IOD	-
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	Present - Chairman of Audit Committee, PAE (Thailand) PLC. Past - Army Commander, Security Center Office of Supreme Commander of the Armed Force - Director, Alumni Association of Amnuaysilpa College - Secretary to the Metropolitan Electric Club - Director, Metropolitan Rapid Transit Authority - Director, Bangkok Thanakom Co., Ltd. - Deputy Governor Business, The Metropolitan Electricity Authority	Present - Director, PAE (Thailand) PLC - Group Chief Financial Officer, Global Process Systems Group. Past - Global Manufacturing Finance Manager, I/O (UK) Ltd - Finance Manager, Expro North Sea Ltd.
Family Relationship among the Management	- None	- None

Name – Surname	Miss Thipawan Uthaisang	Mr. Samorn Thasangkha
Position	Audit Committee	Audit Committee
Nationality	Thai	Thai
Age	50 years old	68 years old
Address	99/126 Moo.5, Samaedam, Bangkuntien, Bangkok	83 Moo.6 Mooban Parichart , Tumbon Bangkuwat, Ampur Muang , Pathumthani
Education	Master in Business Management (MBA), Thammasat University	MBA, Asian Institute of Technology
	Bachelor of Account, Thammasat University	B. Eng. (Telecommunication) Chulalongkorn University
	Bachelor of Law, Sukhothai thammathirat University	DAP – Directors Accreditation Program 49/2006 from IOD
Curriculum Training	DAP – Directors Accreditation Program 29/2003 from IOD	-
No. of Shares Held	-	-
Shareholding Proportion	-	
Experience	<p>Present</p> <ul style="list-style-type: none"> - Audit Committee, PAE (Thailand) PLC - Audit Committee, Eason Paint PLC - CEO of Papermate (Thailand) Co., Ltd <p>Past</p> <ul style="list-style-type: none"> - CEO and President, International Engineering PLC. - Managing Director, IEC Internet - Deputy Managing Director, Data General (Thailand) Co., Ltd. 	<p>Present</p> <ul style="list-style-type: none"> - Audit Committee, PAE (Thailand) PLC <p>Past</p> <ul style="list-style-type: none"> - Senior Executive Vice President, Telephone Organization of Thailand (TOT)
Family Relationship among the Management	- None	- None

Name – Surname	Mr. Thavisakdi Tanta-Nanta		Mr. Ian Francis Prescott	
Position	Chairman of Remuneration Committee / Audit Committee		Director	
Nationality	Thai		English	
Age	75 years old		56 years old	
Address	3531/268 Soi Chalamnimit 5 PattaraVilla 2. Bangkro, Bangkorlem, Bangkok 10120		Temasek Boulevard, Singapore 038985	
Education	LL.B Thammasat University		MBA, Bond University, Australia B.A. (Engineering with Honor), University of Teesside University, England	
Curriculum Training	DAP – Directors Accreditation Program 24/2004 from IOD		-	
No. of Shares Held	-		-	
Shareholding Proportion	-		-	
Experience	<p>Present</p> <ul style="list-style-type: none"> - Chairman of Remuneration Committee / Audit Committee, PAE (Thailand) PLC - Committee, Natural Park PLC. <p>Past</p> <ul style="list-style-type: none"> - Vice President, Marketing and Management, Thai Airways International PLC. - GM, Thai Airways International, People's Republic of China - Director, Sales and Marketing, Thai Airway International, Head Office - GM, Thai Airways International, Gulf, Sultanate of Oman, Taiwan and Nepal 		<p>Present</p> <ul style="list-style-type: none"> - Director, PAE (Thailand) PLC. - Director and GM, Global Process Systems Inc. <p>Past</p> <ul style="list-style-type: none"> - Regional Director, Aker Kvaerner Pty Ltd, Queensland, Australia - Director, Aker Kvaerner Pty Ltd, Brisbane Branch, Australia - Project Director, Aker Kvaerner Pty Ltd, Brisbane Branch, Australia 	
Family Relationship among the Management	- None		- None	

Name – Surname	Mr. Apiporn Pasawat	Mr. Sumon Surathin
Position	Director	Consultant to the Board of Director
Nationality	Thai	Thai
Age	60 years old	67 years old
Address	99/116 Moo 11 Soi28 Lake Wood Golf Course, Bangna-Trad Rd, K.M. 18 Bangchalong, Bangplee, Samutprakarn 10540	207/6 Udomsuk 34, Sukhumvit 103, Bangna, Bangkok 10260
Education	MBA. (Production), University of Wisconsin, USA. M.S. (Chemical Engineering) University of Wisconsin, USA Chemical Engineering, The Faculty of Science (Second Class Honor), Chulalongkorn University	M. Sc. (Econ.) USA. B.A. (Econ.) Japan
Curriculum Training	DAP – Directors Accreditation Program 39/2005 from IOD	-
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	Present - Director, PAE (Thailand) PLC. - Advisor, The Siam Cement PLC. - Chairman of Executive Committees, Thai Plastic and Chemical PLC. - Chairman of Executive Committees, Thai Industrial Gases PLC. - Chairman of Board, WNSR Pacific Co. Ltd. - Industrial Advisory Board, Petroleum & Petrochemical Institute, Chulalongkorn University - Committee, Cement Thai Foundation - Director, Bangkok Synthetics Co., Ltd. - Director, BST Elastomers Co., Ltd. -Committee, Foundation to Support Children' Heart Surgery - Director, Siam Bio Science Co., Ltd.	Present - Consultant to the Board of Director, PAE (Thailand) PLC. Past - Chairman, Krung Thai Asset Management Plc. - Vice Chairman / Acting Chairman / Acting Managing Director / Krung Thai Asset Management Plc. - Director and Audit Committee Chairman, Krung Thai Asset Management Plc.

Name – Surname	Mr. Apiporn Pasawat	
Experience (Con.)	<p>Present</p> <ul style="list-style-type: none"> - Director, The Government Pharmaceutical Organization - Director, Thai Airways PLC - Advisor to Industrial Department, The Petroleum and Petrochemical Technology Center - Advisor to Ladawan Capital Co., Ltd. - Director, Remuneration Committee, Aromatics (Thailand) PCL - Director, Executive Committee, The Petroleum Institute of Thailand <p>Past</p> <ul style="list-style-type: none"> - President, Cement Thai Chemical Products Co. Ltd. - Director, Aromatics (Thailand) PCL - Director, National Petrochemical PCL - Deputy President, Petrochemical Group, The Siam Cement PCL - Director, Thai Olefins PCL - Managing Director, Thai Polyethelene Co., Ltd. 	
Family Relationship among the Management	- None	- None

Name – Surname	Mr. Vorachai Sukarom		Mr. Christopher Jon Peter Bagguley	
Position	Senior Vice President		Chief Financial Officer	
Nationality	Thai		English	
Age	52 years old		35 years old	
Address	44/2 Moo.4 Tambon Barnmai Amphur Muang Pratumthani		69 Soi On-nuch 64, Srinakarin Rd, Suanluang, Bangkok 10250	
Education	MBA, City University, Bellevue, Seattle, USA Master of Science in Management Engineering, Colegio de San Jose Resoletos, Cebu, Philippines Bachelor of Science in Electrical Engineering, University of San Carlos, Cebu, Philippines		Mathematics and Accounting, University of Tampa, Florida	
No. of Shares Held	-		-	
Shareholding Proportion	-		-	
Experience	Present <ul style="list-style-type: none"> - Managing Director, PAE Technical Service Co., Ltd - Managing Director, WNSR Pacific Co., Ltd - Senior Vice President, PAE (Thailand) PLC. Past <ul style="list-style-type: none"> - Assistance to Managing Director, R.N.C (Thailand) Co., Ltd. - Project Director Ministry of Commerce Phase II - Project Director Fire/ Rescue Station, NBIA 		Present <ul style="list-style-type: none"> - Chief Financial Officer, PAE (Thailand) PLC Past <ul style="list-style-type: none"> - Finance Director, Thailand/ Vietnam, BMS - Regional Financial Accounting and Controls Manager, BMS - Senior Internal Auditor, BMS New York - Senior Accountant, Deloitte and Touche, Tampa, Florida 	
Family Relationship among the Management	- None		- None	

Name – Surname	Mr. Benson D Bentic	Mr. Leo Valdes
Position	Senior Vice President, Engineering Department	Vice President, Information and Technology Department
Nationality	Philippines	American
Age	55 years old	39 years old
Address	Sagai, Western Negross, Philippines	VIP Apartment Room 707, 351 Soi Ratchada 14, Huaykwang Bangkok
Education	B.S Degree in Electrical Engineering, Cebu Institute of Technology, Philippines	BA. (Computer Science), University of Texas, USA
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	Present - Senior Vice President, Engineering Department, PAE (Thailand) PCL	Present - Vice President, Information and Technology Department PAE (Thailand) PLC
	Past - Head Department, E & I Communication, Worley Parson (Thailand) Co., Ltd.	Past - Manager, IT Department, Free Internet Co., Ltd.
		- System Analyst, Orbit Online, Texas, USA
		- Software Developer, Color System Support Group, Texas, USA
Family Relationship among the Management	- None	- None

Name – Surname	Mrs. Sujing Ratanapakorn	Mr. Kasem Viriyaskultorn
Position	Account & Finance Vice President	Human Resource Vice President
Nationality	Thai	Thai
Age	47 years old	46 years old
Address	58/3 Moo 3 Lamphakchee, Nongioek, Bangkok	35/107 Siwalee Village Soi 4/16 Radchapruk Rd, Bangkhunkong, Bangkruay, Nonthburi 11130
Education	M.B.A.(Accounting), The University of the Thai Chamber of Commerce Bachelor of Accounting (Auditing), The University of the Thai Chamber of Commerce	B.A, Majoring Social Science and Humanity, Thammasart University
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	Present - Account & Finance Vice President, PAE (Thailand) PLC. Past - Financial Controller, PAE (Thailand) PLC. - Financial Controller, Nithi Venture PLC. - Account and Finance Manager, Thai Video Industries Ltd. - Accounting and Finance manager Thai Nippon Concrete Co., Ltd. - Assistant Account and Finance Manager, Hana Micro PLC. - Accounting Supervisor Seagate Technology (Thailand) Ltd.	Present - Human Resource Vice President, PAE (Thailand) PLC. Past - Human Resource Manager, Okata (Thailand) Co., Ltd. - Assistant Personal Manager, Pioneer (Thailand) Co., Ltd. - Personnel Staff, Central Trading Co., Ltd.
Family Relationship among the Management	- None	- None

Name – Surname		Mr. Tana Iamchinwuth	
Position	Vice President Oil & Gas Services	Construction Vice President	
Nationality	Thai	Thai	
Age	58 years old	57 years old	
Address	1041/4 Soi Nai Lert Ploenchit Rd, Pathumwan, Bangkok 10330	30 Soi 27 Paholyotin Road, Bangkok 10900	
Education	Master in Business Management, Asian Institute of Management, Makati, Philippine Bachelor of Science in Industrial Engineering, California Polytechnic State University, San Luis Obispo, Calif, U.S.A	Bachelor Degree : B.Eng.(Civil) Chiangmai University English Language Diploma, New York University, New York, U.S.A	
No. of Shares Held	-	-	
Shareholding Proportion	-	-	
Experience	Present - Vice President Oil & Gas Services, PAE (Thailand) PLC. Past - Director, Industrial Services, PAE (Thailand) PLC. - Business Development & Marketing Manager, PAE (Thailand) PLC. - Managing Director, APEX Health Care Co., Ltd. - Managing Director, Marble & Stone Co., Ltd. - General Manager, Thai Sansella Co., Ltd.	Present - Construction Vice President, PAE (Thailand) PLC Past - Project Manager, Premisri Condominium, Dheerapan Panich Co., Ltd. - Executive, Second Banknotes Printing Work Construction Project, Nakornpathom - Engineering Officer, Plant and Storage Construction Project, Dragonholding Co., Ltd. - Site Office Manager, Kohler's Factory Project - Consultant, Iota (Thailand) Co., Ltd. - Managing Director, Splendy Tees Co., Ltd. (Contractor)	
Family Relationship among the Management	- None	- None	

Name – Surname	Mr. Somchai Srivarat-Ashakul		Mr. Pragart Chanpet	
Position	Engineering Vice President		Business Development Vice President	
Nationality	Thai		Thai	
Age	58 years old		46 years old	
Address	74 Sukhumvit Rd. Bangjark Prakanong Bangkok B. Eng. In Civil Engineering, King Mongkut Institute of Technology, Thailand		100/489 Moo.8 Bangkok Pattana, BangBuaThong, Nonthaburi 11110 M.B.A. , Thammasat University	
Education	Intensive MBA Program, Thammasart University		B.A. Mechanical Engineering, Kasetsart University	
No. of Shares Held	-		-	
Shareholding Proportion	-		-	
Experience	Present	- Engineering Vice President, PAE (Thailand) PLC.	Present	- Business Development, PAE (Thailand) Co., Ltd.
	Past	- Engineering Design / Project Manager, STFE Co., Ltd. - Engineering Design Manager, MAA CONSULTANT Co., Ltd. - Construction Supervision Manager, S.T. Fortum Engineering Co., Ltd. - Assistant Managing Director / Project Control Manager, SUEM Intergroup Co., Ltd. - Assistant Project Manager, Country (Thailand) PLC. - Consultancy Engineer Banjong Construction Co., Ltd. - Chief of Structural Engineer, Design 103 Co., Ltd. - Structural Engineer, Christiani & Nielsen Co., Ltd. - Structural Engineer, SPAN Engineering Consultant Co., Ltd. - Civil Engineer_Bridge Section, State Railway of Thailand	Past	- Royal Thai Naval Academy - System Engineer, Seagate Technology Co., Ltd. - Project Coordinator, Wattana Engineering Co., Ltd. - Assistance to Managing Director, Thai Cranes International Co., Ltd. - General Manager, Solitech Co., Ltd.
Family Relationship among the Management	- None		-None	

R

elated transaction

Related Transaction incurred during the Year is as follows:-

During 2009, the Company has no related transaction among the Company and its subsidiaries and any other entity that would have a conflict of interest which is required to be disclosed as to the type and value of the transaction, as described by the notifications and regulations of the Office of Securities Exchange Commission and The Stock Exchange of Thailand.

Policy and outlook on related parties' transactions

For any potential related party transaction, the Audit Committee will have to follow the procedures ruled out, and the committee must not approve any transaction that could potentially lead to a conflict of interests including an issue of proxy. Furthermore, the Company will reveal any potential related party transaction to the Board members to ensure those transactions comply with laws issued under the Securities and Exchange Commission, the Stock Exchange of Thailand and Thai GAAP.

Under normal trading circumstance, the Company and its related parties set prices according to the market conditions. Like other transactions, all the cases will be reviewed by the Audit Committee.

In case where the Audit Committee is required to provide opinions on related party transactions, but committee does not have the expertise – the Company will hire an external expert to review the issue (such as asset valuations). The expert's report will be used in conjunction with decision making of the Audit Committee. This ultimately ensures that there will be no improper transfer pricing among related parties.

M

ajor shareholders

Common Shares	Registered Capital	THB 981.106,362	millions
	Paid-up Capital	THB 675.037,500	millions
	Number of Shares Issued	675,037,500	shares
	Par Value	THB 1.00	per share

Shareholders

Name of the major 10 shareholders along with numbers of share and shareholding proportion as of 16 November 2009 are stated below:

Name of Shareholders	Numbers of Shares Held	%
1. Global Process Systems Inc.	201,075,000	29.79
2. Mrs. Chintana Kaweewong	67,482,750	10.00
3. Mrs. Sunan Wiroonrat	47,097,100	6.98
4. MR Consultancy Co., Ltd.	40,527,388	6.00
5. Life Incorporation Public Co., Ltd.	23,844,000	3.43
6. Mr. Somsak Laosujaritkul	20,030,000	2.97
7. Mr. Worapol Thangsombat	12,100,000	1.79
8. Miss Chayika Wongnaphajan	10,994,317	1.63
9. Thai NVDR Co., Ltd.	9,939,700	1.47
10. Mrs. Somporn Thongdejsri	8,320,000	1.23
Total	441,410,255	65.29

Source: Thailand Securities Depository Company Limited as of 16 November 2009

The Company's Policy on Dividend Payment

The Company's Board of Directors has a policy to propose to the Company's meeting of the shareholders to pay dividends to the shareholders when the Company does not have accumulated loss. The payment of dividends would be divided according to the number of shares, each at equal amount. The Company may pay interim dividends to the shareholders from time to time when it is deemed that the company has made a reasonable profit to do so, and will report this to the next meeting of shareholders for information; provided that there is no

other contingency and the payment of dividends does not materially impact on the normal operation of the Company.

Subsidiary Company's Policy on Dividend Payment

The dividend payment policy of the subsidiary companies depends on the results of the respective company's operation, the need of working capital, and the liquidity of the subsidiary companies in that particular year of operation.

Corporate Social Responsibility

In the year 2009, the Company had a focus on corporate social responsibility, which is a great deed the organization has always trained and embedded in the Company's staffs, by encouraging the staffs to volunteer for and playing a part in different projects originated by the organization as follows:

During February 13 – 15, 2009, 20 staffs from the Company, along with a number of villagers from the Pua District in the northern province of Nan, had together taken part in the Weir Building Project, following the Royal Initiative of His Majesty the King, as well as to celebrate the 45th Anniversary of PAE (Thailand) Public Company Limited in the same year. In this regard, the Company had also held a variety of fun activities, such as showing movies, giving out presents, and granting donated items to local students from Donchai School.

In addition, during October 30 – November 1, 2009, the Company had held a Buddhist activity called "Tod Kathin Samakkee", the religious ceremony of presenting robes to the Buddhist monks in the month following the end of the Rains Retreat, with the gracious intention to restore the monasteries and sanctuaries of Wat Dhamma Prasit (Baan Dai), one of the time-honored temples of Chiang Rai province, with the sum of more than THB 400,000 donation gathered. On this occasion, the Company had received a warm welcome from community people and had also endowed education funds together with sport accessories to the students of Baan Dai (Parat Damrong) School.

The said projects can be considered exceedingly successful as the Company were offered significant cooperation from many locals in the area. Consequently, the Company are planning to hold more activities for the benefits of various other communities in the near future.

R

eport of Audit Committees to Shareholders

In the year 2009, the Committee held seven meetings, having attendants who are the top executives and head of internal audit sections. Moreover, the external auditors also were invited to attend the meeting in order to discuss audit procedure and audit operations, including the internal control structure. The Committee had performed activities which can be concluded as following:

1. Reviewed the quarter and year end financial statements of 2009 and 2008, respectively. These financial statements are fair, provide adequate disclosure and comply with Thai generally accepted accounting principles. In addition, the Committee also audited the related transactions between the Company subsidiaries and other entities to assure that all activities correspond to the regulations of the Stock Exchange of Thailand.
2. Reviewed the transactions to assure that all activities comply with the Securities and Stock Market Law, and supported the Company's good corporate governance practices and development.
3. Monitored the Company's internal audit activities in order to achieve effectiveness and efficiency in order to comply with the relevant standards.
4. Assessed the Company's internal control system and views that the system is sufficient and appropriate for operating the business effectively. The Committee also supports the internal control system development in order to gain more efficiency and effectiveness within the system.
5. Considered the related transactions or the transactions where a conflict of interest may exist and which should have suitable disclosure. The Committee also gives comments on these transactions that they are ordinary and usual transactions, including consideration of all stakeholders' benefits by reviewing the value and condition of the related transactions in order to assure that all activities comply with the Stock Exchange of Thailand's regulations.
6. Propose to the Board of Directors in order to obtain an approval from the shareholders' meeting year 2010 to appoint Mr. Ampol Chamnongwat or Ms. Wanraya Puttasatien or Mr. Naris Saowalagsakul, Certified Public Accountant Registration No. 4663, 4387 and 5369, respectively, from S.K. Accountant Services Company Limited to be the auditor for year 2010, including fixing S.K. Accountant Services Company Limited' remuneration.

The Committee would like to inform that they have performed their duty in accordance with their responsibilities, independently, with the awareness of benefits for all stakeholders.

In the past year, the Audit Committee was of the opinion that the Company's Board of Directors, including its executives emphasized the importance of managing the company according to Good Corporate Governance, Business Ethics and with resolve to perform their duties to ensure that the Company achieves its objectives in a professional manner. There has been due compliance with the provisions of the law leading the Company, with emphasis on giving support and assistance to society, and care for and preservation of the environment. Financial Report has been prepared according to Thai generally-accepted accounting standards; there has been an adequate disclosure of the information; an adequate and proper internal control system; a Good Corporate Governance System, and no material faults were detected.

Management Discussion and Analysis of the Consolidate Financial Statement

Operating Performance

Assets

As of 31 December 2009, total assets of the Company and its subsidiaries are recorded at THB 858.76 million, a 28.79 percent increase from 2008. The current asset increased from THB 281.03 million to THB 466.37 million year-on-year, results mainly from a THB 72 million increase in amounts due from Fabrication projects at the Rayong branch, THB 81.85 million increase on trade accounts receivable and unbilled receivables from the Navanakorn and EGAT construction projects, and THB 50.12 million increase in inventories, which includes construction in progress. The non-current assets increased slightly from THB 385.75 million reported in 2008 to THB 392.39 million in 2009. The major changes are from an increase of THB 35.40 million on newly transferred assets, a THB 13.27 million increase on withholding tax refundable and retention receivable, offset by a THB 42.92 million allowances for goodwill impairment.

As for the Company's liquidity, cash and cash equivalents as of 31 December 2009 is THB 23.80 million, a decrease from THB 34.98 million reported on 31 December 2008.

Liabilities

Total liabilities of the Company and its subsidiaries as of 31 December 2009 are reported at THB 747.00 million, an increase of THB 368.17 million as reported in 2008. This amount can be classified as THB 642.24 million of total current liabilities and THB 104.76 million of total non-current liabilities. More specifically, major portions of total current liabilities in 2009 can be divided to:

- THB 160.42 million of Bank overdrafts and short-term loans from financial institutions. The significant increase of this portion is from THB 122.52 million of short-term loans from financial institutions which did not exist in 2008
- THB 102.32 million of trade accounts payable, which increases from that recorded in 2008 by THB 59.78 million.
- THB 116.19 million of current portion of long-term loans, with the major increase of THB 70 million from a related party loan that did not exist in 2008
- THB 121.18 million of other current liabilities, which increases from THB 73.82 million reported in 2008

The total non-current liabilities increase from THB 14.94 million in 2008 to THB 104.76 million in 2009. This is from a THB 94.06 million increase in long-term loans, offset by a THB 4.23 million decrease on finance lease liabilities. The loan monies received are mostly used for the purpose of construction and acquisition of equipment for the fabrication shops in Rayong and Songkhla.

Shareholders' Equity

Total shareholders' equity as of 31 December 2009 is THB 111.76 million, a decrease of THB 176.19 million from the shareholders' equity reported as of 31 December 2008. This change is solely from the 2009 net loss.

Cash Flows

The statement of cash flow for the fiscal year ending 31 December 2009 recorded a net decrease in cash and cash equivalents of THB 11.18 million compared to last year balance. The reported closing balance of cash flow of 2009 is THB 23.80 million. The details of cash flows can be classified as follows:

Cash flows from operating activities

Net cash outflows in operating activities is for the fiscal year 2009 is THB 185.17 million, compared to THB 167.89 million net outflows in 2008.

Cash flows from investing activities

Net cash flows in investing activities report cash usage of THB 66.65 million in 2009 compared to the amount of THB 64.28 million usages in the fiscal year 2008.

Cash flows from financing activities

For the year ended 31 December 2009, net cash receipts from financing activities are THB 240.64 million. Approximately 50 percent of this amount is from bank overdrafts and short-term loans from financial institutions, which was spent mostly in investments at the fabrication shops located in Rayong and Songkhla as mentioned above.

Operating Results

PAE and its subsidiaries report revenues from sales and services in 2009 of THB 931.04 million, more than double the THB 462.43 million revenues generated in 2008. However, cost of sales and services increased significantly from THB 439.10 million in 2008 to THB 923.34 million in 2009 which leads to THB 7.70 million in gross profits compared to THB 23.33 million gross profits reported in the previous year.

Compared to the previous fiscal year, the Company generated other income of THB 6.78 million in 2009 which is 53.37 percent increase over that in 2008.

Total expenses, which include selling expenses, administrative expenses, and directors and managements' remuneration, were strictly controlled which lead to a decrease of THB 9.07 million in total expenses than recorded in 2008. However, financial costs occurred in during 2009 of THB 18.79 million, an increase of THB 15.55 million over 2008, combined with higher income tax in 2009, leads to higher net loss for the year compared to the net loss occurred in 2008. Specifically, the net loss for the fiscal year ended 31 December 2009 is THB 176.03 million, which is THB 22.68 million higher than in 2008.

The major reason (apart from the global economic fallout and the fluctuation of world oil prices in 2009) that resulted in lower revenues than forecasted are that the Company experienced an unexpected delay in investment caused from the major shareholder to be unable to complete fund raising activities during the global economic crisis. Further, the pre-qualification process from certain clients went longer than expected. This delay directly affected actual incoming revenue streams resulting in higher costs compared to generated revenue.

Audit Fee

(Unit: THB)

	Audit Fee (quarterly review) 3 Quarters	Audit Fee (Annual)
PAE (Thailand) Public Company Limited	720,000	830,000
PAE Technical Service Company Limited	130,000	170,000
Oasis Development Company Limited	35,000	45,000
PAE Construction Resources Company Limited	120,000	160,000
Pacific Resources International Limited (BVI)	30,000	30,000
WNSR Pacific Company Limited	150,000	180,000

Note: The above-mentioned fees did not include other expenditures, such as transportation costs, photocopying costs, report preparation costs which totaled THB 387,507.16.

A

uditor's Report

To the Shareholders and the Board of Directors of PAE (Thailand) Public Company Limited

I have audited the accompanying consolidated and company balance sheets as at 31 December 2009 and the related consolidated and company statements of income, changes in shareholders' equity and cash flows for the year then ended of PAE (Thailand) Public Company Limited and its subsidiaries, and of PAE (Thailand) Public Company Limited, respectively. The Company's management is responsible for the correctness and completeness of information in these financial statements. My responsibility is to express an opinion on these financial statements based on my audit. The consolidated and company financial statements for the year ended 31 December 2008 (before restatement) of PAE (Thailand) Public Company Limited and its subsidiaries and of PAE (Thailand) Public Company Limited, respectively were audited by another auditor whose report dated 25 February 2009, expressed an unqualified opinion on those statements.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial positions as at 31 December 2009, and the consolidated and company results of its operations, and cash flows for the year then ended of PAE (Thailand) Public Company Limited and its subsidiaries, and of PAE (Thailand) Public Company Limited, respectively in accordance with generally accepted accounting principles.

Without qualifying my opinion, I draw attention to Note 1 to the financial statements which indicates that the Company has incurred continued losses. Net loss for year ended 31 December 2009 is amounting to Baht 179 million and, as of that date, the Company has current liabilities in excess of current assets of Baht 139 million.

These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Vichien Khingmontri
Certified Public Accountant (Thailand) No. 3977
PricewaterhouseCoopers ABAS Limited

Bangkok
24 February 2010

F

inancial Statement

Balance Sheets

As at 31 December 2009 and 2008

	Notes	Consolidated		Company	
		Restated		Restated	
		2009	2008	2009	2008
		Baht	Baht	Baht	Baht
Assets					
Current assets					
Cash and cash equivalents	8	23,800,564	34,978,862	10,157,131	25,087,427
Trade accounts receivable, net	9	152,319,013	95,351,869	116,158,860	19,048,070
Unbilled receivable	10	98,087,256	73,210,149	49,139,244	44,176,441
Amounts due from related parties, net	28.3	95,258,775	23,252,643	136,192,994	46,622,111
Short-term loans to related parties, net	28.4	2,212,132	105,000	7,407,227	63,424,554
Inventories, net	11	64,664,473	14,540,516	54,868,239	2,878,774
Other current assets	12	30,027,381	39,589,565	16,779,426	27,376,729
Total current assets		466,369,594	281,028,604	390,703,121	228,614,106
Non-current assets					
Restricted deposits at financial institutions		7,785,994	7,276,594	5,001,027	5,001,016
Investments in subsidiaries, net	13	-	-	35,000,000	24,856,539
Interests in a joint venture	13	-	-	-	-
Other investments		1,000,000	1,000,000	-	-
Property, plant and equipment, net	14	268,013,149	232,614,156	237,636,471	201,231,803
Intangible assets, net	15	12,251,718	11,994,233	11,903,757	11,634,233
Land not used in operations (at cost)	16	56,898,281	56,898,281	35,694,281	35,694,281
Goodwill, net	15	-	42,921,748	-	-
Other non-current assets	17	46,437,520	33,046,949	42,795,228	30,821,407
Total non-current assets		392,386,662	385,751,961	368,030,764	309,239,279
Total assets		858,756,256	666,780,565	758,733,885	537,853,385

Balance Sheets**As at 31 December 2009 and 2008**

		Consolidated		Company	
		Restated		Restated	
		2009	2008	2009	2008
	Notes	Baht	Baht	Baht	Baht
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans					
from financial institutions	19	160,419,575	39,772,086	149,605,458	29,738,821
Trade accounts payable		102,316,216	42,539,062	76,886,671	21,204,684
Amounts due to related parties	28.3	72,182,007	48,098,834	48,198,676	3,994,804
Short-term loans from related parties	28.4	15,300,055	88,233,481	7,289,616	82,798,165
Current portion of long-term loans					
from a related party	28.4	70,000,000	-	70,000,000	-
Current portion of long-term loans	19	41,417,335	7,624,101	37,818,504	5,162,578
Current portion of finance lease					
liabilities, net	20	4,768,944	5,457,129	3,425,950	3,425,950
Accrued construction costs		4,052,640	17,590,050	11,536,971	17,590,050
Advance from customers		50,605,525	40,759,727	47,528,687	15,038,703
Other current liabilities	18	121,178,572	73,815,975	77,704,092	41,282,618
Total current liabilities		642,240,869	363,890,445	529,994,625	220,236,373
Non-current liabilities					
Long-term loans, net	19	43,017,466	7,260,890	37,043,370	2,145,683
Long-term loans from a related party, net	28.4	58,295,325	-	58,295,325	-
Finance lease liabilities, net	20	3,446,607	7,676,260	2,234,073	5,650,330
Total non-current liabilities		104,759,398	14,937,150	97,572,768	7,796,013
Total liabilities		747,000,267	378,827,595	627,567,393	228,032,386

Balance Sheets**As at 31 December 2009 and 2008**

		Notes	Consolidated		Company	
			Restated		Restated	
			2009	2008	2009	2008
			Baht	Baht	Baht	Baht
Liabilities and shareholders' equity (continued)						
Shareholders' equity						
Share capital						
Registered share capital	21		981,106,362	981,106,362	981,106,362	981,106,362
Issued and paid-up share capital	21		675,037,500	675,037,500	675,037,500	675,037,500
Premium on share capital	21		10,053,750	10,053,750	10,053,750	10,053,750
Discount on share capital	21		(226,600,000)	(226,600,000)	(226,600,000)	(226,600,000)
Translation adjustments			63,521,223	63,689,141	-	-
Deficits			(410,256,484)	(234,227,421)	(327,324,758)	(148,670,251)
Total parent's shareholders' equity			111,755,989	287,952,970	131,166,492	309,820,999
Minority interest			-	-	-	-
Total shareholders' equity			111,755,989	287,952,970	131,166,492	309,820,999
Total liabilities and shareholders' equity			858,756,256	666,780,565	758,733,885	537,853,385

Statements of Income

For the years ended 31 December 2009 and 2008

	Note s	Consolidated		Company	
		Restated		Restated	
		2009 Baht	2008 Baht	2009 Baht	2008 Baht
Revenues from sales and services		931,042,010	462,427,234	642,552,415	302,177,172
Cost of sales and services		(923,337,213)	(439,097,634)	(670,567,729)	(308,761,922)
Gross profit (loss)		7,704,797	23,329,600	(28,015,314)	(6,584,750)
Other income	22	6,783,120	4,422,762	31,468,915	31,063,633
Profit before expenses		14,487,917	27,752,362	3,453,601	24,478,883
Selling expenses		(7,933,528)	(7,430,431)	(7,042,379)	(6,596,645)
Administrative expenses		(102,581,580)	(119,313,030)	(118,817,172)	(91,231,794)
Directors and managements' remuneration		(55,461,747)	(48,308,516)	(39,432,837)	(37,129,805)
Total expenses		(165,976,855)	(175,051,977)	(165,292,388)	(134,958,244)
Loss before finance costs and income tax		(151,488,938)	(147,299,615)	(161,838,787)	(110,479,361)
Finance costs		(18,786,745)	(3,241,044)	(16,815,720)	(2,302,978)
Loss before income tax		(170,275,683)	(150,540,659)	(178,654,507)	(112,782,339)
Income tax		(5,753,380)	(2,813,131)	-	-
Net loss for the year		(176,029,063)	(153,353,790)	(178,654,507)	(112,782,339)
Attributable to:					
Equity holders of the parent		(176,029,063)	(153,353,790)	(178,654,507)	(112,782,339)
Minority interest		-	-	-	-
		(176,029,063)	(153,353,790)	(178,654,507)	(112,782,339)
Loss per share for loss attributable to the equity holders of the parent					
Basic loss per share (Baht)	25	(0.26)	(0.23)	(0.26)	(0.17)

Statements of Changes in Shareholders' Equity
For the years ended 31 December 2009 and 2008

							Consolidated (Restated)	
	Note	Attributable to equity holders of the parent				Total	Minority interest	Total
		Issued and paid-up share capital	Premium on share capital	Discount on share capital	Translation adjustments			
		Baht	Baht	Baht	Baht	Baht	Baht	Baht
Opening balance as previously reported								
- 1 January 2009		675,037,500	10,053,750	(226,600,000)	63,689,141	(226,806,883)	(5,920,538)	289,452,970
Prior year adjustment	6	-	-	-	-	(7,420,538)	5,920,538	(1,500,000)
Opening balance after restated								
- 1 January 2009		675,037,500	10,053,750	(226,600,000)	63,689,141	(234,227,421)	-	287,952,970
Currency translation difference		-	-	-	(167,918)	(167,918)	-	(167,918)
Net loss for the year		-	-	-	-	(176,029,063)	-	(176,029,063)
Ending balance - 31 December 2009		675,037,500	10,053,750	(226,600,000)	63,521,223	(410,256,484)	-	111,755,989
Opening balance - 1 January 2008								
574,500,000		-	(226,600,000)	63,689,141	(96,833,631)	314,755,510	-	314,755,510
Increased on share capital		100,537,500	-	-	-	100,537,500	-	100,537,500
Premium on ordinary shares		-	10,053,750	-	-	10,053,750	-	10,053,750
Reversal of loss on impairment in investment		-	-	-	-	15,960,000	-	15,960,000
Net loss for the year (Restated)		-	-	-	-	(153,353,790)	-	(153,353,790)
Ending balance - 31 December 2008		675,037,500	10,053,750	(226,600,000)	63,689,141	(234,227,421)	-	287,952,970

Statements of Changes in Shareholders' Equity
For the years ended 31 December 2009 and 2008

Company (Restated)						
		Issued and paid-up share capital	Premium on share capital	Discount on share capital	Deficits	Total
	Note	Baht	Baht	Baht	Baht	Baht
Opening balance as previously reported - 1 January 2009						
		675,037,500	10,053,750	(226,600,000)	(147,170,251)	311,320,999
Prior year adjustment	6	-	-	-	(1,500,000)	(1,500,000)
Opening balance after restated - 1 January 2009						
		675,037,500	10,053,750	(226,600,000)	(148,670,251)	309,820,999
Net loss for the year		-	-	-	(178,654,507)	(178,654,507)
Ending balance - 31 December 2009						
		675,037,500	10,053,750	(226,600,000)	(327,324,758)	131,166,492
Opening balance - 1 January 2008						
		574,500,000	-	(226,600,000)	(35,887,912)	312,012,088
Increased on share capital		100,537,500	-	-	-	100,537,500
Premium on ordinary shares		-	10,053,750	-	-	10,053,750
Net loss for the year (Restated)		-	-	-	(112,782,339)	(112,782,339)
Ending balance - 31 December 2008						
		675,037,500	10,053,750	(226,600,000)	(148,670,251)	309,820,999

Statements of Cash Flows

For the years ended 31 December 2009 and 2008

		Consolidated		Company	
		Restated		Restated	
		2009	2008	2009	2008
	Notes	Baht	Baht	Baht	Baht
Cash flows from operating activities					
Loss before income tax		(170,275,683)	(150,540,659)	(178,654,507)	(112,782,339)
Adjustments for:					
Depreciation and amortisation	14, 15	28,464,775	14,462,268	19,155,742	9,066,744
Allowance for impairment of goodwill	15	42,921,748	-	-	-
Allowance for doubtful accounts (Reversal)		(26,136,114)	39,463,178	68,129,719	39,499,337
Provision for withholding tax refundable		10,875,693	13,092,792	10,875,693	5,552,957
Provision for retention receivable		1,037,573	-	-	-
Reversal of allowance for impairment of investment	13	-	-	(10,143,461)	(15,960,000)
Gain on disposals of equipment	14	(100,011)	(252,378)	(107,607)	(183,957)
Written off of equipment	14	8,171	-	-	-
Gain on sales of investment in a subsidiary		-	(1,810,005)	-	(1,810,005)
Interest income		(803,764)	(944,718)	(7,187,334)	(2,267,686)
Interest expense		18,786,745	3,241,044	16,815,720	2,302,978
Cash generated from operations					
before changes in working capital:		(95,220,867)	(83,288,478)	(81,116,035)	(76,581,971)
Changes in operating working capital					
- trade accounts receivable		(62,667,969)	(13,779,974)	(100,068,787)	15,978,836
- unbilled receivable		(24,877,107)	(48,206,950)	(4,962,803)	(24,823,699)
- amounts due from related parties		(40,184,767)	(11,664,353)	(65,903,350)	(21,293,787)
- inventories		(50,123,960)	1,457,235	(51,989,465)	3,455,515
- other current assets		9,385,194	(27,947,404)	10,588,230	(24,070,936)
- other non-current assets		(25,303,836)	(16,459,053)	(22,849,510)	(10,563,649)
- trade accounts payable		59,777,155	(47,731,184)	55,681,985	(30,302,065)
- amounts due to related parties		22,177,867	12,477,374	42,472,007	748,657
- accrued construction cost		(13,537,410)	14,229,912	(6,053,079)	14,229,912
- advance from customers		9,845,798	39,177,528	32,489,984	13,728,192
- other current liabilities		48,712,779	17,614,933	37,656,815	13,573,524

	Notes	Consolidated		Company	
		2009	Restated 2008	2009	Restated 2008
		Baht	Baht	Baht	Baht
Cash flows payments in operating activities before interest and income tax paid		(162,017,123)	(164,120,414)	(154,054,008)	(125,921,471)
Interest received		828,410	800,333	847,204	753,762
Interest paid		(18,046,546)	(1,903,608)	(16,319,194)	(1,437,456)
Income tax paid		(5,938,454)	(2,667,935)	-	-
Net cash payments in operating activities		(185,173,713)	(167,891,624)	(169,525,998)	(126,605,165)
Cash flows from investing activities					
Payments for short-term loans to related parties, net		(2,107,132)	(1,500,000)	(26,472,727)	(70,629,954)
Payments for restricted deposits at financial institutions		(509,400)	(5,892,798)	(11)	(5,001,016)
Proceeds from sales of investment in a subsidiary		-	13,810,005	-	13,810,005
Proceeds from disposals of equipment		128,530	177,928	133,652	54,974
Payments for purchases of property, plant and equipment and intangible assets		(64,157,943)	(70,873,727)	(55,855,979)	(52,516,400)
Net cash payments in investing activities		(66,645,945)	(64,278,592)	(82,195,065)	(114,282,391)
Cash flows from financing activities					
Proceeds from bank overdrafts and short-term loans from financial institutions, net		120,647,489	13,627,198	119,866,637	13,619,128
Proceeds from loans from related parties, net		55,361,899	83,783,932	52,786,774	82,798,165
Proceeds from long-term loans	19	87,290,298	10,201,530	83,172,517	10,017,030
Payments for long-term loans	19	(17,740,488)	(3,295,937)	(15,618,904)	(2,708,769)
Payments for finance lease liabilities, net		(4,917,838)	(4,600,495)	(3,416,257)	(2,514,454)
Proceeds from increase share capital		-	110,591,250	-	110,591,250
Net cash receipts from financing activities		240,641,360	210,307,478	236,790,767	211,802,350
Net decrease in cash and cash equivalents		(11,178,298)	(21,862,738)	(14,930,296)	(29,085,206)
Cash and cash equivalents - opening balance		34,978,862	56,841,600	25,087,427	54,172,633
Cash and cash equivalents - closing balance		23,800,564	34,978,862	10,157,131	25,087,427

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otes for Financial Statement

1 General information

PAE (Thailand) Public Company Limited (the "Company") is a public limited company incorporated and resident in Thailand. The address of the Company's registered office is as follows:

69 Soi On-nuch 64, Srinakarin Road, Suanluang, Bangkok 10250

The Company is listed on the Stock Exchange of Thailand. For reporting purposes, the Company and its subsidiaries are referred to as the Group.

The principal business operations of the Group are Civil Construction, Engineering and Industrial Services.

The consolidated and company financial statements were authorized by the Board of Directors on 24 February 2010.

Financial position

The Company has incurred continued losses and cash flow difficulties. Net loss for the year ended 31 December 2009 is amounting to Baht 179 million. As at 31 December 2009, the Company has current liabilities in excess of current assets of Baht 139 million. Current liabilities include current portion of long-term loans from a major shareholder totaling Baht 70 million. Management has prepared a business plan and projected cash flows for the year 2010 with assumptions that there is more incoming work in fabrication shops from both existing and new customers; incoming work will be operated at the effective and continuing level. Cash flows from operations from the continuing work will be managed at the effective level without any project delays. While it can be uncertain that the business plan and projected cash flows will be successful, management is optimistic about the outcome. In addition, management is in constant consultation with banks and major shareholders to ensure a continued operation. Specifically, management is working with a major shareholder on a plan to raise sufficient liquidity for the Company. The major shareholder owning 30% of the Company's issued shares issued a letter of support to confirm that it will not recall within one year the current portion of long-term loans from a major shareholder, totaling Baht 70 million, and agrees to provide sufficient financial assistance to the Company as and when needed to enable the Company to continue its operations at least for the forthcoming 12 months. Accordingly the financial statements have been prepared on a going concern basis.

2 Accounting policies

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below:

2.1 Basis of preparation

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535.

The consolidated and company financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses in the reported periods. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from those estimates.

Comparative figures have been adjusted to conform with changes in the presentation in the current year as follows:

- The statements of income for the year ended 31 December 2009 has been presented by function-multiple steps. In addition, the changes also include the presentation of directors and managements' remuneration and finance costs, and separation of the presentation of selling expenses and administrative expenses. The changes are made to conform with the announcement of the Department of Business Development Regulation dated 30 January 2009 in relation to the format of financial statements B.E. 2552, effective from 1 January 2009.
- Prior year adjustments as mentioned in Note 6.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2 Accounting policies (continued)

2.2 New accounting standard, new financial reporting standards and amendments to accounting standards

Thai Accounting Standards were renumbered with effect on 26 June 2009 following an announcement by the Federation of Accounting Professions in order to conform with the numbers used in the International Financial Reporting Standards.

Revised standards that are effective for the periods beginning on or after 1 January 2009 and revised accounting framework.

TAS 36 Impairment of Assets (revised 2007)

TFRS 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2007) (formerly TAS 54)
Accounting Framework (revised 2007) (effective 26 June 2009)

These two standards and the accounting framework do not have a material impact on the financial statements being presented.

The revised accounting standards and new accounting standards which are effective for the periods beginning on or after 1 January 2011 and 1 January 2012 and which were not early adopted by the Group are as follows:

Effective for the periods beginning on or after 1 January 2011

TAS 24 Related Party Disclosure (revised 2007) (formerly TAS 47)

TAS 40 Investment Property

Effective for the periods beginning on or after 1 January 2012

TAS 20 Accounting for Government Grants and Disclosure for Government Assistance

The Group's management has assessed and determined that the revised standard and the new standards will not significantly impact the financial statements being presented, except for TAS 40: Investment Property because the Group holds land not currently used in operations and management has not determined the future use. In applying TAS 40, land held for a currently undetermined future use should be presented as investment property. There is a choice to record investment property at fair value or at cost.

2 Accounting policies (continued)

2.3 Group Accounting - Investments in subsidiaries and interests in joint ventures

(1) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill.

If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

See Note 2.10.1 for the accounting policy on goodwill. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated; unrealised losses are also eliminated unless cost cannot be recovered. Where necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

In the Company's separate financial statements investments in subsidiaries are reported by using the cost method.

A list of the Group's principal subsidiaries is set out in Note 13.

2 Accounting policies (continued)

2.3 Group Accounting - Investments in subsidiaries and interests in joint ventures (continued)

(2) Joint Ventures

The Group's interests in jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other venturers. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

In the Company's separate financial statements, interest in jointly controlled entities are accounted for using the cost method.

A list of the Group's principal joint ventures is set out in Note 13.

2.4 Foreign currency translation

Items included in the financial statements of each entity in the Group are measured using Thai Baht. The consolidated financial statements are presented in Thai Baht.

Foreign currency transactions are translated into Thai Baht using the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currency are translated to Thai Baht at the exchange rate prevailing at the balance sheet date. Gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies, are recognized in the statement of income.

Statements of income and cash flows of foreign entities are translated into the Group's reporting currency at the weighted average exchange rates for the year and balance sheets are translated at the exchange rates ruling on the balance sheet date. Currency translation differences arising from the retranslation of the net investment in foreign entities are taken to shareholders' equity. On disposal of a foreign entity, accumulated

2 Accounting policies (continued)

2.4 Foreign currency translation (continued)

currency translation differences are recognized in the statement of income as part of the gain or loss on sale.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits held at call with banks but not include deposit with bank which held to maturities, other short-term highly liquid investments with original maturities of three months or less.

2.6 Trade accounts receivable

Trade accounts receivable are carried at original invoice amount less allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written off during the year in which they are identified and recognised in the income statement within administrative expenses.

2.7 Inventories

Inventories, except construction in progress, are stated at the lower of cost or net realisable value. Cost is determined by the first-in, first-out method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates.

Net realisable value is the estimate of the selling price in the ordinary course of business, less the costs of completion and selling expenses. Allowance is made, where necessary, for obsolete, slow moving and defective inventories.

2.8 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and functions or their ultimate purpose or use.

2 Accounting policies (continued)

2.8 Construction contracts (continued)

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs are recognised using the percentage of completion method. The stage of completion is measured either based on completion of a physical proportion of the contract work or by reference to the relationship of contract costs incurred for work performed to date compared to the estimated total costs for the contract, depending on the nature of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Contracts of which calculated construction revenues exceeds amounts billed are shown as "Unbilled receivable" under current assets in the balance sheets. Contracts under which the amount billed exceeds the calculated revenue is shown as "Deferred construction revenue" under current liabilities in the balance sheets.

Contracts of which incurred construction cost exceeds calculated cost of construction, and cost of project of which revenue has not yet been recognised are shown as "Construction in progress" under current assets in the balance sheets, while contracts of which calculated cost of construction exceeds incurred cost of constructions are shown as "Accrued construction cost" under current liabilities in the balance sheets.

Costs incurred in the year in connection with future activity on a contract are excluded and shown as construction in progress.

2.9 Property, plant and equipment

Plant and equipment are stated at cost less accumulated depreciation.

Land is shown at fair value based on 3 - 5 years valuations by external independent valuers.

Increases in the carrying amount arising on revaluation land are credited to the revaluation reserve (included in fair value reserves) in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of income.

Depreciation is calculated on the straight line basis to write off the cost of each asset, except for land which is considered to have an indefinite life, to its residual value over the estimated useful life as follows:

2 Accounting policies (continued)

2.9 Property, plant, and equipment (continued)

Buildings	20 years
Building improvements	8 - 20 years
Machinery and equipment	8 - 20 years
Furniture, fixture and office equipment	5 years
Motor vehicles	5 - 8 years

Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Repairs and maintenance are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

2.10 Intangible assets

2.10.1 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is reported in the consolidated balance sheet as an intangible asset.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

2 Accounting policies (continued)

2.10 Intangible assets (continued)

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose.

2.10.2 Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 10 years.

2.11 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount which is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.12 Leases - where a Group company is the lessee

Leases of property, plant or equipment which substantially transfer all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease

payment is allocated to the principal and to the finance charges so as to achieve a constant rate on the finance balance outstanding. The outstanding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to the statement of income over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset or the lease term.

2 Accounting policies (continued)

2.12 Leases - where a Group company is the lessee (continued)

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 to the statement of income on a straight-line basis over the period of the lease.

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

2.13 Income taxes

The Group does not recognise income taxes payable or receivable in future periods with respect to temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

2.14 Employee benefits

The Company 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 by the relevant Group companies. Contributions to the provident fund are charged to the statement of income in the year to which they relate. The Group does not recognise liabilities in respect of employee benefit potentially payable under the Thai Labour Law.

2.15 Provisions

Provisions, excluding the provisions for employee benefits, are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

2 Accounting policies (continued)

2.16 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and service net of rebates and discounts, and after eliminating sales within the Group for the consolidated financial statements. Revenue from sales of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer.

Revenue from rendering services is based on the percentage-of-completion method, see accounting policy 2.8 on construction contracts.

Interest income is recognised on an accrual basis unless collectability is in doubt.

Dividend income is recognised when the shareholder's right to receive payment is established.

2.17 Segment reporting

Business segments provide products or services that are subject to risks and returns that are different from those of other business segments.

Segment information is presented by business segment of the Group's operations.

3 Financial risk management

3.1 Foreign Currency Risk

The Group has no significant foreign currency risk since the major business transactions of the Group are carried out in Thai Baht. The Group does not enter into any derivative transactions.

3.2 Credit Risk

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

3 Financial risk management (continued)

3.3 Interest Rate Risk

Interest rate risk arises from the fluctuations in market interest rates, which may have a negative effect on current and future operations of the Group. The Group's income and operating cash flows are substantially independent of changes in market interest rates. The Group has no significant interest-bearing assets.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year is revenue recognition on construction contract. Revenue recognition in the construction contract is based on the percentage-of-completion as measured either based on completion of a physical proportion of the contract work or by reference to the relationship of contract costs incurred for work performed to date compared to the estimated total costs for the contract, depending on the nature of the contract. Use of the stage of completion method requires estimates of future gross profit on a contract by contract basis. The future gross profit represents the profit remaining after deducting costs attributable to the contract from revenues provided for in the contract. The estimate of future gross profit is based on a complex estimation process that includes identification of risks and any assessment that it is necessary to estimate with sufficient precision the total future costs as well as the expected timetable.

5 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

6 Prior year adjustments

As at 31 December 2008, deficits attributable to equity holders of the parent were understated by Baht 5.92 million and deficits attributable to minority interest were overstated by the same amount due to the over allocation of deficits to minority interest.

In addition, as at 31 December 2008, the Company under recorded expenses amounting to Baht 1.5 million; therefore, deficits attributable to equity holders of the parent were understated by Baht 1.5 million and total assets were overstated by the same amount in the consolidated and company financial statements.

The Group applies the adjustments retrospectively. The effects of the change to the consolidated and company balance sheets as at 31 December 2008 and the consolidated and company' s statements of income for the year ended 31 December 2008 are as follows:

	Consolidated	Company
	Million Baht	Million Baht
Balance sheet as at 31 December 2008		
Amounts due from related parties decreased	(1.50)	(1.50)
Equity attributable to the parent company increased	7.42	1.50
Minority interests decreased	(5.92)	-
Profit and loss for the year ended 31 December 2008		
Administrative expenses increased	1.50	1.50
Loss attributable to		
- Loss attributable to equity holders of the parent increased	7.42	1.50
- Loss attributable to minority interests decreased	(5.92)	-
Loss per share for loss attributable to equity holders of the parent (Baht)		
Basic loss per share increased (Baht)	0.01	0.01

7 Segment information

Financial information by business segment

	Consolidated		
	Civil Construction Baht	Engineering, Industrial Services Baht	Total Baht
Year ended 31 December 2009			
Revenues from operations	567,699,894	363,342,116	931,042,010
Segment result	20,951,752	(13,246,955)	7,704,797
Interest income			803,764
Other income			5,979,356
Unallocated costs			(165,976,855)
Loss before finance costs and income tax			(151,488,938)
Finance costs			(18,786,745)
Loss before income tax			(170,275,683)
Income tax			(5,753,380)
Net loss for the year			(176,029,063)
Segment fixed assets	85,018,067	182,995,082	268,013,149
Unallocated assets			590,743,107
Consolidated total assets			858,756,256
Impairment charge			(42,921,748)
Year ended 31 December 2008			
Revenues from operations	144,292,671	318,134,563	462,427,234
Segment result	54,765,193	(31,435,593)	23,329,600
Interest income			944,718
Other income			3,478,044
Unallocated costs			(175,051,977)
Loss before finance costs and income tax			(147,299,615)
Finance costs			(3,241,044)
Loss before income tax			(150,540,659)
Income tax			(2,813,131)

Net loss for the year			(153,353,790)
Segment fixed assets	42,139,429	190,474,727	232,614,156
Unallocated assets			434,166,409
Consolidated total assets			666,780,565
Impairment charge			-

8 Cash and cash equivalents

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Cash on hand	2,913,001	1,009,558	971,397	402,358
Deposits held at call with banks	20,887,563	33,969,304	9,185,734	24,685,069
Total cash and cash equivalents	23,800,564	34,978,862	10,157,131	25,087,427

The interest rate on deposits held at call with banks is 0.25% per annum (31 December 2008: 0.25% per annum).

9 Trade accounts receivable, net

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Trade accounts receivable	169,180,828	106,512,859	129,037,153	28,968,366
Less Allowance for doubtful accounts	(16,861,815)	(11,160,990)	(12,878,293)	(9,920,296)
Total trade accounts receivable, net	152,319,013	95,351,869	116,158,860	19,048,070

9 Trade accounts receivable, net (continued)

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Within credit term	46,715,591	71,391,325	24,362,237	12,915,807
Overdue				
- less than 3 months	75,796,227	19,578,104	66,191,951	2,949,387
- 3 - 6 months	5,724,494	4,383,660	2,898,286	3,172,176
- 6 - 12 months	25,881,602	69,068	22,872,722	10,700
- more than 12 months	15,062,914	11,090,702	12,711,957	9,920,296
	169,180,828	106,512,859	129,037,153	28,968,366
Less Allowance for doubtful accounts	(16,861,815)	(11,160,990)	(12,878,293)	(9,920,296)
Total trade accounts receivable, net	152,319,013	95,351,869	116,158,860	19,048,070

10 Unbilled receivable

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Contract costs to date	635,144,683	142,623,146	504,946,282	114,539,296
Recognised losses to date	(93,285,818)	(32,803,497)	(46,240,848)	(22,288,812)
Contract cost incurred and recognised losses to date	541,858,865	109,819,649	458,705,434	92,250,484
Less Progress billings	(481,455,809)	(86,148,968)	(407,141,431)	(69,813,864)
Unbilled receivable - Construction contract	60,403,056	23,670,681	51,564,003	22,436,620
Add Unbilled receivable - Service income	48,694,903	54,764,395	24,231,941	31,919,233
Total unbilled receivable	109,097,959	78,435,076	75,795,944	54,355,853
Comprised of:				
- third parties	98,087,256	73,210,149	49,139,244	44,176,441
- related parties (Note 28.3)	11,010,703	5,224,927	26,656,700	10,179,412

11 Inventories, net

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Raw materials	28,315,559	9,440,347	23,825,817	4,601,335
Construction in progress	31,064,194	-	31,060,695	-
Finished goods	341,959	341,959	341,959	341,959
Spare parts & consumable	9,697,868	9,714,009	4,295,345	2,791,749
Total	69,419,580	19,496,315	59,523,816	7,735,043
Less Allowance for inventory obsolescence				
Raw materials	(3,571,261)	(3,771,953)	(3,571,261)	(3,771,953)
Finished goods	(341,959)	(341,959)	(341,959)	(341,959)
Spare parts & consumable	(841,887)	(841,887)	(742,357)	(742,357)
Total	(4,755,107)	(4,955,799)	(4,655,577)	(4,856,269)
Total inventories, net	64,664,473	14,540,516	54,868,239	2,878,774

12 Other current assets

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Advance payments to subcontractors	7,542,236	22,185,134	7,542,236	21,445,840
Advances to employees, net	1,480,826	7,262,500	656,034	1,142,636
Retention receivable	4,016,966	-	-	-
Accrued interest income	110,631	119,703	110,631	119,703
Value added tax refundable	10,258,861	4,379,343	5,370,558	1,939,999
Withholding tax refundable	2,646,526	912,156	-	-
Other receivables	3,971,335	4,730,729	3,099,967	2,728,551
Total other current assets	30,027,381	39,589,565	16,779,426	27,376,729

13 Investments in subsidiaries and interests in a joint venture, net

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Investments in subsidiaries	-	-	150,719,960	150,719,960
Interests in a joint venture	-	-	-	-
	-	-	150,719,960	150,719,960
Less Allowance for impairment	-	-	(115,719,960)	(125,863,421)
Total investments in subsidiaries and interests in a joint venture, net	-	-	35,000,000	24,856,539

The movements in investments in subsidiaries and interest in a joint venture can be analysed as follows:

	Consolidated	Company
	Baht	Baht
For the year ended 31 December 2009		
Opening book value	-	24,856,539
Addition	-	-
Reversal of allowance for impairment	-	10,143,461
Closing book value	-	35,000,000

During the year, the Company reversed allowance for impairment of investment in PAE Technical Service Co., Ltd. because the Company determined that the investment is no longer impaired. PAE Technical Service Co., Ltd. has accumulated retained earnings during the past few years and will be continuing in the future.

13 Investments in subsidiaries and interests in a joint venture, net (continued)

The principal investments in subsidiaries and interests in a joint venture in the company financial statements are as follows:

			Company	
			31 December 2009	31 December 2008
			Cost Method Baht	Cost Method Baht
Business	Portion of investment (%)			
Subsidiaries				
PAE Construction Resources Co., Ltd.	Domestic and overseas personnel supply to the construction industry	99.99	4,999,400	4,999,400
WNSR Pacific Co., Ltd. and its subsidiary	Engineering services and Utilities Installation & Material supply	60.09	24,039,960	24,039,960
- Oasis Development Co., Ltd.	Dormitory for rent	54.94		
Pacific Resources International Limited (BVI)	Dormant	100.00	86,680,600	86,680,600
PAE Technical Service Co., Ltd.	Non-destructive testing of steel used in construction business including steel pipes and structures used in oil refinery industry, high-rise buildings, x-rays pipes and gas tanks	99.99	35,000,000	35,000,000
			150,719,960	150,719,960
Less Allowance for impairment			(115,719,960)	(125,863,421)
Investment in subsidiaries, net			<u>35,000,000</u>	<u>24,856,539</u>
Joint venture				
The Joint Venture of Sri U-Thong and PAE	Construction	70.00	-	-

13 Investments in subsidiaries and interests in a joint venture, net (continued)

The Company's subsidiaries and joint venture are incorporated in Thailand except for Pacific Resources International Limited (BVI) that is incorporated in the British Virgin Islands.

The Joint Venture of Sri U-Thong and PAE is the joint venture of the Company because the Company has jointly control the joint venture with another venturer in accordance with the joint venture agreement.

An allowance for impairment amounting to Baht 116 million represents a full allowance of investments in PAE Construction Resources Co., Ltd., WNSR Pacific Co., Ltd. and Pacific Resources International Limited (BVI).

The Group's share of the assets, liabilities, revenues and expenses of the joint venture according to the investment proportions are as follows:

The Joint Venture of Sri U-Thong and PAE		
	31 December 2009	31 December 2008
	Baht'000	Baht'000
Balance Sheets		
Current assets	64,160	36,707
Non-current assets	5	6
Current liabilities	(59,368)	(36,292)
Non-current liabilities	-	-
Net assets	4,797	421
The Joint Venture of Sri U-Thong and PAE		
	For the years ended 31 December	
	2009	2008
	Baht'000	Baht'000
Statements of income		
Revenues	220,303	30,868
Expenses	(214,050)	(30,267)
Profit before income tax	6,253	601
Income tax	(1,877)	(180)
Net profit	4,376	421
Joint venture proportion (%)	70%	70%

14 Property, plant and equipment, net**Consolidated**

	Land	Buildings and building improvements	Machinery and equipment	Vehicles	Furniture and equipment	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2008							
Cost	161,176,109	120,238,506	169,529,251	27,762,586	23,284,085	6,907,383	508,897,920
Less Accumulated depreciation	-	(79,532,443)	(152,632,492)	(17,791,154)	(19,345,511)	-	(269,301,600)
Less Allowance for impairment	-	(18,611,585)	(3,125,112)	(889,991)	(151,836)	-	(22,778,524)
Less Allowance for devaluation in land	(39,103,609)	-	-	-	-	-	(39,103,609)
Net book amount	122,072,500	22,094,478	13,771,647	9,081,441	3,786,738	6,907,383	177,714,187
For the year ended 31 December 2008							
Opening net book amount	122,072,500	22,094,478	13,771,647	9,081,441	3,786,738	6,907,383	177,714,187
Acquisitions	-	1,678,588	4,558,000	5,154,000	1,790,000	-	13,180,588
Additions	-	-	12,290,751	4,081,776	5,600,176	33,553,794	55,526,497
Disposals, net	-	-	618	13,516	60,316	-	74,450
Transfers	-	1,403,157	-	-	-	(1,403,157)	-
Less Depreciation charge (Note 23)	-	(4,426,087)	(4,849,729)	(2,772,014)	(1,833,736)	-	(13,881,566)
Closing net book amount	122,072,500	20,750,136	25,771,287	15,558,719	9,403,494	39,058,020	232,614,156
At 31 December 2008							
Cost	161,176,109	123,320,251	186,378,620	36,998,362	28,772,818	39,058,020	575,704,180
Less Accumulated depreciation	-	(83,958,530)	(157,482,221)	(20,549,652)	(19,264,386)	-	(281,254,789)
Less Allowance for impairment	-	(18,611,585)	(3,125,112)	(889,991)	(104,938)	-	(22,731,626)
Less Allowance for devaluation in land	(39,103,609)	-	-	-	-	-	(39,103,609)
Net book amount	122,072,500	20,750,136	25,771,287	15,558,719	9,403,494	39,058,020	232,614,156

14 Property, plant and equipment, net (continued)

	Consolidated						
	Land	Buildings and building improvements	Machinery and equipment	Vehicles	Furniture and equipment	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
For the year ended 31 December 2009							
Opening net book amount	122,072,500	20,750,136	25,771,287	15,558,719	9,403,494	39,058,020	232,614,156
Additions	-	64,585	22,582,210	704,000	3,749,336	35,513,205	62,613,336
Disposals, net	-	-	(2,489)	-	(26,030)	-	(28,519)
Write off, net	-	-	-	(1,141)	(7,030)	-	(8,171)
Transfers	-	65,580,270	7,909,309	-	1,079,230	(74,568,809)	-
Less Depreciation charge (Note 23)	-	(9,365,113)	(10,660,590)	(3,962,296)	(3,189,654)	-	(27,177,653)
Closing net book amount	122,072,500	77,029,878	45,599,727	12,299,282	11,009,346	2,416	268,013,149
At 31 December 2009							
Cost	161,176,109	188,879,229	214,532,146	37,701,221	32,477,608	2,416	634,768,729
Less Accumulated depreciation	-	(93,237,766)	(165,998,531)	(24,511,948)	(21,363,324)	-	(305,111,569)
Less Allowance for impairment	-	(18,611,585)	(2,933,888)	(889,991)	(104,938)	-	(22,540,402)
Less Allowance for devaluation in land	(39,103,609)	-	-	-	-	-	(39,103,609)
Net book amount	122,072,500	77,029,878	45,599,727	12,299,282	11,009,346	2,416	268,013,149

14 Property, plant and equipment, net (continued)

	Company						
	Land	Buildings and building improvements	Machinery and equipment	Vehicles	Furniture and equipment	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
At 1 January 2008							
Cost	158,152,109	106,764,453	147,834,169	17,977,349	20,516,748	5,512,707	456,757,535
Less Accumulated depreciation	-	(70,662,025)	(138,577,776)	(13,856,416)	(18,055,913)	-	(241,152,130)
Less Allowance for impairment	-	(18,611,585)	-	-	-	-	(18,611,585)
Less Allowance for devaluation in land	(37,843,609)	-	-	-	-	-	(37,843,609)
Net book amount	120,308,500	17,490,843	9,256,393	4,120,933	2,460,835	5,512,707	159,150,211
For the year ended 31 December 2008							
Opening net book amount	120,308,500	17,490,843	9,256,393	4,120,933	2,460,835	5,512,707	159,150,211
Additions	-	-	9,515,904	3,100,187	4,317,547	33,545,313	50,478,951
Disposals, net	-	-	18,639	13,516	96,828	-	128,983
Less Depreciation charge (Note 23)	-	(3,660,959)	(2,912,187)	(727,820)	(1,225,376)	-	(8,526,342)
Closing net book amount	120,308,500	13,829,884	15,878,749	6,506,816	5,649,834	39,058,020	201,231,803
At 31 December 2008							
Cost	158,152,109	106,764,453	155,853,576	21,077,536	23,296,707	39,058,020	504,202,401
Less Accumulated depreciation	-	(74,322,984)	(139,974,827)	(14,570,720)	(17,646,873)	-	(246,515,404)
Less Allowance for impairment	-	(18,611,585)	-	-	-	-	(18,611,585)
Less Allowance for devaluation in land	(37,843,609)	-	-	-	-	-	(37,843,609)
Net book amount	120,308,500	13,829,884	15,878,749	6,506,816	5,649,834	39,058,020	201,231,803

14 Property, plant and equipment, net (continued)

	Company						
	Land	Buildings and building improvements	Machinery and equipment	Vehicles	Furniture and equipment	Construction in progress	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht
For the year ended 31 December 2009							
Opening net book amount	120,308,500	13,829,884	15,878,749	6,506,816	5,649,834	39,058,020	201,231,803
Additions	-	64,586	15,382,219	-	3,379,563	35,513,205	54,339,573
Disposals, net	-	-	(15)	-	(26,030)	-	(26,045)
Transfers	-	65,580,270	7,909,309	-	1,079,230	(74,568,809)	-
Less Depreciation charge (Note 23)	-	(6,973,813)	(7,563,337)	(1,164,144)	(2,207,566)	-	(17,908,860)
Closing net book amount	120,308,500	72,500,927	31,606,925	5,342,672	7,875,031	2,416	237,636,471
At 31 December 2009							
Cost	158,152,109	172,409,309	178,791,204	21,077,536	26,681,003	2,416	557,113,577
Less Accumulated depreciation	-	(81,296,797)	(147,184,279)	(15,734,864)	(18,805,972)	-	(263,021,912)
Less Allowance for impairment	-	(18,611,585)	-	-	-	-	(18,611,585)
Less Allowance for devaluation in land	(37,843,609)	-	-	-	-	-	(37,843,609)
Net book amount	120,308,500	72,500,927	31,606,925	5,342,672	7,875,031	2,416	237,636,471

14 Property, plant and equipment, net (continued)

Leased assets included above, where the Group and the Company is a lessee under a finance lease, comprise machinery and vehicles:

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Cost capitalised finance leases	27,357,434	27,857,417	13,100,006	14,779,002
Less Accumulated depreciation	(11,349,613)	(6,784,452)	(4,191,569)	(2,575,625)
Net book amount	16,007,821	21,072,965	8,908,437	12,203,377

As at 31 December 2009, there are no outstanding significant capital commitments.

As at 31 December 2009, the Group has pledged land and buildings at the net amount of Baht 144.82 million (As at 31 December 2008: Baht 158.85 million) as collateral for bank overdrafts, letters of guarantee and loans from banks (Note 19).

As at 31 December 2009, the gross carrying amount of fully depreciated property, plant and equipment that are still in use in the consolidated and company financial statements are amounting to Baht 209.04 million and Baht 189.82 million, respectively (2008: Baht 213.65 million and Baht 196 million, respectively).

15 Intangible assets, net

	Consolidated	Consolidated		
		Intangible assets		
	Goodwill	Computer software	in progress	Total
	Baht	Baht	Baht	Baht
At 1 January 2008				
Cost	-	862,275	2,337,000	3,199,275
Less Accumulated amortisation	-	(862,275)	-	(862,275)
Net book value	-	-	2,337,000	2,337,000
For the year ended 31 December 2008				
Opening net book value	-	-	2,337,000	2,337,000
Additions	42,921,748	10,181,935	56,000	10,237,935
Transfer in (out)	-	2,295,000	(2,295,000)	-
Less Amortisation charge (Note 23)	-	(580,702)	-	(580,702)
Closing net book value	42,921,748	11,896,233	98,000	11,994,233
At 31 December 2008				
Cost	42,921,748	13,338,910	98,000	13,436,910
Less Accumulated amortisation	-	(1,442,677)	-	(1,442,677)
Net book value	42,921,748	11,896,233	98,000	11,994,233
For the year ended 31 December 2009				
Opening net book value	42,921,748	11,896,233	98,000	11,994,233
Additions	-	589,864	954,743	1,544,607
Transfer in (out)	-	140,000	(140,000)	-
Impairment charge	(42,921,748)	-	-	-
Less Amortisation charge (Note 23)	-	(1,287,122)	-	(1,287,122)
Closing net book value	-	11,338,975	912,743	12,251,718
At 31 December 2009				
Cost	42,921,748	14,068,774	912,743	14,981,517
Less Accumulated amortisation	-	(2,729,799)	-	(2,729,799)
Less Allowance for impairment	(42,921,748)	-	-	-
Net book value	-	11,338,975	912,743	12,251,718

15 Intangible assets, net (continued)

During the year, WNSR Pacific Co., Ltd. sets up allowance for impairment of goodwill amounting to Baht 42,921,748. An impairment loss of goodwill is recognized in full because its carrying amount exceeds its value in use. Value in use is the present value of net future cash flows expected to be derived from an asset or cash-generating unit.

	Company		
	Computer software Baht	Intangible assets in progress Baht	Total Baht
At 1 January 2008			
Cost	-	2,337,000	2,337,000
Less Accumulated amortisation	-	-	-
Net book value	-	2,337,000	2,337,000
For the year ended 31 December 2008			
Opening net book value	-	2,337,000	2,337,000
Additions	9,781,635	56,000	9,837,635
Transfer in (out)	2,295,000	(2,295,000)	-
Less Amortisation charge (Note 23)	(540,402)	-	(540,402)
Closing net book value	11,536,233	98,000	11,634,233
At 31 December 2008			
Cost	12,076,635	98,000	12,174,635
Less Accumulated amortisation	(540,402)	-	(540,402)
Net book value	11,536,233	98,000	11,634,233
For the year ended 31 December 2009			
Opening net book value	11,536,233	98,000	11,634,233
Additions	561,663	954,743	1,516,406
Transfer in (out)	140,000	(140,000)	-
Less Amortisation charge (Note 23)	(1,246,882)	-	(1,246,882)
Closing net book value	10,991,014	912,743	11,903,757
At 31 December 2009			
Cost	12,778,298	912,743	13,691,041
Less Accumulated amortisation	(1,787,284)	-	(1,787,284)
Net book value	10,991,014	912,743	11,903,757

15 Intangible assets, net (continued)

Outstanding intangible assets in progress in the consolidated and company financial statements represent accumulated costs to date in obtaining licenses from the American Society of Mechanical Engineers for manufacturing of pressure tank.

16 Land not used in operations

	Consolidated Baht	Company Baht
At 1 January 2008		
Cost	49,070,220	49,070,220
Less Allowance for devaluation in land	(13,375,939)	(13,375,939)
Net book amount	<u>35,694,281</u>	<u>35,694,281</u>
For the year ended 31 December 2008		
Opening net book amount	35,694,281	35,694,281
Acquisition	21,204,000	-
Closing net book amount	<u>56,898,281</u>	<u>35,694,281</u>
At 31 December 2008		
Cost	70,274,220	49,070,220
Less Allowance for devaluation in land	(13,375,939)	(13,375,939)
Net book amount	<u>56,898,281</u>	<u>35,694,281</u>
For the year ended 31 December 2009		
Opening net book amount	56,898,281	35,694,281
Additions	-	-
Closing net book amount	<u>56,898,281</u>	<u>35,694,281</u>
At 31 December 2009		
Cost	70,274,220	49,070,220
Less Allowance for devaluation in land	(13,375,939)	(13,375,939)
Net book amount	<u>56,898,281</u>	<u>35,694,281</u>

16 Land not used in operations (continued)

As at 31 December 2009, the Company has pledged land not used in operations at net amount of Baht 35 million (As at 31 December 2008: Baht 35 million) as collateral for bank overdrafts, letters of guarantee and loans from banks (Note 19).

Ownership of land not used in operations amounting to Baht 21 million, that was acquired from W.N.S.R. Engineering Company Limited and W.N.S.R. Limited Partnership as part of business combination, has not been transferred to WNSR Pacific Co., Ltd. because those lands have been pledged as collateral for loans from banks (Note 19).

17 Other non-current assets

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Deposits	2,880,440	2,325,019	1,866,926	1,928,259
Withholding tax refundable	29,992,805	26,671,819	29,992,805	26,671,818
Retention receivable	13,454,675	3,509,750	10,935,497	1,911,892
Others	109,600	540,361	-	309,438
Other non-current assets	46,437,520	33,046,949	42,795,228	30,821,407

18 Other current liabilities

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Accrued retention	18,467,250	2,706,478	18,430,370	2,669,599
Accrued penalty for late work	-	5,996,198	-	5,996,198
Accrued expenses	18,580,017	11,588,580	8,794,708	3,267,557
Accrued interest expenses	1,423,663	2,588,770	1,139,791	2,375,131
Accrued salary	8,237,468	3,066,805	5,133,563	358,702
Value added tax payable	30,777,364	18,567,859	15,094,930	6,872,734
Withholding tax payable	17,965,407	4,393,359	15,298,295	2,833,960
Other payables	25,727,403	24,907,926	13,812,435	16,908,737
Total other current liabilities	121,178,572	73,815,975	77,704,092	41,282,618

19 Borrowings

Short-term loans are as follows:

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Bank overdrafts	37,904,092	39,772,086	27,089,975	29,738,821
Short-term loans	122,515,483	-	122,515,483	-
Total short-term loans	160,419,575	39,772,086	149,605,458	29,738,821

Bank overdrafts bear interest at the rate of 7.25 % per annum (2008: 7.25% per annum).

Short-term loans are comprised of promissory notes, AVAL and T/R, bearing interest at the rates of 7 - 8 % per annum (2008: Nil).

Long-term loans are Thai Baht loans as follows:

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Current portion of long-term loans	41,417,335	7,624,101	37,818,504	5,162,578
Long-term loans	43,017,466	7,260,890	37,043,370	2,145,683
Total loans	84,434,801	14,884,991	74,861,874	7,308,261

Movements in long-term loans for the year ended 31 December 2009 can be analysed as follows:

	Consolidated	Company
	Baht	Baht
Opening balance	14,884,991	7,308,261
Additions	87,290,298	83,172,517
Repayments	(17,740,488)	(15,618,904)
Ending balance	84,434,801	74,861,874

19 Borrowings (continued)

Long-term loans agreements of the Company

On 4 February 2008, the Company made loan agreement with Islamic bank under credit facility of Baht 20 million for the purpose of construction and acquisition of equipment for fabrication shop at Rayong. Loans are due for repayment in instalments starting from 30 August 2008 until 29 February 2012, bearing interest at the rate of 9.50 % per annum. Outstanding loan balances as at 31 December 2009 are Baht 10.63 million.

On 4 June 2009, the Company made loan agreement with Islamic bank under credit facility of Baht 26.94 million for the purpose of construction and acquisition equipment for fabrication shop at Songkhla. Loans are due for repayment in instalments starting from 30 June 2009 until 30 December 2013, bearing interest at the rate as referred to Standard Profit Rate Long-term (SPRL) plus 0% to 0.5% per annum. Outstanding loan balances as at 31 December 2009 are Baht 16 million.

On 2 October 2009, the Company made loan agreement with Islamic bank under credit facility of Baht 55 million for the purpose of repayment of outstanding balances with vendors. Loans are due for repayment in instalments starting from 31 October 2009 until 31 October 2011, bearing interest at the rate as referred to Standard Profit Rate Long-term (SPRL) per annum. Outstanding loan balances as at 31 December 2009 are Baht 48.23 million.

Other long-term loans of the Group are bearing interest at the rates of 7% to 15% per annum.

Maturities of long-term borrowings are as follows:

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Not later than 1 year	41,417,335	7,624,101	37,818,504	5,162,578
Later than 1 year but not later than 5 years	43,017,466	7,260,890	37,043,370	2,145,683
Later than 5 years	-	-	-	-

Long-term loans are secured by land and buildings of the Group as mentioned in Note 14 and Note 16.

19 Borrowings (continued)

The carrying amounts of short-term borrowings with fixed interest rate approximate their fair values because of their short-term maturities. The long-term loans from financial institutions have the floating interest rates; thus, the fair value approximates the carrying amounts.

As at 31 December 2009, the Group has available credit facilities in relation to short-term and long-term borrowings amounting to Baht 197 million. Available credit line of letter of guarantee is Baht 50 million.

20 Finance lease liabilities, net

	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Not later than 1 year	5,239,072	6,019,239	3,705,756	3,705,756
Later than 1 year but not later than 5 years	3,765,549	8,417,827	2,400,110	6,105,866
Later than 5 years	-	-	-	-
Less Future finance charges on finance leases	(789,070)	(1,303,677)	(445,843)	(735,342)
Present value of finance lease liabilities	8,215,551	13,133,389	5,660,023	9,076,280
Representing lease liabilities:				
- Short-term	4,768,944	5,457,129	3,425,950	3,425,950
- Long-term	3,446,607	7,676,260	2,234,073	5,650,330

The present value of finance lease liabilities is as follows:

	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Not later than 1 year	4,768,944	5,457,129	3,425,950	3,425,950
Later than 1 year but not later than 5 years	3,446,607	7,676,260	2,234,073	5,650,330
Later than 5 years	-	-	-	-

The carrying amounts of finance lease liabilities are approximate their fair values.

21 Share capital, share premium, and share discount

	Number of shares	Ordinary shares Baht	Share premium Baht	Share discount Baht	Total Baht
At 1 January 2008	574,500,000	574,500,000	-	(226,600,000)	347,900,000
Issue of shares	406,606,362	100,537,500	10,053,750	-	110,591,250
At 31 December 2008	981,106,362	675,037,500	10,053,750	(226,600,000)	458,491,250
Issue of shares	-	-	-	-	-
At 31 December 2009	981,106,362	675,037,500	10,053,750	(226,600,000)	458,491,250

The total authorised number of ordinary shares is 981,106,362 shares with a par value of Baht 1 per share (31 December 2008: 981,106,362 shares with a par value of Baht 1 per share). 574,500,000 shares are issued and fully paid with share discount of Baht 226,600,000 and 100,537,500 shares are issued and fully paid with share premium of Baht 10,053,750.

The Extraordinary Meeting of Shareholders No.1/2008 held on 25 January 2008 approved to increase numbers of ordinary shares for 406,606,362 shares with a par value of Baht 1 per share from 574,500,000 ordinary shares with a par value of Baht 1 per share to 981,106,362 shares with a par value of Baht 1 per share.

Ordinary shares in the amount of 100,537,500 shares with a par value of Baht 1 per share is offered to sell to Global Process Systems Inc. at Baht 1.1 per share.

22 Other income

	Consolidated		Company	
	2009 Baht	2008 Baht	2009 Baht	2008 Baht
Gains on exchange rate	-	2,309,239	-	2,305,893
Gains from sales of equipment	91,840	252,378	107,607	183,957
Gains from reversal of allowance for impairment of investment	-	-	10,143,461	15,960,000
Interest income	803,764	944,718	7,187,334	2,267,686
Rental income	505,301	516,500	10,350,492	10,104,772
Service income	3,104,461	-	3,369,584	44,000
Other income	2,277,754	399,927	310,437	197,325
Total other income	6,783,120	4,422,762	31,468,915	31,063,633

23 Expense by nature

The following expenditures, classified by nature, have been charged in arriving at loss before finance costs and income tax:

	Consolidated		Company	
	2009	2008	2009	2008
	Baht	Baht	Baht	Baht
Staff costs	334,538,759	217,021,353	203,614,590	144,618,818
Depreciation on property, plant and equipment	27,177,653	13,881,566	17,908,860	8,526,342
Amortisation charge of intangible assets	1,287,122	580,702	1,246,882	540,402
Impairment of goodwill	42,921,748	-	-	-
Allowance for doubtful account	15,963,536	40,344,631	110,229,369	40,344,631
Reversal of allowance for doubtful account	(42,099,650)	(881,453)	(42,099,650)	(845,294)
Provision for withholding tax refundable	10,875,693	13,092,792	10,875,693	5,552,957

24 Revenue and cost by customer's industry

	Consolidated	
	Hydro carbon group of customer Baht	Other customers Baht
For the year ended 31 December 2009		
Revenue from sales and services	458,401,919	472,640,091
Cost of sales and services	478,359,040	444,978,173
For the year ended 31 December 2008		
Revenue from sales and services	317,520,857	144,906,377
Cost of sales and services	262,755,664	176,341,970

25 Basic loss per share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue during the year.

	Consolidated		Company	
	2009	2008	2009	2008
Net loss attributable to shareholders (Baht)	(176,029,063)	(153,353,790)	(178,654,507)	(112,782,339)
Weighted average number of ordinary shares in issue (Shares)	675,037,500	658,830,635	675,037,500	658,830,635
Basic loss per share (Baht)	(0.26)	(0.23)	(0.26)	(0.17)

There are no dilutive potential ordinary shares in issue during the years presented.

26 Warrants

In February 2008, the Company issued and offered warrants to Global Process Systems Inc., a major shareholder, with no surcharge. The exercise period was on the last business day of each month through the maturity date. Global Process Systems Inc. had the right to purchase new ordinary shares of the Company at the exercise ratio of 1 warrant for 1 newly issued ordinary share at an exercise price of Baht 1.32 per share. The period determined to exercise the rights to purchase ordinary shares of the Company expired one year from issuing the warrants.

As at 31 December 2009, the exercise period of all warrants has expired, therefore, there are no outstanding warrants.

27 Promotional privileges

On 12 June 2009, the Company is granted certain rights and privileges as a promoted industry covering fabrication industry carried at the Company's factory located in Rayong under the Investment Promotion Act B.E. 2520 (1977). Rights and privileges including exemption from customs duties and business tax for

27 Promotional privileges (continued)

machinery approved by the Board of Investment and an exemption from corporate income tax for the amounts not exceeding 100% of total investments excluding land and working capital for three years from the commencement of operating revenues.

During the year ended 31 December 2009, there was no revenue under BOI promotional privilege.

28 Related party transactions

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

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

A major shareholder is Global Process Systems Inc., incorporated in the Cayman Islands, which owns 29.78% of the Company's shares.

Information regarding the Company's subsidiaries and a joint venture is shown in Note 13.

During the year, the Group has entered into a number of transactions with related parties; the terms are agreed in the agreement.

28 Related party transactions (continued)

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

Transactions	Pricing policies
Sale and purchase of goods	Cost plus margin
Sale and purchase of services	Cost plus margin
Interest income and interest expenses	Interest rate as specified in the agreement.
Directors' remuneration e.g. meeting allowance and bonus	As determined at the rate approved by the directors and the shareholders

The following material transactions were carried out with related parties:

28.1 Sales of goods and services, interest income and other income

For the years ended 31 December	Consolidated		Company	
	2009	2008	2009	2008
	Baht'000	Baht'000	Baht'000	Baht'000
Sales and services to:				
- Major shareholder	29,826	-	29,826	-
- Subsidiaries	-	-	375	-
- Joint venture	53,550	-	178,501	-
- Companies controlled by other shareholders of the subsidiaries	11,068	9,072	-	9,004
- Related parties	-	3,489	-	3,489
Interest income				
- Subsidiaries	-	-	6,312	1,406
- Joint venture	44	-	145	-
Other income				
- Major shareholder	465	400	465	400
- Subsidiaries	-	-	9,961	5,136
- Related parties	383	300	383	300

28 Related party transactions (continued)

28.2 Purchases of goods and services and interest expenses

For the years ended 31 December	Consolidated		Company	
	2009	2008	2009	2008
	Baht'000	Baht'000	Baht'000	Baht'000
Purchase of goods and service from:				
- Major shareholder	16,207	-	16,207	-
- Subsidiaries	-	-	13,969	5,067
- Related parties	-	1,563	-	1,563
Interest expenses				
- Major shareholder	9,279	-	9,279	-
- Joint venture	91	-	304	-
- Directors	470	30	131	-

28.3 Amounts due from/to related parties

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Baht'000	Baht'000	Baht'000	Baht'000
Receivables from:				
- Major shareholder	17,097	1,273	17,097	1,273
- Subsidiaries	-	-	39,804	36,258
- Joint venture	13,470	3,138	44,899	10,460
- Other shareholders of the subsidiaries	495	1,760	495	166
- Companies controlled by other shareholders of the subsidiaries	20,140	9,072	9,004	9,004
- Related parties	42,117	40,622	42,100	40,463
- Directors	-	3,070	-	-
Total	93,319	58,935	153,399	97,624
Less Allowance for doubtful accounts	(9,070)	(40,907)	(43,862)	(61,182)
Total receivable from related parties, net	84,249	18,028	109,537	36,442
Unbilled receivable from:				
- Major shareholder	4,305	-	4,305	-

- Joint venture	6,705	2,123	22,351	7,078
- Related parties	-	3,102	-	3,102
Total unbilled receivable (Note 10)	11,010	5,225	26,656	10,180
Total amounts due from related parties, net	95,259	23,253	136,193	46,622
Payables to:				
- Major shareholder	27,017	210	27,017	210
- Subsidiaries	-	-	9,614	1,879
- Joint venture	571	65	1,903	216
- Other shareholders of the subsidiaries	9,114	9,136	478	500
- Companies controlled by other shareholders of the subsidiaries	8,992	12,202	-	-
- Related parties	8,507	3,006	7,754	1,189
- Directors	17,981	23,480	1,433	-
Total amounts due to related parties	72,182	48,099	48,199	3,994

28.4 Loans from/to related parties

As at	Consolidated		Company	
	31 December 2009 Baht'000	31 December 2008 Baht'000	31 December 2009 Baht'000	31 December 2008 Baht'000
Short-term loans to:				
- Subsidiaries	-	-	131,342	111,893
- Joint venture	2,212	105	7,374	350
Total	2,212	105	138,716	112,243
Less Allowance for doubtful accounts	-	-	(131,309)	(48,818)
Total short-term loans to related parties	2,212	105	7,407	63,425
Short-term loans from:				
- Major shareholder	-	82,298	-	82,298
- Joint venture	1,399	-	4,665	-
- Directors	13,901	5,935	2,625	500
Total short-term loans from related parties	15,300	88,233	7,290	82,798
Loans from a major shareholder:				
- Current portion of long-term loans	70,000	-	70,000	-
- Long-term loans	58,295	-	58,295	-
Total loans from a major shareholder	128,295	-	128,295	-

28 Related party transactions (continued)**28.4 Loans from/to related parties (continued)****Short-term loans to related parties**

As at 31 December 2009, short-term loans to related parties in the consolidated and company financial statements amounting to Baht 2.21 million and net amount of Baht 7.41 million, respectively are promissory notes at call, bearing interest at the rates of 8% to 10% per annum.

During the year ended 31 December 2009, the Company sets up allowance for doubtful accounts amounting to Baht 82 million representing fully allowance on loans provided to WNSR Pacific Co., Ltd. and PAE Construction Resources Co., Ltd.

Short-term loans from related parties

As at 31 December 2009, short-term loans from the joint venture in the consolidated and company financial statements amounting to Baht 1.40 million and Baht 4.67 million, respectively bearing interest at the rate of 8% per annum.

As at 31 December 2009, loans from directors in the consolidated and company financial statements amounting to Baht 13.90 million and Baht 2.63 million, respectively bearing interest at the rate of 8% per annum.

Loans from a major shareholder

On 12 November 2009, the Company entered into a loan agreement with Global Process Systems Inc., a major shareholder, to restructure its outstanding short-term loans with Global Process Systems Inc. by fixing the repayment schedule. In accordance with this agreement, a monthly instalment payment of Baht 10 million will commence on June 2010 with the last instalment payment in July 2011. The loans are bearing interest at the rate of 8% per annum. Any interest not paid shall be added to the principal amount every month.

28 Related party transactions (continued)

28.5 Directors and managements' remuneration

Directors and managements' remuneration in the consolidated and company financial statements approximated Baht 55 million and Baht 39 million, respectively (2008: Baht 48 million and Baht 37 million, respectively) represents salaries and other benefits.

29 Commitments and contingencies

Bank guarantees

As at	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2009	2008	2009	2008
	Million Baht	Million Baht	Million Baht	Million Baht
Bank guarantees	256.12	248.62	220.57	245.48

Significant legal proceedings

As at 31 December 2009, the Group is involved in a number of significant legal proceedings, the results of which have yet to be finalised, as follows:

(1) Legal case in relation to agreement for acquisition of assets of W.N.S.R Engineering Co., Ltd. and W.N.S.R. Limited Partnership (Black case No. 2901/2009)

On 20 November 2009, W.N.S.R. Engineering Co., Ltd. and W.N.S.R. Limited Partnership, as plaintiffs, jointly filed a claim against WNSR Pacific Co., Ltd., at Prakanong District Court pursuant to the default of an acquisition of assets agreement dated 26 August 2008. The plaintiffs requested WNSR Pacific Co., Ltd. to pay the debt under the agreement together with interest amounting to Baht 54 million. Interest rate is 7.5% per annum and 24% per annum of the principal amounted to Baht 37 million and Baht 16 million, respectively; from the date of claims until the date of payment to the plaintiffs. On 12 January 2010, WNSR Pacific Co., Ltd. filed a counterclaim against the

plaintiffs pursuant to the default of that acquisition of asset agreement requesting that the plaintiffs to pay WNSR Pacific Co., Ltd an amount of Baht 75 million with interest at the rate of 15% per annum since the date of claims until the date of payment to WNSR Pacific Co., Ltd. This case is under investigation by the Prakanong District Court.

(2) Labour case - Black Case No. 4910/2009

A former employee has filed a claim for salary, compensation and other claims in relation to his alleged unfair dismissal totalling Baht 1.77 million. The Company has filed a counterclaim relating to these claims amounting to Baht 8.6 million. The case is currently under the appointment of hearing of plaintiff's witness and defendant's witness.

(3) Lawyer fee case - Black Case No. 5439/2007 and Red Case No.4351/2008

A company filed a claim against the Company for a default of lawyer fee amounting to Baht 1.2 million. The Court dismissed the case as Red Case 4351/2008. However, the plaintiff subsequently filed an appeal with the Court of Appeal. The case is currently under investigation by the Court of Appeal.



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